



**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 2006**

In conformity with Article 81 of
The Cotonou Agreement

TABLE OF CONTENTS

1.	UPDATE ON THE POLITICAL, ECONOMIC AND SOCIAL SITUATION	3
1.1	UPDATE OF THE POLITICAL SITUATION	3
1.2	UPDATE OF THE ECONOMIC SITUATION	4
1.3	UPDATE OF THE SOCIAL SITUATION	6
1.4	UPDATE OF THE ENVIRONMENTAL SITUATION.....	7
2.	OVERVIEW OF PAST AND ONGOING EC CO-OPERATION.....	8
2.1	EUROPEAN DEVELOPMENT FUND – FOCAL SECTORS	9
2.2	PROJECTS AND PROGRAMMES OUTSIDE FOCAL SECTORS	11
2.3	UTILISATION OF RESOURCES FOR NSAS	11
2.4	UTILISATION OF B-ENVELOPE	12
2.5	OTHER INSTRUMENTS.....	12
2.6	ASSESSMENT OF PERFORMANCE INDICATORS.....	15
2.7	DONOR COORDINATION AND HARMONISATION.....	15
2.8	DIALOGUE IN COUNTRY WITH THE NAO AND NSAS	16
3.	CONCLUSIONS.....	16
	ANNEX I GENERAL ANNEX	17
	ANNEX II FINANCIAL SITUATION FOR 6TH, 7TH, 8TH & 9TH EDF	20
	ANNEX III REGIONAL PROJECTS	21
	ANNEX IV EIB PROJECTS	23
	ANNEX V BUDGET LINES.....	25
	ANNEX VI INDICATIVE TIME TABLE FOR COMMITMENTS (UP TO END 2007) AND DISBURSEMENTS (UP TO END 2008).....	31
	ANNEX VII INTERVENTION FRAMEWORK.....	32

1. Update on the political, economic and social situation

1.1 Update of the political situation

Synopsis

The year 2006 was marked by the continued initiatives of the Prime Minister in favour of economic reform, pursuing the so-called education revolution and, on the international scene, promoting closer ties with Venezuela.

Overview

Prime Minister Gonsalves continued to enjoy high levels of popularity following his re-election December 2005.

During his budget presentation the Prime Minister outlined a 16 point agenda aimed at propelling the private sector as an engine of growth for the economy, including an EC\$20 million private sector development programme (to be financed by the EU); the re-branding, further strengthening and expansion of the state owned National Investment Promotions inc., construction of several tourism projects. He also continued the education revolution, with the objective of making widely available free and quality education at primary and secondary level.

In its Article IV Consultation report, the IMF criticised the country's rising public debt and high wage bill. The public debt increased by EC\$101.8 million during 2005 to reach EC\$985.9 million by December 2005 or 82% of GDP. The Prime Minister strongly rebuked the IMF's criticisms.

Parliament began debating the VAT bill in October 2006. Prime Minister Gonsalves, however, announced the postponement of the implementation of VAT from 1 January to 1 May 2007.

The opposition National Democratic Party (NDP) continued in its efforts to define the issues on which to challenge the government.

• Regional Integration developments

At a meeting of the CARICOM Council for Trade and Economic Development (COTED) following the entering into force of the CSM on 1 January, St. Vincent and the Grenadines along with other members of the Organisation of Eastern Caribbean States vowed to fully accede to the CSM as a block by 31 March 2006. This deadline was later pushed back to 30 June. Their participation was linked to the finalisation of necessary legislative and administrative arrangements and the resolution of outstanding issues related to the Regional development Fund and Special and Differential Treatment for CARICOM's Less Developed Countries.

At the 27th Annual CARICOM Heads of Government summit leaders agreed to expand the categories of workers eligible to move freely throughout the region to nurses and teachers (with hospitality and domestic workers and artisans expected to follow in early 2007). The Summit also formally endorsed the formula for financing the US\$250 million Regional Development Fund (RDF), which should be fully operational by July 2007.

During celebrations to mark the 25th Anniversary of the OECS in June 2006, a draft of the OECS Economic Union Treaty was circulated as the Heads signed a declaration of intent affirming their commitment to the establishment of the OECS Economic Union by July 2007.

The WTO General Council endorsed an OECS package of proposals that sought to accommodate the needs of small states in implementing their WTO obligations. An OECS official said this provides legal certainty to donors, that where practicable, multilateral agencies could target regional bodies for the disbursement of technical and financial assistance.

The 58th Annual Meeting of the International Whaling Commission was held in St. Kitts, resulting in the adoption of the St. Kitts Declaration, which speaks against the (whale hunting) moratorium and in favour of

restoring the IWC to its original whale stocks management mandate. The Declaration was sponsored by all of the OECS independent states.

International Relations

United States of America

CARICOM Foreign Ministers met with United States Secretary of State, Dr. Condoleezza Rice, in the Bahamas on 21 and 22 March. Issues discussed included: Haiti; CARICOM integration, including the establishment of the CSME; the link between development and democracy; trade cooperation issues as well as security and law enforcement. It was the first substantive session the United States had had with all CARICOM Foreign Ministers in four years. The two sides also proposed a reconfigured US-CARICOM Trade and Investment Council. A Caribbean/US heads of state summit is planned in Washington in June 2007. These meetings have been interpreted by some as a gesture of renewed US involvement in the region.

On 4 October United States President, George .W. Bush signed into law the Western Hemisphere Travel Initiative, which requires all United States Citizens returning to the US by air after 8 January 2007 to have a valid passport. This created some concern from the tourism industry, ahead of the peak tourism season.

The United States restored military aid to a number of Caribbean countries, including St. Vincent and the Grenadines, three years after that aid was cut in an effort to force the countries to sign Bilateral Immunity Agreements, which would have exempted American military personnel from prosecution at the International Criminal Court.

Taiwan

In 2006, St. Vincent and the Grenadines was one of the two OECS countries along with St. Kitts and Nevis to recognise Taiwan.

Taiwan continued its support to St. Vincent and the Grenadines, as the two countries celebrated 25 years of diplomatic relations in August 2006. Taiwan has agreed to provide a grant of US\$15 million and a US\$10 million soft loan to aid in the construction of an international airport. Additionally Taipei has agreed to provide a grant totalling US\$10 million to continue financing the Youth Empowerment Service Programme.

Venezuela

Venezuela continued to pursue its strategic foreign policy towards the region through a series of political, commercial, cultural and social initiatives. Venezuela will sell up to 30,000 barrels a month of gasoline, diesel, jet fuel and other products that will be distributed by PDV Caribe St. Vincent and the Grenadines Ltd.

Cuba

Prime Minister Gonsalves continued to have close relations with Cuba including visits to ailing leader Fidel Castro as well as pursuing economic and social programmes such as the training of nurses and doctors.

1.2 Update of the economic situation¹

• Overview

The rate of economic growth in St. Vincent and the Grenadines (SVG) was estimated at between 4.5 - 5% in 2006, up from the 2.2% growth rate of 2005. Construction sector activity continued to be the main driver of growth and activity pick-up in the tourism sector (proxied in the GDP by hotels and restaurants and partly by wholesale and retail trade). The agriculture sector continued to face various challenges, with the result that sector activity declined during the year.

¹ This section is based on the 2006 CDB Annual Economic Review and the Public Finance Management Performance Report for St. Vincent and the Grenadines from 10/2006

- Macroeconomic changes and structural reforms

The buoyancy in economic activity led to an improvement in the fiscal position of Central Government but, at the same time, the current account balance deteriorated because stronger domestic demand accelerated the rate of imports. Though unemployment data are unavailable, there is some likelihood that the improved economic activity helped to relieve the unemployment situation in the country. The cost of living increased moderately during the year, primarily on account of increased energy costs.

The point-to-point rate of inflation in the 12 months to November was 4.4%, up slightly from the 3.7% for the 12-month cumulative rate at November, 2005. The main groups showing an increase during the period were Transport and Communication (11.5%), Fuel and Light (9.7%), Food (5.2%) and Education (5%). The upward price movements in the various categories were a direct result of increases in the price of oil on the global market which, in many instances, was associated with higher transport costs. The Household Furniture and Supplied group exhibited no change over the reference period while that of Clothing and Footwear declined marginally (-0.7%).

- Integration into the world economy

St. Vincent and the Grenadines is a middle-income country in the eastern Caribbean, it a small open economy vulnerable to both external shocks and natural disasters. The rapid pace of globalisation, the inauguration of the CSME, the continued outward migration of skilled labour and the phasing out of preferential access to markets for the primary export commodity, bananas, are but a few of the many challenges facing the SVG economy and which make it imperative for economic diversification to reduce vulnerability and sustain real living standards. The agricultural sector, in particular because of the high employment it provides, is especially vulnerable to both climatic and market conditions – two factors which have been changing rapidly over the last few years. The recent rise in the cost of agricultural inputs (especially for bananas) were subsidised by Government in an effort to maintain production levels and keep a minimum level of interest in an industry characterised by low productivity and minimal profitability.

St. Vincent and the Grenadines is a member of the Eastern Caribbean Currency Union (ECCU) and uses, therefore, the EC\$ as its currency. The Eastern Caribbean Central Bank (ECCB) also manages monetary policy, and regulates and supervises commercial banking activities in its member countries.

- Negotiation positions with regard to the EPA

The third phase of the EC-CARIFORUM EPA negotiations ended on November 30, 2006 with the conclusion of the 3rd Ministerial meeting in Brussels. This phase, which was launched in September 2005, involved the actual framing of the EPA, with the objective of drafting consensus text.

Six technical negotiating sessions were convened during 2006 – in February in Brussels; March in Barbados; May in Brussels; July in Jamaica; September in the Dominican Republic; and in November in Brussels. Three sessions at the level of Principal Negotiators were held, following the respective technical sessions in March, September and November.

Negotiations took place in four separate areas (Market Access, Services and Investment, Trade Related Issues, Legal and Institutional Issues) and ended up at an advanced stage. The EPA review carried out in September 2006 as provided for by Article 37.4 of the Cotonou Agreement, found that progress had been made, although there were still unresolved issues. There was also a shared perception on the part of the EC and CARIFORUM that negotiations could be completed in the scheduled timeframe of December 2007 set by the WTO waiver.

Nevertheless, there were three major negotiating challenges remaining at the end of the third phase: the nature of commitments within the EPA (region-wide or at the level of the individual CARIFORUM States); the negotiation of tariff liberalization for goods; and the design and operationalization of the cooperation activities in effective and timely support of EPA implementation.

With respect to development cooperation linked to the implementation of the EPA, the Regional Preparatory Task Force at their 6th Meeting in November 2006, decided to advance work in collaboration with negotiators from both sides, by using agreed areas of EPA negotiations as the basis for identifying actions and interventions to promote development.

The EU-CARIFORUM EPA negotiations will enter their final phase, Phase Four, which should run until December 2007 with the objective of finalizing the EPA so it can start functioning in 2008, when the Cotonou waiver under the World Trade Organisation expires. A significant offer with respect to Market Access was unveiled on April 4, with a proposal by the European Commission to remove all remaining quota and tariff limitations on access to the EU market for all ACP regions as part of the EPA negotiations. The offer covers all products, with a phase-in period for rice and sugar.

- Quality management in public finances and budgetary expenses

Regarding the credibility of the budget, the execution of total expenditures (recurrent and capital) during the last three years (2003-2005) was normally below the corresponding budgeted amounts. Despite this element, which contributes to lower budget credibility, its impact was distributed in a relatively uniformed fashion among budget entities. In addition, aggregate revenue out-turn compares well with budgeted revenues and there are no expenditure arrears. The budget information is still not comprehensive and it is based on the administrative (institutional) and economic classification only. There is no functional classification of the budget. In addition information on actual expenditures of projects financed through foreign aid is not comprehensive. On the other side, the transparency of the public sector fiscal system remains limited. In addition, it is not possible to fully monitor the aggregate fiscal risk of the public sector (monitoring occurs for each entity separately) and the public has partial access to key fiscal information. Regarding policy-based budgeting, the annual formulation of the budget is not carried out in an orderly fashion. In fact a clear annual budget calendar does not currently exist and the budget circular does not establish clear ceilings approved by the cabinet².

Taxpayers' obligations and liabilities are transparent and well known. Tax audits are carried out on an *ad hoc* basis. Expenditures are kept in line with revenues with the Quarterly Allotment System and the support of financial data provided by SIGFIS. Although the system is not perfect, cash flow problems do not occur so often. Data on external debt are very good and internal control systems are effective. Public procurement systems are not up to international standards and the related legal and regulatory framework has not yet been updated. Line ministries have no internal audit systems. Reconciliation of the Treasury managed bank accounts is timely and regular. In-year budget reports are issued timely with good quality (actual) data on the recurrent budget and on external debt. Data on state assets are non-existent.

There are some positive aspects in the clarity and application of the legal framework with regard to the capacity of the Legislative to review and adopt the annual *Appropriation Bill* (draft Budget law). However the scrutiny of actual and audited public expenditures although guaranteed by law is limited in reality because audited accounts arrive late to the house and because the Public Account Committee (PAC) is not really working.

- Table with key economic data (2000-2006) and forecasts (2007-2008)

The key economic data on St Vincent are represented in the Annex I, "Country at a glance".

1.3 Update of the social situation

Based on poverty estimates for St. Vincent and the Grenadines from the Poverty Assessment of December 1996, the monthly poverty line and the indigence line were estimated at \$129.86 and \$88.53 respectively, and it was reported by 30.6% of households and 37.9% of the population were poor. The Commission is currently assisting St. Vincent and the Grenadines (SFA 2002) in preparing a new Country Poverty Assessment to be completed by 2008. The three lowest quintiles spent more than half of all expenditures on food. Unemployment was reported as the most important problem. While the poor lived in their own

² The use of initial ceilings or budgetary envelopes at the beginning of the budget preparation process will be tested and used during the CIDA financed ECEMP III project for budget year 2007 (Refer to next paragraph).

homes, the quality of housing was very inadequate in terms of the amenities available; 75% of households in the lowest quintile used pit latrines and 7.3% had no form of toilet facilities. Large numbers of the working poor are concentrated in the agricultural sector in the rural areas although some poor females are also engaged in the wholesale and retail sector. The Medium Term Economic Strategy Paper 2000-2004 reported that one of the primary causes of poverty is the fall in the earnings from the banana industry, especially among small farmers.

St. Vincent and the Grenadines has made considerable social advancement with major improvements in the provision of, and access to, education, health, shelter and related forms of community and social development. There are however several constraints and vulnerabilities which impede progress and have instigated set-backs. For example, damage to infrastructure and social fabric due to damage from storms and hurricanes. In 1998 the country was classified as 'highly vulnerable' on the Commonwealth Secretariat Vulnerability Index, which placed it 29th out of 111 developing countries exposed to natural disasters and economic fragility.

St. Vincent and the Grenadines has a number of measures to help promote greater equity and access to education at all levels, but especially for the poor and educationally disadvantaged. These include provision of pre-primary education which is largely a private sector service, compulsory education to Grade 6 and subsequently to age 16, expansion of access to secondary education to reach 85% of the eligible cohort by 2010.

In terms of health, the current policy focus has been on primary health care and the upgrading and extension of secondary services and facilities. Health care is free at community clinics, but fees are charged for in-patient care at hospitals, though children under 16 and people over 60 are exempt. The life expectancy in 1889 was 70.5 and 73.4 in 2000. Percentage immunisation coverage of children under one year of age has been reported as being 100 in 2000 except for 96% for MMR. As in most other Caribbean countries, HIV/AIDS is creating new challenges to health systems, with high cost of treatment and debilitation of victims of the disease. Medium term objectives for strengthening primary health services include the construction of 5 district health centres and re-development of a home for the elderly and disabled.

The social policy framework for St. Vincent and the Grenadines (2001) was developed (with UNDP support) out of the need to ensure the dynamic interaction between social, economic and employment policies to achieve the strategic goals of "a knowledge-based, competitive society". An Interim Poverty Reduction Strategy Papers (I-PRSP) has also been prepared, drawing from the Draft OECS Social Policy Framework (2001) and influenced by the country's social policy framework. However, progression towards a full PRSP has been slow, and it is anticipated that with the completion of the Country Poverty Assessment in 2008 and the availability of a current poverty profile, the Poverty Reduction Task Force will articulate the PRSP to prioritise actions to address poverty.

1.4 Update of the environmental situation

Environmental protection and conservation are critical to foster sustainable socio-economic development of St. Vincent and the Grenadines, and as such the Government undertaken several interventions to implement strategies to sound environmental management policies during the period 2005 and 2006. These interventions would address mainly the devastating effects of climate change on the environment especially by global warming and the limited land space and mountainous topography St. Vincent and the Grenadines and in general disaster management.

In St. Vincent and the Grenadines biological resources, are under pressure due to the increase of economic interests (tourism, agriculture and fisheries). In addition, the increasing dependence on the environment for food, and housing due to population growth, development of land for purposes other than agriculture, the environmental degradation problems of the Country has magnified.

Over the period of 2006, the country experienced significant decrease of rainfall compared to 2005 and bench mark averages. Generally, it was found that the amount of rainfall was significantly below for 2006 when compared with the bench mark averages of the last 28, 20, 15, 10 year-averages and that of 2005,

making the wet season relatively dry. There was a 35% decrease from 2005 in November and October, 56% for June and 60% for July. Nevertheless, at the start of the Atlantic Hurricane season, a tropical wave affected the southern Windward Islands in June 2006, resulting in flooding and high winds which brought destruction and damage to the mainland and the Island of Bequia. Nineteen (19) homes were destroyed/damaged, 4 retaining walls destroyed and schools were closed due to flooding. The mean temperature for 2006 was 23.1 degree Celsius (max: 31.5 and min: 23.1), mean relative humidity was 72.4 % and mean total rainfall was 181.7 mm (SVGMETS Annual Report to CMC Directors of Meteorology, December 2006).

Cognizant of the importance of sustainable development of the Country, the Government has articulated policies and outlined strategies which are geared towards promoting the restoration, enhancement and protection of all natural resources; thereby encouraging sustainable use. In its attempt to implement environmental friendly programmes, the Government has not only reiterated the need for sound environmental management policies, but has continued to undertake the following interventions in 2006:

- The rationalization of the environmental services function within the Ministry of Health and the Environment
- Ensuring that St. Vincent and the Grenadines (SVG) meet its obligations under various Multilateral Environmental Agreements (MEAs) including the United Nations Framework Convention on Climate Change (UNFCCC); United Nations Convention on Biological Diversity (UNCBD); United Nations Convention to Combat Desertification (UNCCD), the Basel Convention, the Montreal Protocol and the Bio-safety Protocol among others.
- Development and implementation of a National Environmental Awareness Programme
- Updated the National Climate Change Adoption Policy
- The preparation of a Biodiversity Report for St. Vincent and the Grenadines.
- Developed a National Action Plan to address issues related to land degradation.
- The developed of a National Bio-safety Framework
- Implemented licensing and quota system for Ozone Depleting Substances (ODS)
- Collaboration with other Government agencies, private sector and NGOs on addressing issues related to Natural Resources Management.
- Fostering broad-based environmental education, training and awareness.
- The preparation for the commissioning of a liquid waste disposal system for the country.
- Initiation of the process for the introduction of a Bio-hazard waste disposal system.

In addition, under Stabex 1994 under the National Land Information Management Project, tenders for the supply of aerial photography and digital mapping were evaluated. The new aerial photographs and digital maps would assist the Government in mapping changes in land development when compared with a time series of similar photographs and, would also provide scientific data on which long term planning could take place.

2. Overview of past and ongoing EC co-operation

The Country Support Strategy Paper and National Indicative Programme (NIP) under the 9th EDF for Saint Vincent and the Grenadines was signed in 2003. The focal sector is Education with the objective sustainable development of human resources with an allocation of €4.5 million.

The draft conclusions of the End of Term Review for the 9th EDF propose to maintain the focal sector. The allocation for the A-envelope will be adjusted to €15.077764 million. The amount remaining for the B-envelope will be transferred to the long-term development reserve.

A large part of EU support to Saint Vincent and the Grenadines is being provided through the Stabex and Special Framework of Assistance (SFA) mechanisms which are being used to expedite the ongoing restructuring of the banana sector and to support economic diversification. The overall objective of the EC intervention under the National Indicative Programme (NIP) is to support the sustainable development of human resources.

Under the 10th EDF the focal sector will be public sector modernisation through budget support with special focus on health with a proposed allocation of €6.25million. Support to the private sector is covered under SFA.

2.1 European Development Fund – Focal Sectors

2.1.1 Focal sectors

The overall objective of the EC intervention under the NIP 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. Accordingly, 90% (€ 4.5 million) of the “A envelope” is earmarked towards 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. The indicative allocation after the ETR is € 15.07 M.

As a first step in the preparation of the programme of support to the secondary education sector under the 9th EDF, the EC 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 EC financed early 2003 a consultancy team to prepare more detailed plans for the intervention in the education section. The Financing Proposal for the current Education Support Programme was approved by the EDF Committee in November 2003 and the Financing Agreement was signed by the Government of the St. Vincent and the Grenadines in January 2004. A Financing Proposal for a new Information and Communication for Education (ICT4E) project was prepared at the end of 2006 and is expected to be approved in the second quarter of 2007.

a) Results

To date one of the major achievements of the ESDP has been improvement in access, evidenced by the attainment of Universal Secondary Education (USE) in 2005, as well as an improvement in enrolment at all levels notably, in the pre-primary sub-sector where enrolment has increased from around 35% in 2002 to 66% in 2005. Over the period 2002/3 and 2005/6, there has been confirmed increased enrolment of over 42% at the secondary level and enrolment in tertiary level programmes in universities in the region and beyond has recorded significant increases due to various initiatives such as student loan facilities and various scholarship programmes. Drop out rates at primary and secondary level are relatively low since school is obligatory up to age 16.

Notwithstanding these successes in access at all levels, low quality remains a challenge. In 2006 the average pass rate at the Grade 6 Common Entrance Exam (CEE) was 34%. Nevertheless, the transition rate to the secondary cycle was close to 100%, consistent with the policy of promotion with remediation. The result is however that 2/3 of new entrants in the Grade 7 do not have a good foundation for starting the secondary education. The overall enrolment in Science-based subjects remain low (on average 10% of the age cohort) with most students opting for subject options in the Social Sciences and Arts.

In relation to equity, disparities in enrolment remain a preoccupying concern in some sub sectors. While the gap between the sexes is narrowing there are still some notable differences. For example, at the primary level, more boys are enrolled in education, though the gap has narrowed evidenced by a 3 percentage points decline in the number of boys compared to girls (56% males in 2002/03 compared to 53% in 2004/05). The transition rate from primary to secondary, secondary to post secondary and post secondary to tertiary is higher for girls; consequently more girls are enrolled in these levels. At the Secondary level for example, while the percentage of females enrolled remained unchanged at 56 percents between 2002/03 and 2004/05, this figures is still unacceptably high. At the St. Vincent and the Grenadines Community College, while the gap between males and females closed by 2 percentage points (from 68% females in 2002/03 to 66% in 2005/06) more work is required to ensure equality.

b) Progress in activities

Good progress has been made in the implementation of all the main activities under the Education Support Programme in 2006. Several technical experts were successfully mobilised throughout 2006. Moreover all major contractual arrangements were concluded for project activities ahead of the N+3 deadline of December 21, 2006. An international TA contract was endorsed under the SFA 2003 for recruitment of technical experts to implement both the 9th EDF and the SFA 2003. During December 2006 also, several contracts were endorsed by the delegation for the provision of services for major components of the project, which will be implemented over 2007 -2008, including: (i) construction of the Union Island secondary school; (ii) delivery of an education management degree programme to 45 primary school principals; (iii) delivery of a certificate in learning support to 100 primary and secondary school teachers; (iv) development and commissioning of a test items bank for primary and secondary schools high stakes examinations and provision of training in item bank use and maintenance; which would be implemented during the remainder of the programme.

A third and final Programme Estimate (PE) was endorsed by the delegation in the last quarter of 2006. Several activities will be undertaken during this 18-month PE, including training, support to lower and underachievers, and supply of academic software. Specifically, in 2007, activities related to the improvement of science, mathematics and language arts will enter the practical phase as contracts are awarded for supplies tenders launched in late 2006 which aim to integrate ICT into the teaching/learning of these subject areas. During the year, the international TA contracted under the SFA 2003 will focus on providing policy support to the Ministry of Education in the following areas: (i) completion of a post-graduate diploma in educational management, which is being delivered to secondary school principals; (ii) development of a school based learning support mechanism for raising the achievement levels in reading of secondary school students; (iii) conducting the 2007 Grade 6 Reading assessment; (iv) launch of tenders and conclusion of contracts for procurement of equipment re. expansion of the MOE reading programme in primary and secondary schools; (v) development of a framework for the establishment of school boards of management at primary and secondary level; (vi) rationalisation of the Arts and Craft/ Creative Arts sub-sector; (vii) launch of works tenders and conclusion of contracts for the upgrading of six rural science laboratories;

Contributions to the ESDP by external funding agencies are managed by the Education Project Management unit (EPMU) in the Ministry of Finance and Economic Planning. The unit was established in 2004 to coordinate these efforts. Synergy is maintained at the EPMU through regular internal planning meetings while at the national level, cross-cutting issues are addressed at monthly meetings with the Central Planning Unit which supervises the implementation of the National Development Plan.

The Education Project Steering Committee (EPSC) meets quarterly to discuss/ guide overall implementation of the ESDP, but meetings are convened more frequently (on an as needed basis) to address issues specifically related to the achievement of targets in the ESDP. This committee is responsible for ensuring the smooth execution of Project activities under the ESP and the other funded/ donor-specific education support projects, and hence, successful accomplishment of project objectives, and close collaboration within and outside the Ministry of Education.

c) Degree of integration of cross-cutting themes (gender issues, environmental issues and institutional development and capacity building).

Care has been taken to ensure that there is no gender-bias within the ESDP projects/programmes.

2.1.2 Macroeconomic support

In order to explore the possibilities of using STABEX and EDF funds through the Budget Support instrument, the EC conducted in mid-2006 an assessment of St Vincent and the Grenadines's Public

Financial Management (PFM) systems using the PEFA methodology. The final report has been approved in October 2006. The 2005 IMF Article IV Report has been published in June 2006. Given the absence of an IMF programme, the EC has conducted a macro-economic assessment (financed by DFID) in September 2006. The final report has been approved in December 2006. The findings of these assessments show that an agreement of the Government of St Vincent and the Grenadines on the need to conduct some reforms will be necessary before the decision to use budget support can be taken.

2.2 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)**. The Financing Agreement was signed in April 2004. Approximately 10% of these funds have been used up to date.

8th EDF: Drug Demand Reduction Programme (€185.000): The objective of the programme is to reduce the demand for illegal drugs in St Vincent and the Grenadines through a community development, education & awareness communication programme, health treatment & rehabilitation programme, community based action and institutional strengthening via training. A Financing Agreement for four countries, the Multi-Country Drug Demand Reduction Project was signed with St. Vincent and the Grenadines having an allocation of €185,000 with the EC Delegation playing the role of coordinator and each country implementing its own individual Work Programme. The Financing Agreement for the programme was signed in 2003 and the first work programme in SVG which was due to expire on January 31, 2005, was extended by 8 weeks because of lack of progress in implementation. The first work programme expired on March 31, 2005. The second work programme was being implemented during 2005 but there is still lack of commitment to effective implementation of this project by the Government and low priority is given to it. There is poor cooperation by the other Government Ministries and implementation continues to be very slow as a result of this.

2.3 Utilisation of resources for NSAs

Since the early 1990s until the present, substantial resources mainly from STABEX have been utilised to provide assistance to farmers dependent upon the Windward Islands banana industry. More recently and increasingly, however, these STABEX funds have been used for complementary interventions such as diversification of the rural sector and broader (private sector led) economic diversification to provide potential alternative employment opportunities. These interventions have been underpinned with the establishment of social safety nets, including Social Investment Funds, and NGO activities which complement initiatives taken by governments and their agencies. An EU instrument introduced in 1999, the Special Framework for Assistance (SFA), also related to the banana sector, provides complementary resources for this development agenda. The programmes and projects from their design stage and throughout their implementation have involved the active participation of farmers' organisations, chambers of commerce, representatives of particular sectors, NGOs and the local communities in general.

During the MTR "in-country-meeting" of December 2004 and with the aim of strengthening civil society involvement in EU/ St. Vincent & the Grenadines development partnership, it was agreed that a non state actor (NSA) advisory panel, representative of St. Vincent & the Grenadines' civil society, would 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 would provide a forum for tripartite dialogue, information and consultation on development cooperation between the EU and St. Vincent & the Grenadines.

However, later in the year the Government decided instead, to establish an "NSA Task Force" within the country's existing National Economic and Social Development Council (NESDC), an advisory body which included most of the organisations recommended by the mapping study for Panel membership. The SVG "NSA Task Force" was successfully launched on 9 June 2006. The Government, Delegation and all NSA members of the Task Force formally approved the Memorandum of Understanding establishing the Panel

and the Operating Guidelines governing its work. Lastly, there are also provisions aimed at ensuring a measure of rotation in the membership of the Panel and regarding dissemination of the Panel's work in the broad SVG NSA community. A 9th EDF-financed Financial Proposal was submitted for an "NSA capacity building programme" in St. Vincent & the Grenadines (€500,000), to be approved in mid 2007.

2.4 Utilisation of B-envelope

In 2004, the Commission increased the A-Envelope allocation by a transfer of €4 million from the "B-Envelope" allocation. St Vincent has received a Flex allocation of €4.4 million. The remaining B-envelope amounts to €7.6 mn.

St. Vincent and the Grenadines has not received any FLEX allocations for the application year 2005 or other allocations from the B-Envelope.

2.5 Other Instruments

2.5.1 STABEX

Lomé I Convention introduced the "STABEX" mechanism to compensate ACP countries for the shortfall in export earning due to fluctuation in the prices or supply of commodities and stabilise receipts on a wide range of agricultural products including, inter alia, cocoa, coffee, tea, groundnuts, and banana. The European Union under the Lomé Convention, guarantees the advantages for the ACP on the European market in conditions that may not be less favourable than those that they have previously enjoyed. STABEX was centred on the following aspects:

1. To support banana farmers to become competitive and viable exporters under the emerging market conditions;
2. To promote economic and agricultural diversification;
3. To address the negative social consequences associated with the decline in the banana industry.

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 not been concluded yet.

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).

Under the Stabex 95, Water Resource Management Project, the 1st Programme Estimate was approved in 2006 and an International Restricted Tender was launched for a study in 2006. The terms of reference to launch nine studies under the Agricultural Diversification Project (Stabex 1995 and 1996/97) was finalised and the tender is expected to be launched in January 2007.

Under Stabex 1994, the National Land Information Management Project is ongoing where tenders received for the supply of aerial photography and digital mapping were evaluated in November 2006. The 2nd Work

Programme for the EDF/Programme Management & Coordination Unit was signed and the Head of Unit/Infrastructure Specialist is under selection. A new project, entitled "Tourism Development Project", with funding under Stabex 94 started in January 2007 with a budget of approx. € 4.8 M; also SFA2006 has tourism activities, including the development of a Tourism Master Plan 2007 to 2015, budget approx. € 1.3 M.

Discussions on proposals committing most the STABEX resources under the solid waste management project were ongoing with the National Authorising Officer in 2006. St. Vincent and the Grenadines has received a transfer allocation (Art. 195) from which no commitments (FMO) have been made yet. These funds will be used as budget support. A draft FMO for budget support was under preparation in 2006. A brief status of Stabex finances, as of 31 December 2006, is provided in the following table, a detailed breakdown is provided in Annex V.

2.5.2 Community budget lines – Special Framework of Assistance (SFA)

Special Framework of Assistance (SFA) is a support programme targeted at traditional ACP banana suppliers; it is aimed at either enhancing their competitiveness or supporting their diversification efforts.. The scheme was established by the Council Regulation (EC) no 856/1999 for a period not exceeding ten years and the funds come from the budget of the European Communities.

In the case of St. Vincent and the Grenadines the initial 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 the construction of two additional Reception and Palletisation Centres (RAPCENS) at La Croix and Belle Vue. The strategy was revised in 2002 to reflect a greater emphasis on social protection/social development (including human resource development), agricultural and economic diversification in the remaining period.

The works for the Windward Highway (funded from SFA 1999) took off in early 2004 and the contract for works under phase is concluded. Likewise, for the RAPCEN at La Croix an award of contract took place in early 2004, and works were completed in 2006. Additionally, under Phases II and III of the Windward Highway two contracts were awarded and one commenced in 2006. Under Phase II of the highway, one contract is pending signature due to insufficient funds due to delays in the design stage. However, a solution was proposed to resolve the problem by using funds under SFA 2000 which was initially foreseen for the construction a RAPCEN 3 and SFA 1999 to be facilitated with two riders. This RAPCEN is no longer needed as the existing two centres are adequate for the present scale of banana production it would be impossible to implement within the short time frame left prior to the deadline of the Financing Agreement.

After a slow initial start, the SFA 2003 Education Support Programme is showing satisfactory progress. A service contract has been awarded to Cambridge Education Ltd. for a team for four consultants including: -- Basic Education Specialist/team leader, Special Needs Education Specialist, Adult and Continuing Education Specialist and an Early Childhood Education Specialist. The team will be mobilised in February 2007 and will provide technical support to the MOE in the implementation of the Education Support Programme, primarily in relation to policy and direct institutional support to the three sub sectors, Viz., SNE, A& CE and ECD. The TAT will also be involved in the implementation of the activities under the project including; review and preparation of tender dossiers; review of design briefs of building to be upgraded/constructed, to ensure appropriateness and fitness for purpose; review of training needs and assessing the impact of going training programmes. Members of the TAT will also work closely with key counterparts from of the MOE from each of the three sub sectors, i.e., Special Needs Education (SNE), Early Childhood Education (ECD) and Adult and Continuing Education (A&CE) and Skills training to addresses policy issues that will lead to improved management and efficiency of the sub sectors.

The activities are being done against the background of objectives of the Education Support Programme, which are grounded in the ESDP. In this respect, in addition to their involvement in quarterly meetings of the Education Project Steering Committee, the TAT will also review achievements under the ESDP to date and the team leader will become a participant in a subcommittee that has been established by the

Government of St. Vincent and the Grenadines to prepare the “Education and Science and Technology” component of the National Development Plan (2008-2020).

The Social Investment Fund SFA 2003 and 2004 were signed respectively in December 2004 and February 2005 and SFA 2005 approved in November 2005. Where, all contracts for the implementation of SFA 2003 (with a focal area on education) were commenced in 2006 and are on-going. For SFA 2004 (with a focal area on private sector development) an evaluation of the call for proposal was done late 2006 which could lead to the selection of the applicant this component in 2007. The implementation SFA 2005 (which focuses on the improvement of competitiveness of the agricultural and other Productive sectors, through the introduction and sustainable use of Information and Communication Technologies), started in 2006 and is on going with the different components being at various stages. A possible award of one contract in the first half of 2007 is foreseen.

A medium-term strategy for the use of SFA funds during the remaining 3-year period was completed during the second and third quarter of 2006 with a draft Financing Proposal for SFA 2006.

To summarise, the situation on all SFAs is as follows:

- The implementation of the SFAs 1999-2000-2001-2002 could restart as riders were approved. The modalities for the resumption of activities were defined. There no documents required for the restart of these programmes;
- Urgent consideration is being given to the implementation of SFA 2003-2004, given the deadline to commit funds.

A brief status of SFA finances, as of 31 December 2006 is provided in Annex V.

2.5.3 Regional budget lines

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 €105 million, while the 8th EDF RIP has €90 million available. The focal sector for the 9th EDF RIP support is regional economic integration and integration into the world economy, for which an envelope of €57 million is available.

Regional programmes are represented as the annex III of this report. Most of the regional programmes are managed by the Delegation of the European Commission in Guyana.

2.5.4 Support from all ACP funds

The EC approved €50 million all ACP Trade.Com programme in August 2003, which aimed at reinforcing the analytical and research capacities for trade policy formulation; providing immediate assistance for ongoing negotiation and promoting activities for institutional support in the area of trade support services to ACP countries. As a component of the TradeCom Facility, 10 Million Euros were assigned to a specific project (“Hubs and Spokes”), designed to bolster the trade capacity of ACP countries. The project was initiated in 2004 but became more fully operational from 2005-2006. The purpose is to provide additional expertise within ACP trade ministries to assist with data collection, trade policy formulation and consultations with non-State actors, with a view to improving the countries’ trade capacities and trade negotiations. The project is implemented by the Commonwealth Secretariat for English-speaking ACP countries, including the Caribbean. So far, 9 Trade Policy Analysts have been deployed throughout the Caribbean, some within regional organisations (2 at CARICOM Secretariat, 2 at OECS Secretariat) and others within trade ministries at national level (St Vincent and the Grenadines, Dominica, Jamaica, Trinidad and Tobago, Guyana). A first regional meeting of all Hubs and Spokes deployed in the Caribbean was held at the University of West Indies in Barbados between 7-18 May 2007.

In 2001 a €70 million project was approved by the EU to support the Caribbean rum sector in facing the challenges determined by the liberalisation of the spirits market. The programme aims at supporting the

modernisation of distilleries, helping them in facing the environmental impact, providing technical assistance to strengthen competitiveness and targeting in an effective way the European markets. Barbados being the location of some important distilleries is likely to benefit substantially from this programme.

The Caribbean Regional Negotiating Machinery (CRNM) has also received support (€857,652) under the 20 Million EPA Support Facility.

2.5.5 European Investment Bank (EIB)

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

2.5.6 ECHO

The European Commission's Humanitarian Aid department (ECHO) launched its first Disaster Preparedness (DIPECHO) Programme for the Caribbean in 1998, making available some €12 million for the activities to prepare the most vulnerable communities 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 and its projects were completed during the year 2004-2005. The launched its 5th DIPECHO Action for an amount of €3.5 million and it covers activities in the whole Caribbean region, but most particularly in Haiti, Cuba, Dominican Republic, Jamaica, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines. The projects to be implemented during this 5th DIPECHO Action Plan started to be implemented in 2005 for a duration of 15 months. The 6th DIPECHO Action Plan will be launched in 2007.

DG ECHO supported the International Federation of the Red Cross to strengthen the capacities of the national societies of the Caribbean to be better prepared to respond to natural disasters through training, material and information exchange among these national societies. This support of half a million EUR was successfully completed in June 2006.

2.6 Assessment of performance indicators

An intervention table with updated indicators is included as annex VII of this report.

2.7 Donor coordination and harmonisation

Saint Vincent and the Grenadines receives support from the EC through both National and Regional Indicative Programmes. Support is provided in the form of European Investment Bank (EIB) finance, direct project assistance and since 2006 direct budgetary support to the health sector. Although bilateral assistance is not provided by the majority of bilateral donors, Saint Vincent and the Grenadines does benefit from technical assistance and some other support through various regional initiatives e.g. the multi – donor funded Caribbean Regional Technical Assistance Centre (CARTAC). UN agencies provide technical assistance on a national and regional basis. The Caribbean Development Bank (CDB) and the Inter- American Development Bank (IDB) provide loan financing. The Organisation of American States (OAS) provides grant funding to national and regional projects.

The donor organizations present in the Eastern Caribbean Region meet regularly in Barbados. The group consists of representatives from Canadian International Development Agency (CIDA), Caribbean Development Bank (CDB), Caribbean Regional Assistance Centre (CARTAC), European Commission, Inter-American Development Bank (IADB), International Monetary Fund (IMF), UK Department for International Development (DFiD), United Nations Development Programme (UNDP) and other UN agencies, USAID and the World Bank. The donor group is organized in three thematic working groups, the first focusing on poverty and social sector development, second on environment, climate change & disaster management development and third on governance and information and communication technology. In addition, an informal economic policy reform group has been gathered around policy based assistance to the countries in the region. The thematic donor groups aim at coordinating activities, facilitating sharing of

information and networking as well as contributing to strengthening of national and regional capacities in the above-mentioned fields.

2.8 Dialogue in country with the NAO and NSAs

The Delegation and the NAO office decided to seize the opportunity offered by the launching of the “NSA Task Force” in June 2006, to discuss 10th EDF programming matters with civil society. The NAO agreed to use 9th EDF non-focal sector funding for institutional strengthening of NSAs (€500,000), including networking and fund-raising skills, and potentially additional funds may also be earmarked under their 10th EDF NIP.

3. Conclusions

The year 2006 was marked by the continued initiatives of the Prime Minister in favour of economic reform, pursuing the so-called education revolution and, on the international scene, promoting closer ties with Venezuela. The rate of economic growth in St. Vincent and the Grenadines (SVG) was estimated at between 4.5 - 5% in 2006, up from the 2.2% growth rate of 2005. Construction sector activity continued to be the main driver of growth and activity pick-up in the tourism sector (proxied in the GDP by hotels and restaurants and partly by wholesale and retail trade). The agriculture sector continued to face various challenges, with the result that sector activity declined during the year.

The latest poverty data dates back to 1996, the Commission is currently assisting St. Vincent and the Grenadines (SFA 2002) in preparing a new Country Poverty Assessment to be completed by 2008. St. Vincent and the Grenadines has adopted a number of measures to help promote greater equity and access to education at all levels, but especially for the poor and educationally disadvantaged. Regarding the environmental situation, the biological resources are under pressure due to the increase of economic interests (tourism, agriculture and fisheries). In addition, the increasing dependence on the environment for food, and housing due to population growth, development of land for purposes other than agriculture, the environmental degradation problems of the country has magnified.

Regarding the EC development aid to St. Vincent and the Grenadines, the 9th EDF focal sector is education with the objective sustainable development of human resources with an allocation of €4.5 million. The draft conclusions of the End of Term Review for the 9th EDF propose to maintain the focal sector. The allocation for the A-envelope will be adjusted to €15.07 million. The amount remaining for the B-envelope will be transferred to the long-term development reserve. Good progress has been made in the implementation of all the main activities under the Education Support Programme in 2006. Several technical experts were successfully mobilised throughout 2006 and there has been improvement in access, evidenced by the attainment of Universal Secondary Education, as well as an improvement in enrolment at all levels. Under the 10th EDF the focal sector will be public sector modernisation through budget support with special focus on health with a proposed allocation of €6.25million. A large part of EU support to Saint Vincent and the Grenadines is being provided through the Stabex and Special Framework of Assistance (SFA) mechanisms which are being used to expedite the ongoing restructuring of the banana sector and to support economic diversification. EC conducted in mid-2006 an assessment of St Vincent and the Grenadines’s Public Financial Management (PFM) systems and new budget support programmes are expected to start during 2007.

Regarding the civil society participation, The Non-State Actor Task Force was successfully launched on 9 June 2006. The donor organizations present in the Eastern Caribbean Region meet regularly in Barbados.

ANNEX I General Annex

A. TABLE OF MACROECONOMIC INDICATORS

Source: World Bank OECS Country Assistance Strategy 2007-2011

Indicator	Actual			Estimate			Projected			
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Exports (GNFS) annual growth		-2	1	-3	1	8	8	7	8	9
GDP at market prices (ECS)	906	935	974	1025	1091	1156	1211	1277	1356	1438
GDP at market prices (US\$)	335	346	361	380	404	428	449	473	502	533
Net international reserves	147	164	142	154						
	52									
Exports	140	115	111	108	97	118	134	149	164	182
Imports	390	410	424	477	542	600	616	633	658	683
Services exports	344	360	370	358	375	391	414	437	468	504
Services imports	150	151	152	164	180	198	207	216	228	241
Net current transfers	44	34	33	35	34	36	39	42	47	52
current account balance	-61	-98	-112	-204	-279	-319	-308	-294	-281	-264
Net private foreign direct investment	102	57	101	149	150	140	148	158	168	179
tourism receipts%gdp	25	26	25	24	24	23	23	23	23	24
M2 millions of EC\$	636	655	709	722	812	861				
Total debt service (US\$millions)			15	15	23	29				
National accounts (as % of GDP)										
Gross domestic product ^a	100	100	100	100	100	100	100	100	100	100
Agriculture	9,1	8,0	8,5	8,5	8,6	8,3	8,1	7,9	7,7	7,5
Industry	20,1	21,2	20,4	20,8	21,4	20,5	19,8	20,3	20,0	19,5
Services	70,8	70,8	71,1	70,7	70,0	71,2	72,1	71,8	72,3	73,0
Total Consumption	78,9	79,9	77,8	83,8	85,9	82,4	81,3	80,5	80,4	80,0
Gross domestic investment	27,3	29,3	32,0	33,3	37,0	42,6	41,4	40,1	38,3	36,6
Government investment	7,1	5,0	6,5	8,0	7,3	8,3	7,6	7,4	7,2	7,1
Private investment	20,2	24,3	25,5	25,3	29,7	34,3	33,8	32,7	31,1	29,5
Exports (GNFS) ^b	53,4	50,8	49,4	45,5	43,3	44,0	45,3	45,9	46,6	47,7
Imports (GNFS)	59,6	60,0	59,1	62,5	66,2	69,0	68,0	66,5	65,3	64,3
Gross domestic savings	21,1	20,1	22,2	16,2	14,1	17,6	18,7	19,5	19,6	20,0
Gross national savings ^c	19,2	18,8	20,7	13,3	11,5	15,0	16,0	17,0	17,5	18,2
<i>Memorandum items</i>										
Gross domestic product (US\$ million at current prices)	335,4	346,4	360,7	379,6	404,1	428,1	448,5	473,0	502,2	532,6
GNI per capita (US\$, Atlas method)	2830	2950	3010	3250	3650	..	..	..	..	..
Real annual growth rates (% , calculated from 1990 prices)										
Gross domestic product at market prices	2,0	-0,1	3,2	3,4	4,3	4,9	4,3	4,1	4,2	3,8
Real annual per capita growth rates (% , calculated from 1990 prices)										
Gross domestic product at market prices	1,8	-0,3	3,0	3,2	4,1	4,7	4,1	3,9	4,0	3,6
Balance of Payments (US\$ millions)										
Exports (GNFS) ^b	179,3	175,9	178,1	172,6	174,8	188,5	203,0	217,0	234,1	254,1
Merchandise FOB	51,9	42,6	41,1	40,0	35,9	43,7	49,6	55,2	60,7	67,4
Tourism receipts	82,2	89,4	89,8	91,1	95,8	96,8	102,3	107,4	116,0	125,7
Imports (GNFS) ^b	200,0	207,8	213,3	237,4	267,4	295,6	304,8	314,4	328,1	342,2
Merchandise FOB	144,4	151,9	157,0	176,7	200,7	222,2	228,1	234,4	243,7	253,0
Resource balance	-20,7	-31,9	-35,2	-64,8	-92,6	-107,0	-101,9	-97,4	-94,1	-88,1
Net current transfers	16,3	12,6	12,2	13,0	12,6	13,3	14,4	15,6	17,4	19,3
Current account balance	-22,6	-36,3	-41,5	-75,6	-103,3	-118,1	-114,1	-108,9	-104,1	-97,8
Net private foreign direct investment	37,8	21,1	37,4	55,2	55,6	51,9	54,8	58,5	62,2	66,3
Public finance (as % of GDP at market prices)^f										
Current revenues	28,2	28,7	30,6	31,0	29,5	30,1	31,0	31,8	31,9	32,1
Current expenditures	26,6	27,7	28,0	26,9	26,4	27,5	27,5	27,2	26,4	25,9
Current account surplus (+) or deficit (-)	1,6	1,0	2,7	4,1	3,1	2,6	3,5	4,6	5,6	6,3
Capital expenditure	7,1	5,0	6,5	8,0	7,3	8,3	7,6	7,4	7,2	7,1
Primary balance	0,8	0,5	-1,6	-0,6	-0,9	-0,5	1,3	2,6	3,4	4,1
Monetary indicators										
M2/GDP	70,2	70,0	72,8	70,5	74,4	74,5	..	..	..	..
Growth of M2 (%)	9,5	3,0	8,3	1,9	12,4	6,0	..	..	..	..
Consumer price index (% , eop)	1,4	-0,6	0,4	2,7	1,7	2,3	2,9	2,0	2,1	2,1

a. GDP at factor cost

b. "GNFS" denotes "goods and nonfactor services."

c. Includes net unrequited transfers excluding official capital grants.

d. Includes use of IMF resources.

e. Consolidated central government.

f. "LCU" denotes "local currency units." An increase in US\$/LCU denotes appreciation.

St. Vincent and the Grenadines - Key Exposure Indicators

Indicator	Actual			Estimate			Projected			
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total debt outstanding and disbursed (TDO) (US\$m) ^a	226	236	254	276	319	348	370	379	381	376
External debt (US\$)	160,3	170,1	167,7	194,8	221,0	241,5	252,1	256,3	258,6	257,8
Debt and debt service indicators (%)										
TDO/XGS ^b	126,3	134,3	142,8	160,1	182,4	184,6	182,5	174,8	162,6	148,0
TDO/GDP	67,5	68,2	70,5	72,8	78,9	81,3	82,6	80,2	75,8	70,6
External debt/GDP	47,8	49,1	46,5	51,3	54,7	56,4	56,2	54,2	51,5	48,4
External DS/XGS	5,7	6,7	6,5	7,4	10,6	11,5	13,1	12,1	11,7	12,0
IBRD exposure indicators (%)										
IBRD DS/XGS	0,03	0,02	0,02	0,14	0,04	..	..	..	..	..
IBRD TDO (US\$m) ^d	0,15	0,11	0,47	0,59	0,95	1,58	4,53	6,01	8,45	11,07
IDA TDO (US\$m) ^d	7,00	7,72	10,13	11,48	13,29	15,25	17,18	19,80	23,37	25,69
IDA DS/XGS	0,09	0,08	0,08	0,09	0,11	..	..	..	..	..
IFC (US\$m)										
Loans	..	..	..	..	..	..	..	..	..	..
Equity and quasi-equity /c	..	..	..	..	..	..	..	..	..	..
MIGA										
MIGA guarantees (US\$m)	..	..	..	..	..	..	..	..	..	..

- a. Includes public and publicly guaranteed debt, private nonguaranteed, use of IMF credits and net short-term capital.
- b. "XGS" denotes exports of goods and services, including workers' remittances.
- c. Preferred creditors are defined as IBRD, IDA, the regional multilateral development banks, the IMF, and the Bank for International Settlements.
- d. Includes present value of guarantees.
- e. Includes equity and quasi-equity types of both loan and equity instruments.

B. TABLE OF INDICATORS FOR THE MDGS

	1990	1994	1997	2000	2003	2004
Goal 1: Eradicate extreme poverty and hunger						
Income share held by lowest 20%	..	..	..	..	..	..
Malnutrition prevalence, weight for age (% of children under 5)	..	..	20	..	..	..
Poverty gap at \$1 a day (PPP) (%)	..	..	..	..	..	..
Poverty headcount ratio at \$1 a day (PPP) (% of population)	..	..	..	..	..	..
Poverty headcount ratio at national poverty line (% of population)	..	..	..	..	..	..
Prevalence of undernourishment (% of population)	..	..	27	..	12	12
Goal 2: Achieve universal primary education						
Literacy rate, youth total (% of people ages 15-24)	..	..	..	..	..	..
Persistence to grade 5, total (% of cohort)	..	..	..	82	88	..
Primary completion rate, total (% of relevant age group)	..	..	..	..	79.0	92.9
School enrollment, primary (% net)	..	..	..	91	92	94
Goal 3: Promote gender equality and empower women						
Proportion of seats held by women in national parliament (%)	10.0	..	10.0	5.0	23.0	23.0
Ratio of girls to boys in primary and secondary education (%)	..	..	..	100.7	100.0	95.6
Ratio of young literate females to males (% ages 15-24)	..	..	..	..	..	..
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	..	..	..	..	..	..
Goal 4: Reduce child mortality						
Immunization, measles (% of children ages 12-23 months)	96.0	99.0	99.0	96.0	94.0	99.0
Mortality rate, infant (per 1,000 live births)	22	..	..	21	..	18
Mortality rate, under-5 (per 1,000)	25	..	..	22	..	22
Goal 5: Improve maternal health						
Births attended by skilled health staff (% of total)	..	..	..	100.0	..	..
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	..	..	..
Goal 6: Combat HIV/AIDS, malaria, and other diseases						
Children orphaned by HIV/AIDS	..	..	..	..	..	..
Contraceptive prevalence (% of women ages 15-49)	..	..	..	..	..	..
Incidence of tuberculosis (per 100,000 people)	36.2	..	..	..	..	28.5
Prevalence of HIV, female (% ages 15-24)	..	..	..	..	..	..
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	..	..	..
Tuberculosis cases detected under DOTS (%)	..	..	..	56.6	39.1	33.0
Goal 7: Ensure environmental sustainability						
CO2 emissions (metric tons per capita)	0.7	1.1	1.2	1.3	1.6	..
Forest area (% of land area)	23	..	..	26	..	..
GDP per unit of energy use (constant 2000 PPP \$ per kg of oil equivalent)	..	..	..	..	..	..
Improved sanitation facilities (% of population with access)	..	..	..	..	..	..
Improved water source (% of population with access)	..	..	..	..	..	..
Nationally protected areas (% of total land area)	..	..	..	..	..	..
Goal 8: Develop a global partnership for development						
Aid per capita (current US\$)	141.2	83.8	51.7	53.2	48.0	88.3
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	3	6	7	6	7	..
Fixed line and mobile phone subscribers (per 1,000 people)	120.0	154.2	182.5	235.2	809.4	641.5
Internet users (per 1,000 people)	0.0	..	8.8	30.2	59.4	67.6
Personal computers (per 1,000 people)	..	..	..	103.5	127.3	135.1
Total debt service (% of exports of goods, services and income)	3	8	8	7	7	..
Unemployment, youth female (% of female labor force ages 15-24)	..	..	..	..	..	..
Unemployment, youth male (% of male labor force ages 15-24)	..	..	..	..	..	..
Unemployment, youth total (% of total labor force ages 15-24)	..	..	..	..	..	..
Other						
Fertility rate, total (births per woman)	2.6	..	2.2	2.1	2.1	2.1
GNI per capita, Atlas method (current US\$)	1710.0	2050.0	2440.0	2730.0	3040.0	3400.0
GNI, Atlas method (current US\$) (billions)	0.2	0.2	0.3	0.3	0.4	0.4
Gross capital formation (% of GDP)	29.7	28.2	29.4	27.3	33.1	36.8
Life expectancy at birth, total (years)	69.2	..	70.2	70.7	71.2	71.3
Literacy rate, adult total (% of people ages 15 and above)	..	..	..	..	..	..
Population, total (millions)	0.1	0.1	0.1	0.1	0.1	0.1
Trade (% of GDP)	142.6	116.6	127.1	113.1	108.0	109.5

Source: World Development Indicators database, April 2006

ANNEX II Financial situation for 6th, 7th, 8th & 9th EDF

Year Decision	Number Global Commitment	Ind. Comm.	New Ind. Comm.	Date Fin	Global Comm.	Individual Comm.	Amount Payed	Title	Global Comm.	Ind. Comm.	Paid	R.A.P	Date closure	Country in charge	Operational in charge	Global Comm.	Ind. Comm.	Paid	Glob decomm.	Ind. Decomm.	reimb.
1988	7	ACP SVG	5	0		36,051	-17,947	-17,947	EX 05 P012) ORANGE HILL DEVELOPMENT	-53,998	0	0	20060127	ESCUISA		-53,998	0	0	0	0	0
1998	8	ACP SVG	4	0	20030731	700,000	599,865	599,865	8TH EDF MULTI-ANNUAL TRAINING PROGRAMME	-100135	0	0	20060915	RICHEDE		-100,135	0	0	0	0	0
	8	ACP SVG	4	3	20020927	0	83,382	83,382	B.A. in Tourism Management	0	-1	0	20060407	RICHEDE		0	-1	0	0	0	0
2002	8	ACP SVG	7	0	20041231	1,500,000	1,156,000	764,020	LEARNING RESOURCE CENTER	0	0	0		ZACHAAN		0	0	0	0	0	0
	8	ACP SVG	7	1	20041130	0	1,156,000	764,020	SIBLI (SEE ALSO 7 RPR 580/21)	0	0	96905	295075	ZACHAAN		0	0	96,905	0	0	0
2002	8	ACP SVG	8	0	20061231	185,000	179,100	32,355	MULTI-COUNTRY DRUG DEMAND REDUCTION PROJECT	0	0	0		ZANONDA		0	0	0	0	0	0
	8	ACP SVG	8	1	20050331	0	63,100	32,355	2004-2005 WORK PROGRAMME 1	0	-59870	-29125	20060413	SOYEZTH		0	-59,870	-29,125	0	0	0
	8	ACP SVG	8	2	20060331	0	116,000	0	DRUG DEMAND REDUCTION PROGRAMME/WP 2005/2006-\$402,824.36 XCD	0	-45355	70645		POLYCSP		0	-45,355	70,645	0	0	0
	8	ACP SVG	8	3	20061231	0	0	0	WORK PROGRAMME 3/SVG DRUG DEMAND REDUCTION (MAY TO DEC.2006)	0	94600	48144	46456	POLYCSP		0	94,600	48,144	0	0	0
2003	9	ACP SVG	1	0	20101231	6,682,764	1,103,000	210,087	EDUCATION SUPPORT PROGRAMME	0	0	0		KIHLBMA		0	0	0	0	0	0
	9	ACP SVG	1	1	20061201	0	198,000	40,605	DR.LEO SCHELLEKENS - TJA PROGRAMME MANAGER -EURO 198,000	0	-157395	0	20061221	POLYCSP		0	-157,395	0	0	0	0
	9	ACP SVG	1	2	20051231	0	622,000	169,482	PROGRAMME ESTIMATE NO.1/EDUCATION SUPPORT PROG.-XCD1,981,776	0	-588,256	-135,739	20061221	POLYCSP		0	-588,256	-135,739	0	0	0
	9	ACP SVG	1	3	20061221	0	283,000	0	PROGRAMME ESTIMATE 2/YR 2006- EDUCATION SUPPORT PROGRAMME	0	176000	343342	115658	BOYCEST		0	176,000	343,342	0	0	0
	9	ACP SVG	1	4	2006	0	0	0	FWC LOT 9-SHORT-TERM TECHNICAL ASSISTANCE FOR SECTOR REVIEW	0	136526	81916	54610	POLYCSP		0	136,526	81,916	0	0	0
	9	ACP SVG	1	5	2006	20081231	0	0	TA-DEVELOPMENT OF EDUCATION MGMT DEGREE PROGRAMME BY	0	238,000	0	238,000	POLYCSP		0	238,000	0	0	0	0
	9	ACP SVG	1	6	2006	20081231	0	0	WORKS CONTRACT FOR GIBSON CONSTRUCTION/SVG EDUCATION PROJECT	0	2032000	0	2032000	MARINSE		0	2,032,000	0	0	0	0
	9	ACP SVG	1	7	2006	20080621	0	0	PROGRAMME ESTIMATE NO. 3 - DEC 22, 2006 TO JUNE 21, 2008	0	1,754,000	0	1,754,000	POLYCSP		0	1,754,000	0	0	0	0
	9	ACP SVG	1	8	2006	20080831	0	0	COMMITMENT OF FUNDS TO FINANCE SERVICE CONTRACT	0	252000	0	252000	POLYCSP		0	252,000	0	0	0	0
	9	ACP SVG	1	9	2006	20080831	0	0	SERVICE CONTRACT - CAMBRIDGE EDUCATION LTD	0	310000	0	310000	POLYCSP		0	310,000	0	0	0	0
2003	9	ACP SVG	2	0	20081231	195,000	0	0	PREP OF CONSTRUCTION DOCUMENTS ST. VINCENT COLLEGE EXTENSION	0	0	0	0	DEL-SVG		0	0	0	0	0	0
2004	9	ACP SVG	3	0	20101031	500,000	39,000	23,400	TECHNICAL COOPERATION FACILITY	0	0	0	0	IOANNSO		0	0	0	0	0	0
	9	ACP SVG	3	1	20051231	0	39,000	23,400	FRAMEWORK CONTRACT NO 2005/102899-B&S EUROPE FOR EUR 39,000	0	0	13655	1945	POLYCSP		0	0	13,655	0	0	0
	9	ACP SVG	3	2	2006	20070228	0	0	PREPARATION OF MID-TERM STRATEGY & FINANCING PROPOSAL-SFAS	0	70,000	42,000	28,000	LECOMYV		0	70,000	42,000	0	0	0
	9	ACP SVG	3	3	2006	20060731	0	0	FWC-BENEF-SUPPORT TO NAO'S OFFICE-SVG WITH 10TH EDF	0	15000	14636	364	TASSICE		0	15,000	14,636	0	0	0
	9	ACP SVG	3	4	2006	20060808	0	0	FWC BENEF- CAMBRIDGE EDUCATION LIMITED FOR EURO 128,233 FOR	0	129,733	77,840	51,893	POLYCSP		0	129,733	77,840	0	0	0
	9	ACP SVG	3	5	2006	20061002	0	0	FWC BENEF-ECO 3 SPRL FOR EUR 31,127-PUBLIC FINANCE	0	31127	27564	3563	TASSICE		0	31,127	27,564	0	0	0
2007	9	ACP SVG	4	0	20131231	0	0	0	IMPROVEMENT OF EDUCATION THROUGH THE USE OF INFORMATION AND	0	0	0	0	PALLATO		0	0	0	0	0	0
2007	9	ACP SVG	5	0	20131231	0	0	0	IMPROVEMENT OF EDUCATION THROUGH THE USE OF INFORMATION AND	0	0	0	0	PALLATO		0	0	0	0	0	0
	7	ACP RPR	580	21	20041130	0	538,000	437,240	SIBLI	0	0	19,372	81,388	ACP BAR ZACHAAN		0	0	19,372	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total :										-154,133	4,388,109	671,155	5,264,952			-154,133	4,388,109	671,155	0	0	0

ANNEX III Regional Projects

ANNEX : CARIBBEAN REGIONAL INDICATIVE PROGRAMMES

9TH EDF

	Focal sector -Regional Economic Integration	Total (€ mn)
	Activities within contribution agreement with CARICOM :	
	1. Establish and consolidate CSME;	19,9
	2. Develop CRNM and OECS capacity	4,8
	3. Support to CRITI	1,7
	4. Statistical strengthening	3,3
	5. Development of ICT	2
	6. Caricom fight against illegal drugs	1,2
	7. Reinforcement of CARICOM Secretariat.	3,1
		36
	Activities within contribution agreement with UNDP :	
	Support to CARTAC Phase II	0,5
	Improvement of Ogle Airport	1,5
	Human Resource Development/CKLN	2
	Institutional support to the Caribbean Court of Justice	1,315
	Institutionnal support to IMPACS	0,8
	Non – focal sector - Fight Against Major Vulnerabilities	
	Disaster Management	3
	Drug Control	5
	<i>Ferry Antigua-Montserrat</i>	<i>1,8</i>
	General support	
	Technical Co-operation Facility	2
	Balance from previous EDF	
9 ACP RCA 3	Air Access Improvement Programme for Dominica	11.95
9 ACP RCA 8	Private Sector & Trade Development	9.6
	All ACP Projects	
9 ACP RPR 5	Development of malaria vaccines and their multi-centre trial	7
9 ACP RPR 10	EC/ACP/WHO partnership on pharmaceutical policies	25
9 ACP RPR 17	Contribution to the Global fund to fight AIDS, Tuberculosis	170
9 ACP RPR 7	TRADE.COM All ACP Institutional trade capacity building facility	50
9 ACP RPR 6	Support to the competitiveness of the rice sector in the Caribbean	24
9 ACP RPR 21	Support to the collaborative doctoral programme in economics	1

8TH EDF (MANAGED BY BARBADOS DELEGATION)

Project No.	Project Title	Total (€ mn)
8 ACP RCA 1	Caribbean Anti-money-laundering Programme (T&T)	4
8 ACP RCA 4	Caribbean Regional Trade Sector Programme	11.2
8 ACP RCA 5	Strategic Planning for Public Services	1.3
8 ACP RCA 13	Epidemiological Surveillance Programme (T&T)	1.3
8 ACP RCA 20	Strengthening of Medical Laboratories Services (T&T)	7.5
8 ACP RCA 29	Radar Warning System (T&T)	13.2
8 ACP RCA 35	Nelson's Dockyard Seawall Restoration	1.998
8 ACP RCA 35	Caribbean Tourism Sector Development Programme	8
8 ACP RCA 40	Montserrat Airport	1.685
8 ACP RCA 42	Support to Caribbean Regional Technical Assistance Centre	1.8
8 ACP RCA 39	Design for Dominica Airport	0.55
	All ACP Projects	
8 ACP TPS 125	Programme for the Caribbean Rum Industry	70
	Programme for Fisheries	44.86

6&7TH EDF (MANAGED BY BARBADOS DELEGATION)

Project No.	Project Title	Total (€ mn)
7 ACP RPR 759	Caribbean Telecommunications Union project	0.75
7 ACP RPR 323	Establishment of a Caribbean Postal Union (CBU)	0.636
7 ACP RPR 385	Integrated Caribbean Regional Agriculture and Fisheries Development Programme (T&T)	22.2
7 ACP RPR 414	Caribbean Examination Council Development Programme	2.508
7 ACP RPR 443/444	Caribbean Regional Tourism Programme	12.8
7 ACP RPR 447	Caribbean Regional Trade Sector Programme	12.529
7 ACP RPR 580	OECS Human Resources Development Tertiary Level	5.946
7 ACP RPR 686	Caribbean Broadcasting Union/News Agency project	3.5
7 ACP RPR 754	Caribbean Regional Environment Programme	9.15
7 ACP RPR 762	OECS Export Capability Enhancement Programme	1.179
6 ACP RPR 595	Montserrat New Airport	2.615

ANNEX IV EIB Projects

4.1 EIB Projects in Saint Vincent and the Grenadines

Country	Project Name	Status	Convention	Contract number	Amount signed (m)		Date of Signature	Amount outstanding (m)		Beginning repayment
					OR	RC		OR	RC	
Saint Vincent and Grenadines	DEVCO	Disbursed	Lome - 3	70742		400,000.00	08/05/1988		200,000.00	07/31/2009
	VINLEC II	Disbursed	Lome - 3	70768		1,000,000	12/20/1988		1,000,000	11/30/2009
	KINGSTOWN PORT DEVELOPMENT	Disbursed	Lome - 4	70982		5,000,000	12/14/1994		2,380,933	12/05/1998
	VINLEC III	Disbursed	Lome - 4 - Bis	17896	4,000,000		12/29/1998	1,529,266		02/28/2002
	VINLEC IV	Signed	Accord De Cotonou	22837	8,300,000		12/08/2004	5,132,765		05/03/2010
	Total				12,300,000	6,400,000		6,662,032	3,580,933	

4.2 EIB Projects in the Caribbean Region

Country	Project Name	Status	Convention	Contract number	Amount signed (m)		Date of Signature	Amount outstanding		Beginning repayment
					OR	RC		OR	RC	
Regional - Caribbean	CFSC EQUITY GLOBAL LOAN	Disbursed	Lome - 3	70764		2,000,000	12/13/1988		1,579,534	11/30/2009
	CFSC II A	Disbursed	Lome - 4	70918		3,000,000	09/07/1993		1,357,049	07/25/2008
	CFSC GL III	Signed	Lome 4b-ress.add. (comm.)	22049		4,000,000	05/13/2003		1,868,686	05/15/2018
		Signed	Lome 4b-ress.add. (comm.)	22050		4,000,000	05/13/2003		2,307,880	04/15/2009
		Signed	Lome 4b-ress.add. (comm.)	22898		1,000,000	12/10/2004		0	
	DFL VIII	Signed	Lome - 4	21600		6,000,000	06/17/2002		2,668,252	
	CLICO GL	Signed	Accord De	23226		20,000,000	11/03/2005		10,469,593	05/15/2011
	DEVELOP	Signed	Accord De	23339		7,000,000	12/20/2005		2,670,720	07/15/2009
	CARIBBEAN DEV BANK III FACILITY	Signed	Accord De Cotonou	23355	40,000,000		12/22/2005	12,207,909		02/22/2012
	CARIBBEAN DEV BANK IV	Signed	Accord De Cotonou	23806		20,000,000	12/19/2006		0	
Total						40,000,000		12,207,909	22,921,714	

ANNEX V Budget lines

St Vincent STABEX Programmes

Situation Summary as at 31 December 2006

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

2 - Interest represents total interest received on EUR and XCD accounts. XCD interest is translated into EUR at 3.55239

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

Budget Line	----- GLOBAL COMMITMENTS -----			Programmed/ Approved Projects	Funds Available before Pipeline Proposals	Individual Commitments /Contracts	Payments	Pipeline Proposals
	Original	Interest	Revised					
* STABEX 1994 PROGRAMME								
Banana Productivity Improvements	6,000,000		8,722,031	8,303,935	418,096	8,303,935	8,303,935	
Agricultural Diversification	6,000,000		6,700,000	5,103,384	1,596,616	5,103,384	5,103,384	
Diversification of the Economy	8,000,000		8,000,000	8,000,000	--	4,507,942	4,243,215	
Rural Development & Social Safety Nets	1,000,000		1,061,439	842,236	219,203	842,236	844,889	
EDF/Programme Management Cordination Unit	2,000,000		2,815,000	2,815,000	--	2,782,278	2,679,987	
Monitoring & Evaluation	1,000,000		1,000,000	143,187	856,813	143,187	143,187	
Reserve	1,724,865		3,248,937	1,120,359	2,128,578	236,306	117,534	2,000,000
1st Protocol Stabex/30/REP.Liv 1st Pr./SVG	173,908		--	--	--			
Interest	--	6,287,202	638,568	400,000	238,568			
Total for STABEX 1994 PROGRAMME (9 detail records)	€ 25,898,773	6,287,202	32,185,975	26,728,101	5,457,875	21,919,268	21,436,132	2,000,000
Percent				83.0%	17.0%	68.1%	66.6%	6.2%
* STABEX 1995 PROGRAMME								
Banana Productivity Support	1,000,000		1,000,000	1,000,000	--	755,884	29,701	
Agricultural Diversification	1,500,000		1,500,000	1,500,000	--	585,386	204,513	
Promotion of Economic Diversification	200,000		200,000	141,496	58,504	141,496	141,496	
EDF/PMCU Monitoring & Evaluation	231,457		231,457	212,026	19,431	212,026	212,026	
Budgetary Support	10,550,000		10,549,975	10,549,975	--	10,549,975	10,549,975	
Interest	--	2,488,553	2,488,553	2,148,550	340,002	2,332,632	1,280,236	
Total for STABEX 1995 PROGRAMME (6 detail records)	€ 13,481,457	2,488,553	15,969,984	15,552,047	417,937	14,577,399	12,417,947	
Percent			25	97.4%	2.6%	91.3%77.8%25/01/07 17:38:25		

St Vincent STABEX Programmes

Situation Summary as at 31 December 2006

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

2 - Interest represents total interest received on EUR and XCD accounts. XCD interest is translated into EUR at 3.55239

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

Budget Line	----- GLOBAL COMMITMENTS -----			Programmed/ Approved Projects	Funds Available before Pipeline Proposals	Individual Commitments /Contracts	Payments	Pipeline Proposals
	Original	Interest	Revised					
* STABEX 1996/97 PROGRAMME								
Diversification of the Economy	1,000,000		1,000,000	1,000,000	--	241,799	133,604	
Social & Community Development	500,000		500,000	--	500,000			
Agricultural Diversification	1,800,000		1,800,000	1,800,000	--	1,180,888	560,977	
Monitoring, Auditing & Evaluation	817,698		817,698	776,543	41,155	404,226	252,377	
Budgetary Support	10,700,000		10,700,000	7,490,000	3,210,000	7,489,961	7,489,961	
Interest	--	2,691,400	2,691,400	2,369,219	322,181	998,160	998,171	
Total for STABEX 1996/97 PROGRAMME (6 detail records)	€ 14,817,698	2,691,400	17,509,098	13,435,762	4,073,336	10,315,034	9,435,090	
Percent				76.7%	23.3%	58.9%	53.9%	
* STABEX ART. 195A BALANCES								
Not yet allocated (FMO not signed to date)	3,503,427		3,503,427	--	3,503,427			
Interest	--	445,758	445,758	--	445,758			
Total for STABEX ART. 195A BALANCES (2 detail records)	€ 3,503,427	445,758	3,949,185	--	3,949,185			
Percent				0.0%	100.0%			
* STABEX/SSA 1993 PROGRAMME								
Banana Industry Development Programme	5,452,277		5,500,797	5,349,725	151,072	5,349,725	5,448,393	
Special System of Assistance 1993	196,165		--	--	--			
STABEX 1993 Addendum	222,542		--	--	--			
Post Tropical Storm Lili Damage Recovery	--		903,067	903,067	--	903,067	817,582	
Interest	--	587,016	54,136	--	54,136			
Total for STABEX/SSA 1993 PROGRAMME (5 detail records)	€ 5,870,984	587,016	6,458,000	6,252,792	205,208	6,252,792	6,265,975	
Percent				96.8%	3.2%	96.8%	97.0%	
Grand Total	€ 63,572,339	12,499,930	76,072,243	61,968,702	14,103,541	53,064,494	49,555,144	2,000,000

Situation Summary as at 31 December 2006

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

2 - Interest represents total interest received on EUR and XCD accounts. XCD interest is translated into EUR at 3.55239

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

Budget Line	----- GLOBAL COMMITMENTS -----			Programmed/ Approved Projects	Funds Available before Pipeline Proposals	Individual Commitments /Contracts	Payments	Pipeline Proposals
	Original	Interest	Revised					
* SFA 1999								
Rabacca Palletisation Centre 2 (works, supply, TA)	810,000		810,000	810,000	--	810,000	810,015	
West Coast Road Rehabilitation Ph. 1 (works,equip)	4,400,000		4,400,000	4,400,000	--	3,793,092	3,209,243	
Regional Technical Assistance	400,000		532,676	502,676	30,000	502,676	458,656	
Contingencies	490,000		357,324	--	357,324			
Interest	--	165,730	165,730	--	165,730			
Total for SFA 1999 (5 detail records)	€ 6,100,000	165,730	6,265,730	5,712,676	553,054	5,105,768	4,477,913	
Percent				91.2%	8.8%	81.5%	71.5%	
* SFA 2000								
Rabacca Palletisation Centre 3 (Works, supply, TA)	750,000		750,000	--	750,000			
West Coast Road Rehabilitation 2 (Works, TA)	5,260,000		5,260,000	5,260,000	--	5,260,000		
TRANSIR Study (Consultancy, Equipment)	--		--	--	--			
Regional Technical Assistance	400,000		400,000	400,000	--	400,000	374,427	
Interest	--		--	--	--			
Audit & Evaluation	40,000		40,000	--	40,000			
Total for SFA 2000 (6 detail records)	€ 6,450,000	--	6,450,000	5,660,000	790,000	5,660,000	374,427	
Percent				87.8%	12.2%	87.8%	5.8%	
* SFA 2001								
West Coast Road Rehabilitation 3 (Works,TA,Equip)	6,200,000		6,200,000	5,813,312	386,688	5,813,312		
Evaluation and Audit	100,000		100,000	--	100,000			
Contingencies	100,000		100,000	58,620	41,380			
Interest	--		--	--	--			
Total for SFA 2001 (4 detail records)	€ 6,400,000	--	6,400,000	5,871,932	528,068	5,813,312		
Percent				91.7%	8.3%	90.8%		

St Vincent SFA Programmes

Situation Summary as at 31 December 2006

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

2 - Interest represents total interest received on EUR and XCD accounts. XCD interest is translated into EUR at 3.55239

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

Budget Line	----- GLOBAL COMMITMENTS -----			Programmed/ Approved Projects	Funds Available before Pipeline Proposals	Individual Commitments /Contracts	Payments	Pipeline Proposals
	Original	Interest	Revised					
* SFA 2002								
Social Fund	4,250,000		4,250,000	4,250,000	--	4,250,000	990,874	
Public Sector Support Fund	1,250,000		1,250,000	--	1,250,000			
Regional Technical Assistance	400,000		400,000	400,000	--	400,000	243,429	
Audit and Evaluation	100,000		100,000	--	100,000			
Contingencies	100,000		100,000	--	100,000			
Interest	--		--	--	--			
Total for SFA 2002 (6 detail records)	€ 6,100,000	--	6,100,000	4,650,000	1,450,000	4,650,000	1,234,303	
Percent				76.2%	23.8%	76.2%	20.2%	
* SFA 2003								
Improve Quality in ECD Adult & Spec	1,400,000		1,400,000	1,400,000	--	1,400,000		
Improve access to ECD adult and special needs	2,900,000		2,900,000	2,858,910	41,090	2,858,910	158,190	
Improving education management	160,000		160,000	160,000	--	160,000		
Technical assistance	500,000		500,000	482,402	17,598	482,408		
Administration	440,000		440,000	440,000	--	440,000		
Audit and Evaluation	100,000		100,000	--	100,000			
Contingency	100,000		100,000	58,620	41,380	58,620		
Interest	--		--	--	--			
Total for SFA 2003 (8 detail records)	€ 5,600,000	--	5,600,000	5,399,932	200,068	5,399,950	158,190	
Percent				96.4%	3.6%	96.4%	2.8%	

St Vincent SFA Programmes

Situation Summary as at 31 December 2006

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

2 - Interest represents total interest received on EUR and XCD accounts. XCD interest is translated into EUR at 3.55239

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

Budget Line	----- GLOBAL COMMITMENTS -----			Programmed/ Approved Projects	Funds Available before Pipeline Proposals	Individual Commitments /Contracts	Payments	Pipeline Proposals
	Original	Interest	Revised					
* SFA 2004								
Business Gateway	3,900,000		3,900,000	--	3,900,000			
Investment Promotion	1,100,000		1,100,000	--	1,100,000			
Audit	75,000		75,000	18,302	56,698	18,302	10,982	
Evaluation	75,000		75,000	--	75,000			
Contingency	180,000		180,000	--	180,000			
Interest	--		--	--	--			
Total for SFA 2004 (6 detail records)	€ 5,330,000	--	5,330,000	18,302	5,311,698	18,302	10,982	
Percent				0.3%	99.7%	0.3%	0.2%	
* SFA 2005								
Strategy, Leadership & Awareness Development	295,000		295,000	--	295,000			
Business Skills Dev. & E-business Incubators	1,305,000		1,305,000	--	1,305,000			
Capacity-Building	660,000		660,000	--	660,000			
Construction of an ICT Training & Incub Facility	990,000		990,000	--	990,000			
Legislative & regulatory Framework	95,000		95,000	--	95,000			
Business-Oriented e-government Initiatives	405,000		405,000	--	405,000			
Regional Coordination	145,000		145,000	--	145,000			
Regional Mgt. Office	395,000		395,000	--	395,000			
Regional Incubator Network Mgt,	105,000		105,000	--	105,000			
Shart-term TA for Proj. Identification & Support	105,000		105,000	--	105,000			
Audit & Evaluation	30,000		30,000	--	30,000			
Interest	--		--	--	--			
Total for SFA 2005 (12 detail records)	€ 4,530,000	--	4,530,000	--	4,530,000			
Percent				0.0%	100.0%			

St Vincent SFA Programmes

Situation Summary as at 31 December 2006

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

2 - Interest represents total interest received on EUR and XCD accounts. XCD interest is translated into EUR at 3.55239

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

Budget Line	----- GLOBAL COMMITMENTS -----			Programmed/ Approved Projects	Funds Available before Pipeline Proposals	Individual Commitments /Contracts	Payments	Pipeline Proposals
	Original	Interest	Revised					
* SFA 2006								
Tourism & Private Sector	1,300,000		1,300,000	--	1,300,000			
Agriculture	1,160,000		1,160,000	--	1,160,000			
Cross Sectoral Interventions	1,390,000		1,390,000	--	1,390,000			
Total for SFA 2006 (3 detail records)	€ 3,850,000	--	3,850,000	--	3,850,000			
Percent				0.0%	100.0%			
Grand Total	€ 44,360,000	165,730	44,525,730	27,312,842	17,212,888	26,647,332	6,255,815	

ANNEX VI Indicative time table for commitments (up to end 2007) and disbursements (up to end 2008)

	FORECASTS 2007										
	1st SEMESTER	LOW	MEDIUM	HIGH	Target 100%L+50%M	2nd SEMESTER	LOW	MEDIUM	HIGH	Target 100%L+50%M	TARGET ANNEE
New Global Commitments	13,000,000					0					13,000,000
New Individual Commitments	0	0	0	0	0	0	0	0	0	0	0
Payments	2,813,343	2,038,343	775,000	0	2,425,843	2,347,893	1,051,893	942,000	354,000	1,522,893	3,948,736
Decommitments back to the NIP	16,456										16,456
Decommitments to recommit	5,872										0
Reduction of Old RAL	0	0	0	0	0	0	0	0	0	0	0

	FORECASTS 2008										
	1st SEMESTER	LOW	MEDIUM	HIGH	Target 100%L+50%M	2nd SEMESTER	LOW	MEDIUM	HIGH	Target 100%L+50%M	TARGET ANNEE
Engagements Individuels	3,000,000	2,250,000	375,000	375,000	2,437,500	3,000,000	0	1,500,000	1,500,000	750,000	3,187,500
Payments	2,000,000	1,500,000	250,000	250,000	1,625,000	1,000,000	0	500,000	500,000	250,000	1,875,000

R A L	SITUATION on 01/01/2007		SITUATION on 31/12/2007		Amount	Nbr
	ALL PROJECTS	PROJETS decided before YEAR 2002	ALL PROJECTS	PROJETS decided before YEAR 2002		
Σ Ongoing GLOBAL COMMITMENTS	13,062,192	3,999,428	26,062,192	3,999,428	0	0
R A C	2,337,228	139,673	15,337,228	139,673		0
R A P	9,043,319	3,859,755	5,078,127	3,859,755		0
R A L	11,380,546	3,999,428	20,415,354	3,999,428		0
% RAL / Σ GLOBAL COMMIT.	87%	100%	78%	100%		0
Nbr of years to absorbe RAL	3		5			0

GLOBAL COMMITMENTS ON AVAILABLE EDF ALLOCATIONS UNTIL END 2007

SUMMARY of	AMOUNT
CUMULATED TOTAL GLOBAL COMMITMENTS on 31/12/2006	7,377,764
TOTAL NEW GLOBAL COMMITMENTS FORSEEN in 2007	13,000,000
TOTAL GLOBAL COMMITMENTS	20,377,764

SUMMARY of	AMOUNT
COUNTRY ENVELOPE A & B AT 31-12-2006 avant ETR	27,308,668
DECOMMITMENTS OVER THE PERIOD OF 2007	16,456
TOTAL EDF AVAILABLE COUNTRY RESOURCES	27,292,212
USE OF AVAILABLE RESSOURCES in %	74.67%
EDF COUNTRY RESSOURCES THAT COULD BE LOST	6,914,448

ANNEX VII Intervention Framework

Sector: Education	Performance Indicators	Status 2002	Status 2003	Status 2004	Status 2005	Status 2006	Targets 2007	Sources of Information	Assumptions
National sector Target: To improve the human resource capacity of the labour force. Increasing the pool of qualified persons for the labour market following completion of formal secondary education.	Persons completing secondary school	23%	26%	30%	58%	79.5% (this completion rate is based on the 2001 cohort/new entrants)	85%	MoE Reports Statistical Office Reports Exam Results NIS Reports National Census	Project resources are mobilized for the implementation of the project
	1. Adoption of the Education Sector Strategy & the relevant action plan 2. Respect of the budgetary commitments for the education sector. 3. Drop out ratio from primary schools on the basis of the reports by the Ministry of Education decreased by 90. 4. Access to secondary education increased	1. Yes 2. Annual commitment to the education sector in the budget 17% 3. 10% 4. 65%	1. Yes 2. Annual commitment to the education sector in the budget 17% 3. 9% 4. 79%	1. Yes 2. Annual commitment to the education sector in the budget 17% 3. 3% 4. 78%	1. Yes 2. Annual commitment to the education sector in the budget 17% 3. 5% 4. 100%	1. Yes 2. Annual commitment to the education sector in the budget 17% 3. 3% 4. 100%	1. Yes 2. Annual commitment to the education sector in the budget 17% 3. 2% 4. 100	MoE Reports Ministry of Finance Statistical Office Reports Reports by the Ministry of Education on the drop-outs ratio from primary schools. Reports by the Ministry of Education on the progress made in access to secondary Education.	Target for Educational development remains at Secondary level. Funding to Education sector remains stable as a proportion of budget.
Intervention Objective: To improve quantitatively and qualitatively access to Secondary Education	Universal access to 5 years of comprehensive secondary education.	65%	79%	78%	100%	100%		MoE Statistical Reports MTWH Reports MoE Statistical Reports Statistical Office	Sound logistical planning allows for programme implementation. Sufficient financial and human resources are made available for the development of education. A cadre of trained teachers is available to train persons at the secondary school level.

<p>Results:</p> <p>1. Raised Achievement levels of all students.</p> <p>2. Reduction in the performance gaps between the Urban and Rural Schools.</p> <p>3. Expansion and physical improvement of the Secondary schools environment in the country.</p> <p>4. Increase the number of trained teachers in the Rural Secondary Schools.</p>	<p>1. 90% passes in GCE & CXC Exams.</p> <p>2. Increase GCE & CXC passes in rural Secondary Schools.</p> <p>3. Secondary School plants to be built, improved or expanded on an annual basis.</p> <p>4. Average life expectancy of secondary school extended.</p> <p>5. 100% trained Professional Secondary Teaching Force.</p>	<p>(1) 60%</p> <p>(2) 57%</p> <p>(3) 4</p> <p>(4) 20</p> <p>(5) 47%</p>	<p>(1) 78</p> <p>(2) 66%</p> <p>(3) 8</p> <p>(4) 30</p> <p>(5) 55%</p>	<p>(1) 73%</p> <p>(2) 67%</p> <p>(3) 12</p> <p>(4) 40</p> <p>(5) 55%</p>	<p>(1) 69%</p> <p>(2) 61.5%</p> <p>(3) 10</p> <p>(4) 50</p> <p>(5) 52%</p>	<p>(1) 64%</p> <p>(2) 50.5%</p> <p>(3) 12</p> <p>(4) 50</p> <p>(5) 62.7% are trained with either degree or certificates (from tertiary institutions). 46% have pedagogical training.</p>	<p>68%</p> <p>55%</p> <p>12</p> <p>50</p> <p>62.7% are trained with either degree or certificates (from tertiary institutions). 50% have pedagogical training</p>	<p>MoE Reports</p> <p>Statistical Office Reports</p> <p>NIS Reports</p> <p>Statistical Office Reports</p> <p>MTWH Reports</p> <p>Service Commission Record</p>	<p>1. Government commitments in the education sector and the secondary education sector in particular are met.</p> <p>2. the capacity of schools are increased to accommodate the additional secondary school entrants.</p> <p>3. Sufficient resources are allocated for the expansion and proper maintenance of all Secondary Schools.</p>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------	------------------------------------------------------------------------	--------------------------------------------------------------------------	----------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------