



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

**OFFICE OF THE NATIONAL AUTHORISING OFFICER
IN ST. VINCENT & THE GRENADINES**

**COOPERATION BETWEEN
THE EUROPEAN UNION
AND
ST. VINCENT & THE GRENADINES**

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Executive Summary

With an area of 389 sq. km, Saint Vincent and the Grenadines (SVG) is an archipelago of islands, comprising of Saint Vincent (the main island), and a chain of 34 smaller islands and cays (the Grenadines), which extends to the south over a distance of 64 km. It has a population of 106,000 and a GDP per capita of about €2 830 (USD 4 300). SVG is an upper-middle income country. The SVG economy is largely agriculture-based (primarily bananas and other crops) but with a growing services sector including tourism, telemarketing and a small offshore financial sector. The economy remains highly vulnerable to climatic conditions and international economic developments. According to the UNDP Human Development Report for 2007, SVG is ranked 93 out of 177 countries. SVG is the poorest country in the Organisation of Eastern Caribbean States (OECS), with a poverty headcount index of 37.5%, and high unemployment.

St. Vincent and the Grenadines is a parliamentary democracy and control of the government rests with the Prime Minister and the cabinet. Parliament consists of 21 members, 15 elected and 6 appointees. During elections held in December 2005, Prime Minister Ralph Gonsalves and his Unity Labour Party won a second term, retaining their 12 to 3 parliamentary majority. The country maintains close ties to the U.S., Canada, and the U.K., and cooperates with regional political and economic organizations such as the Organization of Eastern Caribbean States (OECS) and CARICOM. St Vincent and the Grenadines signed in August 2008 a Joint Declaration with other OECS member countries. This established a framework for closer cooperation towards the achievement of a single economy by 2011 and appropriate political integration by 2013.

The Country Poverty Assessment is currently being done to determine the conditions affecting the welfare of the people in SVG. It will also recommend policies, strategies, action programmes and projects that would reduce the extent and severity of poverty. The current assessment relative to the study done in 1995/96 indicates that there has been a decline in poverty and the level of indigence. This assessment is currently being finalised between the Government and all stakeholders, inclusive of the EC delegation in Barbados.

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 authorities strongly support the transformation of the economy from the traditional banana sector to tourism. In this context, the challenge is to address limited air transportation links through construction of a new international airport, while continuing to enhance social spending and bolster debt sustainability.

Although macroeconomic outcomes in St. Vincent and the Grenadines strengthened significantly in recent years, economic growth has slowed sharply during 2008, reflecting the impact of global downturn. Inflation rose sharply in the first three quarters of 2008, reflecting higher world fuel and food prices, but declined to 8.7 percent at the end of the year as these prices eased. The global economic downturn and financial crisis have weakened growth prospects for 2009. Most of the tourism-source countries are projected to suffer recessions in 2009 dimming the prospects for the tourism sector significantly. Declining tourism-related receipts, remittances and lower foreign direct investment will adversely affect output growth and constrain banking sector liquidity.

SVG is a Member of the OECS, the CARICOM and the Association of Caribbean States (ACS). It was engaged in CARIFORUM-EU EPA negotiations, FTAA, and WTO negotiations (DDR). As a member of CARIFORUM, Saint Vincent and the Grenadines signed with the European Commission a comprehensive **Economic Partnership Agreement (EPA)** on 15 November 2008,

The Government has provided very high priority to Education and has secured external assistance from a large number of donors, including the EC. Both 8th and 9th EDF focused on Human Resource Development (Education sector). Stabex and SFA funds have also been mobilised to support this sector.

The EC aid provided to Saint Vincent and the Grenadines since 1973 is estimated at € 173.5 M. The biggest share has come through the Stabex and SFA mechanisms, almost four times the amounts of the NIPs, used to expedite the ongoing restructuring of the banana sector and support economic diversification.

The EC and the Government have decided to allocate 80% (€ 6.24 M) of the “A Envelope” under the 10th EDF to Sector Budgetary Support to assist the Government with the implementation of policies and strategies aimed at achieving *Modernisation of the Public Service in the Health Sector*. 10% of the “A Envelope” is being allocated to the Technical Cooperation Facility, notably to support Non-State Actors (NSAs). The remaining 10% will be allocated to Technical Assistance to the NAO Office.

1 The Country Performance

1.1 Update of the political situation and political governance

SVG is a parliamentary democracy within the Commonwealth of Nations. Queen Elizabeth II is head of state and is represented on the island by a Governor General, an office with mostly ceremonial functions. Control of the government rests with the Prime Minister and the cabinet. St. Vincent and the Grenadines has a unicameral parliament consisting of 21 members, 15 elected and 6 appointees. During elections held in December 2005, Prime Minister Ralph Gonsalves and his Unity Labour Party won a second term, retaining their 12 to 3 parliamentary majority.

On international matters, SVG maintains close ties to the U.S., Canada, and the U.K., and cooperates with regional political and economic organizations such as the Organization of Eastern Caribbean States (OECS) and CARICOM. SVG is a member of the United Nations, the Commonwealth of Nations, the Organization of American States, and the Association of Caribbean States (ACS). SVG also maintains close relations with Cuba, which provides a number of scholarship and other exchange programs for its citizens, particularly in the field of health care. SVG develops relations with Venezuela. Among the OECS, Saint Vincent, Saint Kitts and Nevis and now Saint Lucia recognise the Republic of China (Taiwan).

St. Vincent and the Grenadines was among OECS countries which on 11 September endorsed an initiative from Trinidad and Tobago’s Prime Minister Patrick Manning for the creation of a new economic and Political Union separate from other established regional integration efforts (CARICOM, OECS, ACS).

At the invitation of Mr. Manning, this meeting was held on 14th August in Trinidad and Tobago. In attendance were Grenada's Prime Minister Tillman Thomas, the Prime Minister of

Saint Lucia, Stephenson King and the Prime Minister of St. Vincent and the Grenadines, Dr. Ralph Gonsalves. At their summit, discussions on collaboration towards the achievement of a Single Market and Economy, Political Integration and Regional Air Transportation took place. After the meeting, a Joint Declaration was signed by Trinidad and Tobago, Saint Lucia, Grenada and Saint Vincent and the Grenadines. The Joint Declaration, a statement of intent, was subject to ratification by the respective Cabinets and the duties identified therein were purely indicative. The Joint Declaration established a framework for closer cooperation towards the achievement of a single economy by 2011 and appropriate political integration by 2013, having taken note of the difficulties which have arisen in regard to progress towards the establishment of the CARICOM Single Market and Economy and the decision of the Organisation of Eastern Caribbean States (OECS) to proceed towards the establishment of an Economic Union among themselves by 2009.

St. Vincent and the Grenadines established diplomatic relations with the Islamic Republic of Iran and as a consequence immediately secured a US\$7 million grant and assistance commitment by Tehran to assist in the construction of the US\$200 million international airport. The announcement was made by Foreign Minister Sir Louis Straker who attended the 15th Ministerial Conference of the Non-Aligned Movement (NAM) in Tehran.

A new political party – The People’s Movement for Change (PMC) - was launched in Saint Vincent and the Grenadines in the first week of August with the leader Jomo Thomas vowing to promote the concerns and views of citizens without regard to partisan considerations. Thomas said his organisation was necessary because there is a need for a strong voice that is not tainted by the consideration of party politics. The formation of the PMC brings to four the number of political parties in the country: this new PMC, PM Gonsalves' ruling Unity Labour Party (ULP), the main opposition New Democratic Party led by Arnhim Eustace and the Ivan O’Neil led Green Party (which is not represented in Parliament).

In terms of the EU, political dialogue with the Caribbean takes place mainly via the joint ACP–EC institutions, in particular the Council of Ministers and the Joint Assembly, which includes Members of Parliament of the signatory States. At the regional level, a specific yearly dialogue between CARIFORUM and the European Commission provides an opportunity for discussing a wide range of issues of mutual interest. The EU and the Caribbean based their political systems on pluralist democracy, fundamental rights and the rule of law, acting together and adopting multilateral approaches to global challenges.

1.2 Update of the economic situation and economic governance

Saint Vincent and the Grenadines is a small island developing state (SIDS) with all the inherent challenges such as a narrow economic base and a high vulnerability to external shocks and natural disasters.

The offshore financial sector plays a role in the development of Saint Vincent and the Grenadines. It is a direct and indirect employer of labour and also a generator of revenue for Government. Presently, there are 6 licensed offshore banks, approximately 8,573 registered international business companies (IBCs), 13 licensed offshore insurance companies and 55

mutual fund companies operating in Saint Vincent and the Grenadines. Currently, there are 154 trust companies and 27 agents operating in Saint Vincent and the Grenadines.

The potential also exists for foreign direct investment which would provide the necessary base for continued economic growth and development.

A 2006 World Bank study of the developmental impact of workers' remittances in Latin America and the Caribbean (LAC) confirms that remittances have increased dramatically over the past 25 years (from USD5bn/1980 to USD 45bn/2005). In 2004 remittances in the OECS and Barbados accounted for on average less than 10% of respective. The report confirms that such increases have had a positive impact on recipient country economies and importantly on poverty levels (improved risk mitigation, school enrolment, health indicators) but they are logically preceded by important migration flows. As a result, the poverty and inequality reduction potential of remittances is in most cases quite modest.

Recent Economic Performance

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 interest rates contained in an industry characterised by low productivity and minimal profitability.

The authorities strongly support the transformation of the economy from the traditional banana sector to tourism. In this context, the challenge is to address limited air transportation links through construction of a new international airport, while continuing to enhance social spending and bolster debt sustainability.

Although macroeconomic outcomes in St. Vincent and the Grenadines strengthened significantly in recent years, economic growth has slowed sharply during 2008, reflecting the impact of global downturn. The 2009 Article IV consultations by the IMF revealed that economic growth is estimated to have fallen from 7 percent in 2007 to around 1 percent, due to sharply weakened activities in the tourism and agriculture sectors. Inflation rose sharply in the first three quarters of 2008, reflecting higher world fuel and food prices, but declined to 8.7 percent at the end of the year as these prices eased. Consistent with a slowing economy private sector credit growth declined to about 3 percent in 2008.

The IMF mentioned that in recent years the government has made progress in the fiscal consolidation but face a challenging environment. The global economic downturn and financial crisis have weakened growth prospects for 2009. Most of the tourism-source countries are expected to suffer recessions in 2009, dimming the prospects for the tourism sector significantly. Declining tourism-related receipts, remittances and lower foreign direct investment will adversely affect output growth and constrain banking sector liquidity.

Structure and management of public finances

Public finances in SVG have generally benefited from prudent management. During the last quarter of 2006 an assessment of SVG Public Finance Management systems using the PEFA/PFM methodology was carried out under the lead of the European Commission (EC).

The analysis highlights the overall positive performance of SVG PFM system, in addition to its relative strengths and weaknesses:

- The main areas of strength include credibility, comprehensiveness and transparency, policy-based budgeting and functioning financial management and information systems.
- Weaknesses are primarily in the area of procurement, compliance to internal controls and follow-up of recommendations of the Audit Department. There are significant delays in the audit of public accounts and the executive does not follow up on annual audit reports which reduce to some extent the confidence in the effective functioning of PFM systems.

The Government is in the process of revamping the outdated legal and regulatory framework in public financial management as part of its overall strategy to improve budgeting in the country. The authorities have in recent years embarked on tax reform with a view to simplifying the tax system. The most important reform in this area is the preparation for a value-added tax. The VAT was introduced in May 2007. The authorities have also committed to the introduction of a market-valuation based property tax.

The central government's fiscal position has been strengthening since 2005. In 2008 the fiscal deficit was lowered to 1.7 percent of GDP and a primary surplus achieved. The solid VAT performance was complemented by larger grants and continued improvements in tax administration. The VAT has exceeded expectations from both a revenue and compliance perspective. Total expenditure declined as a percentage of GDP as lower capital expenditure also made room to reinforce the social safety net to protect vulnerable groups.

The statement at the conclusion of the 2009 Article IV consultations mentioned that the income and corporate tax reforms implemented in 2008 and continued in 2009 aim to reward efforts and enhance the competitiveness of the economy, providing timely support to economic activity. Ongoing improvements to customs administration are also expected to strengthen revenue potential and efficiency.

Trade policy and external environment

SVG is a Member of the OECS, the CARICOM and the Association of Caribbean States (ACS). It was engaged in CARIFORUM-EU EPA negotiations, FTAA, and WTO negotiations (DDR).

The OECS Countries have already achieved a high level of integration with a common judiciary, a common currency and central bank (OECS Countries together with Anguilla have formed the Eastern Caribbean Currency Union), joint foreign representation, a common directorate of civil aviation, pharmaceutical procurement, telecommunications regulation, banking regulation, and close collaboration in health, education and security matters.

On 15 October 2008, St. Vincent and the Grenadines as a CARIFORUM (CARICOM plus the Dominican Republic) Member State signed the first comprehensive **Economic Partnership Agreements (EPA)** with the European Commission covering all areas under negotiation. The EPA replaces the trade arrangements of the EU-ACP Cotonou Partnership Agreement which expired at the end of 2007. The Agreement was initialled by both sides on December 16 2007 ahead of the deadline for the expiration of the World Trade Organization (WTO) waiver which extended the Cotonou trade regime until the end of 2007. As such, from January 1,

2008, goods from the 15 CARIFORUM Member States (Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago) entered the European Union duty free and quota free. However, there is a phased period between 3 to 25 years for European goods to enter CARIFORUM markets duty free, as well as an important number of exclusions for sensitive products. This is a signal of the asymmetrical nature of the agreement given the different levels of development between the two sides. St. Vincent and the Grenadines is preparing to have the EPA ratified and to sensitize the general public specifically the private sector on the provisions of the Agreement.

To ensure that the Caribbean states are able to adjust to the new challenges and to maximise the benefits from the opportunities offered by this Agreement, development co-operation is an integral part of the EPA. In addition, the European Union Aid for Trade strategy and co-operation under the Cotonou Agreement offer many opportunities to develop programmes in support of the implementation of this Agreement. Special programmes have also been put in place for sugar, bananas, rice and rum with a view to help St. Vincent and the Grenadines and other Caribbean states become more competitive and diversify their economies.

St. Vincent and the Grenadines believe that the EPA would deepen CARICOM regional integration. Hence, it recognizes that the EPA is an excellent platform to build and strengthen trade capacity to propel its fuller integration into regional and international markets. Cognisant of the immense challenges posed by competition, St. Vincent and the Grenadines intends to maximise the EPA development assistance to strengthen its trade competitiveness.

VIEWS AND POSITIONS OF STAKEHOLDERS

The view among stakeholders about the EPA is generally mixed. However, the overwhelming view is that unless there is sufficient development support from the EC to offset the perceived tariff revenue losses, the EPA may not benefit St. Vincent and the Grenadines. Hence, there is a clarion call for more sensitization and capacity building to improve St. Vincent and Grenadine's competitiveness.

IMPLEMENTATION OF THE EPA BY SVG

Following the EPA debate and ratification at Parliament in 2008, the Department of Trade set the motion for St. Vincent and the Grenadine's full implementation of the EPA Agreement. The roadmap which is being considered by Cabinet set out among other things:

- A Complete trade liberalisation schedule showing the relevant periodic elimination of tariffs and non-tariff barriers;
- Legislative, institutional and policy actions to be effected at the national and regional levels; and
- A matrix for execution of the various EPA commitments.

In sync with other Caricom member states, St. Vincent and the Grenadines is in the process of establishing an EPA Unit that would be responsible for EPA implementation.

St. Vincent and the Grenadines also established a National Coalition of Service Industries in 2008 to promote the further development of and competitiveness of St. Vincent and the Grenadine's services sector.

1.3 Update of the poverty and social situation

According to the UNDP Human Development Report for 2008, SVG is ranked 92 out of 179 countries on the basis of literacy, school enrolment, life expectancy at birth, and per capita GDP. The HDI is of 0.766. SVG is the poorest country in the Organisation of Eastern Caribbean States (OECS), with a poverty headcount index of 37.5%, and high unemployment. Social development progressed at a moderate pace over the last decade despite the many challenges facing the country. The MTESP 2007-2009 states that the overarching objective of Government's policy is to increase economic growth and significantly reduce poverty. In this regard, Government has pledged its commitment to achieving the Millennium Development Goals (MDGs) and has therefore set forth a bold agenda to attain sustainable development in keeping with the goals.

The government has made solid progress in pursuing social and poverty reduction goals particularly to mitigate the hardships faced by vulnerable groups through social programs. The country poverty assessment report, due in mid 2009, will provide an important tool to enhance the strategy for alleviating poverty and to improve further the effectiveness of social programs.

Education

The SVG Government has recognised the critical importance of Education to poverty alleviation, economic competitiveness and social development. In order to streamline its intervention in this sector, the Government through a consultative and participatory process, developed an Education Sector Development Plan (ESDP). The ESDP (2002-2007) and its accompanying five-year Action Plan aims to address structural and institutional weaknesses at all levels of the education system. The plan was implemented with Government resources as well as development assistance from a number of international donors including the European Commission (EC), World Bank (WB), UK Department for International Development (DFID) and the Caribbean Development Bank (CDB). The second phase of the ESDP (2009 – 2015) is currently being finalised.

Health

The health sector in SVG has been quite effective in the delivery of health services as reflected by the improvement of life expectancy, a low and declining infant mortality rate, the virtual elimination of communicable childhood diseases, and improved access of the population to sanitation and the provision of safe water. SVG has health indicators within the range of those from OECD countries. Life expectancy is 72.6 years for women and 70.8 years for men. Infant mortality is 18 per thousand. Maternal deaths have averaged less than 1 per year for the past 10 years. However, the 42% of the population under the poverty line most likely show a quite different picture.

The first cause of morbidity and mortality are cardiovascular diseases which have an annual mortality rate of 58 per 1000, more than 8 times higher than the mortality due to all communicable diseases. However, HIV sero-prevalence is estimated at 1.8% and has the potential to soon become a major cause of morbidity and mortality. Some of the non-

communicable diseases are related to genetic influence, lifestyle and epidemiological and demographic transition. The Government of SVG funds all EPI vaccines and the full vaccination coverage is close to 100%.

Health is one of the priorities for the Vincentian Government, as expressed by the accorded benefit of 10% of total Government expenditure and 4% of GDP to this sector. Primary Care Services consume the largest share of the health sector budget. Further, the Government is committed to ensuring that all citizens have access to clean drinking water, proper sanitation, and a safe environment free from health hazards. The Ministry's priority programs are committed to improving the conditions of vulnerable, high-risk population groups such as the elderly, the disabled, women of childbearing age, children, adolescents, the physically challenged, and the mentally ill.

Although there are nine physicians for every 10,000 citizens and two and a half times as many nurses, only the primary health care level is well developed and the services offered at secondary care need upgrading to provide services that complement those offered at the primary care level.

The main challenge for the MOH is to develop pro-poor health approaches, coordinate public and private service delivery and increase efficiency and affordability of health policies.

To cope with these major challenges, a draft Strategic Plan for Health 2008 – 2013 has been produced by the Government with the assistance of PAHO which when finalised is intended to shape the future orientation of health reforms in light of the current challenges facing the country. It is now a real opportunity for SVG to involve main partners and develop a comprehensive and coherent sector strategy and co-ordinate inputs around a sector wide approach. The EC together with the main partners in health, such as PAHO, can play a lead role.

Employment

Unemployment, especially among women and the young, is a serious problem. Many people are only seasonally employed. Temporary migration within the Caribbean and to industrial countries brings in remittances which are essential to many families.

With extremely high unemployment and underemployment, population growth is a major problem. According to the National Report of Saint Vincent to the Beijing Conference, teenage pregnancy is an undisputed disadvantage to Vincentian women and to the society as a whole.

Rural Development

The banana production and export to Europe has regularly dropped down since 1993 from 60,000 tonnes to 15,000 tonnes in 2006. The contribution of banana sector to the economy decreased from 10% in 1990 to less than 2% in 2005.

The contraction of the agricultural sector has badly affected rural employment and incomes and investment in agriculture. The numbers of registered banana growers have declined from an estimated 7,000 in 1990 to 1,400 in 2008 and workers deriving all or an important proportion of their earnings from bananas have fallen from about 23,000 to about 7,000 all of whom require access to alternative sources of income.

As a result of the above, SVG has witnessed, especially in its rural communities, a re-enforcement of unemployment and underemployment, poverty and social vulnerability. The Government of Saint Vincent and the Grenadines is receiving assistance from the European Union to address the social impact in the rural areas particularly wrought by the above changes.

1.4 Update on the environmental situation

Environmental protection and conservation are critical to the socio-economic development of SVG. This is especially so given the proliferating devastation caused by global warming, the limited land space and mountainous topography. Also the biological resources in SVG, as in the other small OECS islands, are under pressure caused by economic interests (tourism, agriculture and fisheries). Furthermore, an increasing dependence on the environment for food protection and housing due to population growth has magnified the environmental degradation problems of the Country. In particular, the cultivation of bananas on mountain slopes has impacted negatively on the environment. Furthermore, pollution of coastal waters and shorelines from discharges by pleasure yachts and other effluents is a serious issue. In some areas, pollution is severe enough to even make swimming prohibitive.

Cognisant of the importance of the environment to the 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 undertaken important interventions. Among them, it has commenced the rationalisation of the environmental services function within the Ministry of Health and the Environment.

In the Medium Term Economic Strategy Paper for 2007-2009 the Government, recognising the linkages between economic development and the protection of the environment has stated that it will undertake the following:

- Establishment of a single environmental entity (department) within the Ministry of Health and the Environment. This department will address major elements of sustainable development; establish and use standards; and monitor and report on protocols.
- Ensure that St. Vincent and the Grenadines achieves its obligations under the various Multilateral Environmental Agreements (MEAs), including the Montreal Protocol, Climate Change Convention, Convention to Combat Desertification and The Biosafety Protocol.
- Develop and implement a National Environmental Awareness Programme.
- Formulate, promote and implement integrated development policies, plans and programmes to ensure that environmental management is treated as an integral component of planning processes in pursuit of sustainable development.

The Government has also ensured that SVG meets 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.

Furthermore, among other measures, the Government has developed and implemented a National Environmental Awareness Programme; updated the National Climate Change Adoption Policy; commenced the preparation of a Biodiversity Report; developed a National Action Plan to address issues related to land degradation; commenced the development of a National Bio-safety Framework; and implemented licensing and quota system for Ozone Depleting Substances (ODS).

2 Overview of Past and Ongoing Cooperation

The Government has provided very high priority to Education and has secured external assistance from a large number of donors, including the EC. Both 8th and 9th EDF focused on Human Resource Development. Stabex and SFA funds have also been mobilised to support this sector.

SVG originally benefited from a 9th EDF allocation of EUR 5 million under the A envelope and EUR16 million under the B-envelope. Following the End-of-Term Review and transfers from funds left over from previous EDF allocations, the amount of the A envelope is now EUR 15.1 million and the B envelope is EUR 4.4 million. Following a review of the Education sector plan, the additional funds coming from the B-envelope (€4 million) were earmarked towards the education sector.

As for SFA, serious implementation delays have been exacerbated by the slow transposition of the new EC financial regulation into the FA. The country and the EC have been addressing this issue by agreeing in principle to commit the remainder of Stabex funds as targeted budget support and a new FMO has been signed on September 2008. With regard to SFAs, the adaptation to the new financial regulation is being completed with a series of riders signed in December 2007. The riders allowed the signature of the last contract and therefore the completion of the Highway Rehabilitation Programme under SFA 1999 to 2001.

In terms of commitments and disbursements, a total of € 13,953,643 was contracted and € 11,900,401. For EDF, €5.5 M was committed and €2.2 M paid. For STABEX, €4 M was committed in 2008 and €2.9 M was paid. For SFA as a whole, €4.5 M was committed in 2008. 87% of the allocated funds (SFA 1999 to 2007) are now committed. However €6.8 was paid in 2008 compared to the record breaking year 2007 due to the Highway Programme (€9.4). The global SFA RAL (1999 to 2007) is now at 53%.

The total active aid portfolio for Saint Vincent and the Grenadines including EDF (€17,108,000), Stabex (€19,197,000) and SFA (€51,093,000) stands at €87.49 million.

2.1 Reporting on the financial performance of EDF resources

For EDF as a whole, €5,468,000 was committed in 2008 and €2,237,985 was paid.

9th EDF: Education Projects

The level of commitment was high for the just concluded 9th EDF Education Support Project currently stands at 86.7%. Disbursements represent 71.3% of the contracted total. It is expected that with the conclusion of final payments under this project in the first half of 2009 that the level of disbursement will improve significantly thereby further reducing the RAL.

Funds committed under the new ICT4E project represent funding of activities under the first Programme Estimate. It is expected that with the mobilisation of the International Technical Assistance team, award of the supplies and works contracts and commencement of other major activities during 2009 that there will be a significant level of both commitment and disbursement in 2009.

In Euros

	Allocated	Contracted	Paid	RAC	RAL
Education Support Programme	6,247,764.00	5,416,074.84	3,865,519.43	831,689.16	2,382,244.57
Improvement Of Education Through The Use Of Information and Communication Technology (ICT4E) - EDF	7,700,000.00	410,000.00	136,384.95	7,290,000.00	7,563,615.05
Improvement Of Education Through The Use Of Information and Communication Technology (ICT4E) - FLEX	4,400,000.00	0.00	0.00	4,400,000.00	4,400,000.00
Improvement Of Education Through The Use Of Information and Communication Technology (ICT4E) - FLEX 2007	310,000.00	0.00	0.00	310,000.00	310,000.00
Total	18,657,764.00	5,826,074.84	4,001,904.38	12,831,689.16	14,655,859.62

10th EDF

The NIP was signed at the end of 2008. € 781.300 was decided in 2008 for the Technical Cooperation Facility and Support to Non-State Actors project.

	Indicative allocation 10 th EDF (M€)	Commitments planned in 2008 (M€)	Commitments realised in 2008 (M€)	Realised/planned (%)	Disbursements realised in 2008 (M€)
Focal area 1	6, 240, 000	0	0	-	0
Non focal areas		0	0	-	0
- TCF	780,000	780 000	780,000	100%	0
- NAO	780,000	0	0	0	0
Total A-envelope	7,800,000	780 000	780 000	-	0
Total B-envelope	1,900,000	0	0	-	0
Total 10th EDF NIP	9,700,000	780 000	780 000	100%	0

2.2 Reporting on General and Sector Budget Support

STABEX 1996/1997 Public Sector Investment

Following large allocations to Saint Vincent in 1996/1997, it was decided to disburse substantial parts of these allocations as direct budget support, in support of the national Public Sector Investment Programme (PSIP). The two first tranches were paid in 2004. A budgetary review of Stabex was undertaken in 2006 to allow for the release of the third tranche. However, it was established that only 3 out of 4 conditions necessary for the release were satisfied. Hence, the third tranche will not be paid but transferred to the new BS under Stabex Art. 195A.

STABEX Art. 195A + balances

Saint Vincent has outstanding Stabex balances not covered by any FMO of about € 11 800 000. Faced with slow disbursement rates under previous Stabex allocations, it was agreed that remaining Stabex funds would be programmed under the budget support modality in a single FMO. Preparatory studies to verify the eligibility of the country for budget support (macroeconomic assessment, PFM) were undertaken in 2006. A FMO was prepared in 2007 and signed on 30 September 2008. The objective of this FMO is to support the Government's efforts to improve the opportunities and quality of life of the rural population, through the implementation of a rural transformation sector policy framework. First payment is foreseen by mid-2009.

10th EDF Focal Sector

An indicative amount of € 6 240 000 has been set aside for the intervention in the Health Sector. It is envisaged that the intervention will be implemented through the sector budget support modality, should all required conditions be met. The Sector Budget Support Modality will ensure full ownership, and timely responsiveness to changing needs and priorities in the sector of the intervention by the Government. Technical Assistance to the relevant Government Department/Agencies is foreseen as part of the Programme.

The objective of the intervention in this sector is to improve the delivery and efficiency of public services in the health sector thereby engendering the confidence of the public. The programme will support the Government's public sector reform process with particular emphasis on the quality of health care. The intervention would improve the delivery of health care services in SVG, thereby improving the potential of the population to live healthier and more productive lives. This would also aim notably at enhancing accountability and responsiveness of the Public Service in the Health Sector to the management, manpower planning, and training related to the delivery of quality health services to the population.

Following the signature of the NIP end of 2008, discussions are currently ongoing with the ministry in charge of Health about the identification of the programme and its modalities of application. A Financing Agreement should be signed beginning of 2010.

2.3 Projects and programmes in the focal and non focal areas

2.3.1 Focal Sectors

9th EDF EUR 5 million - Focal sector: Education Sector Development

Implementation of earlier projects within St. Vincent and the Grenadines has demonstrated the need for closer alignment of all projects with government development policies. This suggests the need for an approach which engenders coherence between donor interventions guided by an implementation mechanism which is driven by reform priorities identified at the sector level, while effectively managing transaction costs. In the case of education-related projects, it was critical that interventions took into account the Education Sector Development Plan (ESDP) and its reforms. It was also essential that interventions should be predicated by specific needs while supporting capacity building within the technical ministry (Education) to carry out its mandate of improving access and quality at all levels of the education system.

Following the completion of the Education Sector Development Plan (ESDP) in 2002, and the subsequent start of the implementation phase of the Action Plan, steady progress has been recorded in all key areas of concern (including access, equity, quality and efficiency).

The establishment of Education Project Management Unit with a mandate for managing several interventions within the sector has been a good starting point. The newly established Public Sector Implementation Project Unit (PSIPU) will further enhance this process, providing a holistic strategy for management of sector-based interventions.

This coordinated approach in the Education Sector has resulted in improvement in access 35% to 70% in 2007, In terms of equity some disparity still exists at various levels i.e. primary, secondary and tertiary level.

On the quality side, the internal efficiency of the education sector has also shown improvements, evidenced by high promotion and pass rate rates. In 2002, the average pass rate on external(secondary) exams was 60 percent, this increased to 69 percent in 2005 (there was a similar improvement in the pass rate in rural secondary schools from 57% in 2002 to 61% in 2005). Over the same period, the average pass rate at the Saint Vincent and the Grenadines Community College was around 70 percent. These improvements may be attributed to a number of factors, including, government's high investments in the sector (which over the period accounted for 7% of GDP and 17% of the annual budgetary allocation) which has contributed to the reforms, including curricula and institutional strengthening. The high investments in the education sector have contributed to the increase in the percentage of trained teachers deployed at all levels (for example, in 2002/03, 73% of the teachers at the primary level were trained, this increased to 85% in 2000/05).

Implementation of the Education Support Programme came to a successful end in December 2008. Through coordinated efforts by all technical assistance teams, buoyed by support of the Education Project Management Unit and under the guidance of the EU Education Project Steering Committee (EU-EPSC), most of the project components were completed. These include:

- Development & Commissioning of a High Stakes Test Items Bank for Primary & Secondary Education.
- Delivery of an Education Management Degree with Options and Post-Graduate Diploma in Educational Management.
- Upgrading of Science Laboratories completed, as well as the provision of subject-specific software, hardware and training.
- Delivery of language arts software and associated training completed.

- Staging of the first National Youth Arts Festival.
- Successful completion of the Secondary Schools Learning Support Programme, which will be financed directly by the Ministry of education in the future.
- Completion of the Primary Remedial programme.
- Conduct of the Grade Six Reading Assessments for 2006, 2007 and 2008 as well as one re-assessment.
- Provision of reading materials and training in phonics to teachers of Grade K – 1.

Due to the late completion of the science laboratories and Unison Island School, funds for the provision of equipment to these new facilities were programmed into the new 9th EDF Education Improvement Through the use of ICT project.

9th EDF ICT for Education Programme

The Financing Agreement for the new 9th EDF ICT4E project was signed in Q4 of 2007. The first Programme Estimate was signed in September 2008. Tenders for the International Technical Assistance team, major supplies and design for civil works components will be launched in the first quarter of 2009. The new project is being implemented by the Public Sector Project Implementation Unit.

10th EDF: Modernisation of the Public Service in the Health Sector

The 10th EDF National Indicative Programme for St. Vincent & the Grenadines amounts to EUR 7 800 000 under the A-allocation for the period 2008-2013. The focal sector is the Modernisation of Public Services in the Health Sector, for which € 6 240 000 has been earmarked for sector budget support provided that the required eligibility conditions are fulfilled.

2.3.2 Projects and Programme outside Focal Sectors

9th EDF: 10% of the Indicative Programme, or EUR 500 000, has been earmarked for studies, audits and technical assistance under the Technical Cooperation Facility (TCF). The Financing Agreement was signed in April 2004. Approximately 90% of these funds have been used up to date.

10th EDF: Under the non-focal sector, € 781.300 was decided in 2008 for the Technical Cooperation Facility and Support to Non-State Actors project. This will support the planning and implementation of policies and strategies in all sectors supported by the various instruments of EU cooperation, including in particular the education sector (focal sector for the 9th EDF) and the health sector (focal sector for the 10th EDF), as well as activities funded under SFA. It will also assist in the involvement of Non-State Actors in EU projects and programmes.

2.3.3 Support to Non-State Actors

No resources were set aside for NSAs under the 9th EDF. However with the aim of strengthening civil society involvement in the EU/St. Vincent & the Grenadines development partnership, it was agreed that a Non State Actors (NSA) Advisory Panel, representative of St. Vincent & the Grenadines civil society, would be established by the Government. The Panel would allow for tripartite dialogue, information and consultation on development cooperation between the EU and St. Vincent & the Grenadines.

A team of international consultants subsequently undertook a mapping exercise of NSAs throughout most of the eastern Caribbean, which assisted in the selection of members of the Panel. The Panel represented an opportunity to discuss with the NSAs the Programming Orientations for the 10th EDF. Under the Technical Cooperation Facility funds were allocated for the convening of conferences and seminars to support stakeholders involved in strengthening NSAs public sector dialogue. NSAs will benefit from similar resources under the 10th EDF TCF.

2.4 Other cooperation

STABEX Transfers (EDF)

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. Presently Saint Vincent and the Grenadines is implementing projects and programmes funded by Stabex allocations for 1993 – 1997. Saint 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).

The broad approach which has been followed 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 Saint Vincent in 1995 – 1997, it was decided to disburse substantial parts of these allocations as direct budget support, in support of the national Public Sector Investment Programme (PSIP).

The most important on-going project is the Tourism Development Project under Stabex 1994 and 1996/97 (€5,000,000) which implementation protocol was signed in June 2006. The agency Tourism Intelligence International (of Trinidad & Tobago) which started project implementation in February 2007 is progressing well. The project initially was aimed on constructing 19 tourism sites and procurement of one ranger boat for the Grenadines. However, in 2008 it was clear that the funds would not be sufficient why 3 sites were postponed for other funding due to a 35% shortage of funds. One site had already been deleted in 2007 due to the location close to the international airport being planned for so 15 sites remains to construct. The shortfall is to be covered under another project, possibly the EU funded SFA2002 Social Investment Fund project. At the end of 2008 all but three of the remaining tourism site constructions had been launched and the procurement of the boat initiated. In addition, the other components of the programme progress well (assistance in the establishment of a nature parks authority, community development and marketing).

The last tranche of budget support under Stabex 1996-97 (€3,200,000) has not been released so far because the conditions are not satisfied. Only 3 of the 4 conditions necessary for the release of these funds are satisfied. Hence, the third tranche will not be paid but transferred to the new BS under Art. 195A.

The Private Sector Development Programme (€1,000,000) is on-going. Third and final WP signed for the period 15 August 2008 to 25 April 2009. Rider No. 2 to FA extended deadline

to 22 July 2009 in order to allow for full implementation of TA contract by INTEGRATION (GER). Contract signed with Joachim and Associates (SVG) to develop and Investment Promotion Guide and Business Plan for NIPI.

The Agricultural Diversification Programme (€3,300,000) is late in its implementation and will be closed early March 2009.

National Water Resource Management Project: due to the late arrival of the equipment under this project, the installation, training & commissioning component of this project had to be extended by six months. Project was originally scheduled to end in June 2009 following a rider for extension signed in December 2008.

Support to the NAO's Office under STABEX 96/97: the PE was renewed until end of 2009 after an extension of the FA.

In October 2008, a Financing Agreement for a Rural Development Sector Budget Support programme was signed with St Vincent & the Grenadines. The objective of this FMO is to support the Government's efforts to improve the opportunities and quality of life of the rural population, through the implementation of a rural transformation sector policy framework. The FA commits over €15mn of uncommitted funds, interest and balances under the STABEX instrument. Following a Delegation assessment in December 2008, the Government is now eligible to apply for the release of the 1st Fixed Tranche of over 3.6 M€ which is expected to be disbursed by the second quarter 2009.

A brief status of Stabex finances as of 31 December 2008 is provided below:

Funding year	Total Funds¹	Committed	RAC	Paid	RAL
Stabex 1993	6 474 830	6 351 857	122 973	6 265 975	208 855
Stabex 1994	32 868 118	26 495 202	6 372 916	23 286 250	9 581 868
Stabex 1995	16 104 519	15 166 919	937 600	14 566 251	1 538 268
Stabex 1996/97	18 105 209	12 954 052	5 151 157	11 169 428	6 935 781
Stabex Art. 195A	4 395 079	0	4 395 079	0	4 395 079
TOTAL	77 947 755	60 968 030	16 979 725	55 287 905	22 659 850

For STABEX as a whole, €4,004,936 was committed in 2008 and €2,911,396 was paid.

Special Framework of Assistance (SFA, EC budget)

Council Regulation (EC) No. 856/1999 established a Special Framework of Assistance (SFA) for traditional ACP suppliers of bananas. Following amendment of banana trade arrangements by Regulation (EC) No. 1637/98 which has substantially altered the market conditions for

¹ Including interest

traditional ACP suppliers and might, in particular, harm the most disadvantaged suppliers, the European Commission has recognised that particular efforts will be needed to adapt to these new market conditions in order to maintain a presence on the Community market.

In SVG the initial strategy focused heavily on infrastructural elements, most notably a three-phased approach to rehabilitation of the Windward Highway (app. 16 €M allocated from SFA 1999 - 2001) and additionally the construction of one additional Reception and Palletisation Centre (RAPCEN). 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.

SFA 1999: Riders to AW2 and to MoUs were signed in February 2008. The new contract with DIPCON for the fourth and last Highway Rehabilitation tranche was also signed and works are currently on-going and will be completed by the FA deadline (mid-2009).

SFA 2000 and 2001: contracts for the Windward Highway with Kelectric and C.O. Williams were completed during 2008 (provisional acceptances done). The last contract with DIPCON for the fourth phase is on-going (cf. SFA 1999).

SFA 2002: social activities (the Social Investment Fund and the Public Sector Assistance Fund of SFA 2002) are on-going. However progress is very slow.

The **SFA 2003** programme (with a focal area on education) closed on 31 December 2008 (FA deadline). Significant progress has been made in the project. The International Technical Assistance team has worked assiduously towards the fulfilment of its ToRs. This team oversaw the major inputs into the programme in the areas of early childhood, special needs and adult education as well as educational management. All other major activities were financed through the programme estimate including improved access and quality of special needs, adult education and early childhood centres.

The **SFA 2004** programme (with a focal area on private sector development): two grant contracts are currently under implementation – one with the Centre for Enterprise Development signed 24th August 2007 for twenty eight (28) months in the amount of 3.8€M, the other with the National Investment Promotions Inc. signed 12th July 2007 for thirty (30) months in the amount of €1.1€M.

For **SFA 2005** all funds have been committed by the D+3 deadline (31.12.2008). The 2005 SFA programme is implemented together with Dominica and Grenada. The implementation of ICT Development Programme now shows good progress after having some start up challenges. The consultant team for a regional management office was mobilised in February 2007 with IBM consulting, Belgium. This team has good management and performs excellent. The national components started slow in each of the countries but have reached momentum, especially in St Vincent and the Grenadines where the project progresses very well. The project had its D+3 date 27 December 2008 and all three countries succeeded to commit almost all outstanding funds by this date. In St Vincent and the Grenadines the second programme estimate is under implementation and the national component and progresses well. A TA for establishment of the incubator was started in late 2007 with the German consultant agency Steinbeis GmbH which performs very well. A contract for the construction of an ICT incubator and training building was signed in October 2008 and construction is due to start early 2009. Two framework contracts for development a management information

system for Ministry of Agriculture and a companies registry was signed in late 2008 to start in January/February 2009.

SFA 2006: the agricultural components of the four Windward Islands (DOM, GRE, SLU, SVG) are implemented by FAO through a Contribution Agreement with FAO. The programme related to Saint Vincent and the Grenadines (1.16 €M) has been started in June after the first payment.

Tourism and Private Sector Development Programme (1.3 €M): Programme Estimate 1 is on going and progresses well. Technical Assistance component: the contract has been awarded to Grontmij Carl Bro that will mobilise in January 2009 for the development of a tourism master plan and tourism advisory services for 34 months. A training needs assessment for the tourism sector was completed in October 2008. The training needs assessment was favourable to establishment of a tourism training, hospitality institute and a framework contract has been launched for a feasibility study to be undertaken in the first half of 2009. Also a web site for Ministry of Tourism will be developed under this programme. A contract for the website is to be signed early 2009. Private Sector Stimulation – PE for the establishment of Trade Web Portal signed 2nd December 2008 in the amount of €100,000.

SFA 2006 includes a provision of Euro 350,000 for the upgrading of the Statistical Department in the Central Planning Division of the Ministry of Finance and Economic Planning. This Department is the central data collecting agency of the Government of St. Vincent and the Grenadines. It is empowered by an act of parliament to collect, compile, analyze and publish statistical information relating to the agricultural, commercial, industrial, financial, social and general activities and conditions of the inhabitants of St. Vincent and the Grenadines. The office is also duty bound to collaborate with the departments of Government in the collection, compilation and publication of administrative data.

The statistical system of St. Vincent and the Grenadines is therefore a decentralized one, the office located in the Central Planning Division, acting as the hub. Other departments of government compile data, which serve as input into (intermediate data for) the further compilation process.

The project under SFA 2006 has been designed to take into account the limited human resource and the limited use of modern tools and equipment to deal with the changing global environment within the Statistical Department to collect, compile, analyze and publish statistical information relating to the agricultural, commercial, industrial, financial, social and general activities so as to foster strong positive potential impact on business performance and competitiveness in all productive sectors.

The activities that will be carried out are:

1. Providing short-term training in Basic Statistics
2. Providing long-term university training
3. Developing a web site, installing of web-based statistical software and undertaking training
4. Improving Tourism Statistics
5. Installing merchandise trade statistical software and providing the necessary training to facilitate use

6. *Procuring computers, software and other equipment for the upgrade of the Statistical Department*

These activities are ongoing and are expected to be completed by December of 2010.

SFA 2007: The Financing Agreement was signed on 6 March 2008. A contribution Agreement with FAO is under preparation for SFA 2007 and SFA 2008 and should be signed by the end March 2009. Preparation for construction/development of tourism training/hospitality institute will start upon favourable completion of feasibility study (Q3 2009). Tourism access roads are scheduled to be procured/ started in first half of 2009. Implementation of the Agricultural Training Institute is still under study.

SFA 2008: the Financing Proposal has been approved and the Financing Agreement will be signed early 2009 by the NAO. The last SFA programme mainly concerns the completion of the Maritime/Hospitality Institute.

Status of SFA finances, as of 31 December 2008:

Funding year	Allocation	Commitment	RAC	Paid	RAL
SFA 1999	6,100,000	6,112,516	-12,516	5,077,874	1,022,126
SFA 2000	6,450,000	6,397,197	52,803	4,573,868	1,876,132
SFA 2001	6,400,000	6,231,535	168,465	4,702,713	1,697,287
SFA 2002	6,100,000	5,312,931	787,069	2,465,669	3,634,331
SFA 2003	5,600,000	5,399,932	200,068	2,811,093	2,788,907
SFA 2004	5,330,000	4,959,490	370,510	1,673,261	3,656,739
SFA 2005	4,530,000	4,419,209	110,791	1,296,875	3,233,125
SFA 2006	3,850,000	2,514,737	1,335,263	770,404	3,079,596
SFA 2007	3,270,000	0	3,270,000	0	3,270,000
SFA 2008	3,463,000	0	3,463,000	0	3,463,000
TOTAL	51,093,000	41,347,547	9,745,453	23,371,757	27,721,243

For SFA as a whole, €4,480,707 was committed in 2008. 87% of the allocated funds (SFA 1999 to 2007) are now committed. However €6,751,020 was paid in 2008 compared to the record breaking year 2007 due to the Highway Programme (€9,446,570). The global RAL (1999 to 2007) is now at 58%.

Caribbean Regional Indicative Programmes (CRIP - EDF)

Saint 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 € 105 000 000 while the 8th EDF RIP has € 90 000 000 available. The 9th EDF CRIP is focusing on support for regional economic integration and integration into the world economy, for which an envelope of € 57 000 000 is available.

The 10th EDF RIP has a global envelope of € 165 000 000 for the period 2008-2013. The 10th EDF RIP is anchored in one single focal sector ‘Regional Integration and Cooperation’, which is indicatively allocated 85-90% of the available 10th EDF Regional Resources. The areas of intervention selected within that focal sector represent the existing levels and the various integration and cooperation processes in which CARIFORUM countries are involved.

European Investment Bank (EIB)

In the Saint Vincent and the Grenadines, the EIB has lent under the Lomé and Cotonou conventions a total of EUR 26 million with EUR 15 million out of own resources and EUR 11 million from risk capital in support of the financial, ports, airports and electricity sectors. The latter through Saint Vincent Electricity Service (VINLEC) has been the larger beneficiary of EIB lending with 73 percent of the total. The last operation with this borrower was signed in 2004 for an amount of EUR 8.3 million and targeted at the construction of diesel power plant located in Saint Vincent Island.

2.5 Policy Coherence for Development (PCD)

The EC strategy has been formulated taking into consideration the following aspects:

- The challenges and opportunities presented by globalisation and trade liberalisation, especially those posed by the establishment of the Caribbean Single Market and Economy (CSME) and the Economic Union of the Organisation of Eastern Caribbean States (OECS), and the need to adapt a country of limited resources to these new realities;
- The main challenges that need to be addressed in OECS Countries, namely fiscal consolidation/ public sector reform; private sector development; trade and regional integration; skills development; social equity and security enhancement (especially natural disasters);
- The articulation by the Government of the Medium Term Economic Strategy Paper (MTESP), where it sets out both the broad parameters of its socio-economic policies and the implementation framework to attain high levels of sustainable growth and development, while at the same time reducing the levels of poverty and raising social consciousness and increasing the levels of employment;
- The placement of social equity, as a fundamental element of the MTESP, at the centre of consideration in the fashioning of economic policy, so that no group is excluded from the benefits of economic development;
- The realisation by the Government that without healthy human resources SVG will not be economically competitive hence the need to modernise the public service in the health sector thereby improving the systems and delivery of health through integrated Health Sector Reform;
- The sectors already covered by past and on-going EC co-operation (in particular the private sector projects under approved SFA and the envisaged Stabex Budget Support and SFA allocations for 2006-2008 targeting mainly Tourism but also Agriculture diversification and Energy) which address the country needs in terms of Private Sector

Development & Improved Competitiveness, as well as by co-operation from other development partners;

- The need to ensure complementarities between the intervention foreseen under the NIPs and the support provided under the Caribbean Regional Indicative Programme (to focus on Regional integration & TRTA, ICT & transport, Tertiary Education, HIV/AIDS, Environment/Natural disasters, Security: crime and drugs), as well as to ensure that the NIPs are “integration-friendly”;
- The need for a more effective Donors’ policy and operational coordination around the Countries’ home-grown Policies and Strategies to ensure full ownership of the interventions funded by Donors.

The EC trade policy concerning bananas including the progressive erosion of ACP preference has had a major impact on the economic and social development of the country.

The Commission’s *Communication on an EU–Caribbean Partnership for Growth, Stability and Development* (March 2006) outlines the policy for EU–Caribbean relations. Aiming at enhancing the Caribbean’s own reform and development agenda, the EU approach will be based on shaping a political partnership based on shared values; addressing economic and environmental opportunities and vulnerabilities; and promoting social cohesion and combating poverty. EU and CARIFORUM committed to deepening cooperation in support of regional integration, social cohesion, and the development of human resources, addressing the impact of migration, terrorist threats, drug-trafficking, organised crime, HIV/AIDS and economic and environmental challenges. Specifically, the EU and the Caribbean states have agreed to fostering cooperation to address security threats, including non-proliferation of weapons of mass destruction (WMD), illicit Small Arms and Light Weapons (SALW) and combating terrorism.

In an increasingly interdependent and globalised world, a major objective of EU development policy is to assist developing countries to better tie together the globalisation process. EU cooperation will be primarily oriented towards ensuring that the full CSME and the development-oriented EU-CARIFORUM Economic Partnership Agreement (EPA) enter into force effectively. Through the establishment of the EPA, the EU is seeking to help the Caribbean ACP partners to seize the opportunities of the new global challenges and address transitional costs, by combining trade relations with very substantial economic and development cooperation support.

2.6 Dialogue in Country with National Parliaments, Local Authorities and NSAs

No resources were initially set aside for NSAs under the 9th EDF. However during the MTR "in-country-meeting" of December 2004 and with the aim of strengthening civil society involvement in EU/ Saint Vincent and The Grenadines development partnership, it was agreed that a non state actor (NSA) advisory panel, representative of Saint Vincent and The Grenadines’ civil society, would be established by the Government of Saint Vincent and 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 Saint Vincent and the Grenadines.

In the second half of 2005, a team of international consultants assisted the Government and the Delegation with the mapping of NSAs in Saint Vincent and the Grenadines and the selection of members of the Panel. It was later decided that a NSA Task Force of the National Economic and Social Development Council (NESDEC) would act as NSA Advisory Panel in order to deepen the involvement of Eastern Caribbean civil society in our development partnership. Support to NSAs is foreseen within the TCF's under 10th EDF.

SVG is a member of many regional and international institutions and a signatory to numerous Conventions and Declarations (including the UN's Universal Declaration of Human Rights). Freedom of the press is maintained and there are no significant problems with human rights or the protection of civil liberties. Public collaboration is sought and encouraged in matters of national interest to ensure maximum participation in the development process. The more recent activities of engaging public participation relates to the issues of constitutional reform and the re-introduction of local government.

There is also a Tripartite Committee on the Economy, comprising business, labour associations, and the Government that focuses on productivity/competitiveness issues.

In order to promote civil society participation in national policy formulation, the NESDC has developed a "Social Contract" (which has a "Fiscal Covenant") and a Social Investment Fund. The contract aims at fixing the general framework for cooperation between government, private sector, and civil society in both policy formulation and monitoring. The fund, which is an independent quasi-government entity, is financed by European Union grants (EC\$14 million over a three-year period), and funds social projects sponsored by local communities.

Dialogue with Local Authorities:

On May 20, 2008 the European Delegation and the Government of St. Vincent and the Grenadines held a Country Portfolio Review Meeting in the Cabinet Room of the Prime Minister's Office. The Prime Minister was also present at that meeting. He welcomed the new head of Delegation to his first CPR meeting in SVG. The main purpose of the meeting was to review progress on planned and ongoing EU Funded Projects and programmes in St. Vincent and the Grenadines with a view of improving the efficiency and effectiveness of programmes.

2.7 Aid Effectiveness

Most aspects with regards to aid effectiveness are coordinated through the Eastern Caribbean Donor Group, a framework guided by the UNDP. Currently sub-groups on poverty, private sector development and governance exist and another one on economic management and public finance management is being established.

The presence of development partners with a sizeable programme in this Caribbean region is limited. Besides the UK, the involvement of EU member states in development cooperation is rather small. France has a small development fund for OECS countries and has recently approached the Delegation to ensure the coordination of efforts. However, Canada and the US have a sizable development component.

Closer working relations were established with relevant development partners in the region, especially DFID, CIDA, WB, IMF IDB, CDB and co-funding mechanisms established with UNDP, WB, FAO and CARTAC with the purpose to increase efficiency and development impact. Cooperation and coordination is relatively well established in matters related to

Budget Support (macro-economic analysis, Public Finance Management). Contact and exchange of information with the EIB was held on a regular basis. Disaster management and civil protection received particular attention due to two new regional initiatives, the EC contribution to the Caribbean Catastrophe Risk Insurance Facility – CCRIF managed by the WB (€12,500,000) and the Regional Risk Reduction Initiative -R3I through a contribution to the UNDP (€4,932,000). Donor coordination on trade issues is effective (CRNM donor group meets regularly) and intensified on drugs and crime issues (e.g. mini-Dublin group meetings).

1. COUNTRY AT A GLANCE

1.A Table of Macroeconomic Indicators

Saint Vincent and the Grenadines: Data Profile				
	2000	2005	2006	2007
World view				
Population, total (millions)	0.12	0.12	0.12	0.12
Population growth (annual %)	0.5	0.5	0.5	0.5
Surface area (sq. km) (thousands)	0.4	0.4	0.4	0.4
Poverty headcount ratio at national poverty line (% of population)	..	..	..	..
GNI, Atlas method (current US\$) (billions)	0.32	0.42	0.46	0.51
GNI per capita, Atlas method (current US\$)	2,740	3,550	3,820	4,210
GNI, PPP (current international \$) (billions)	0.55	0.71	0.78	0.86
GNI per capita, PPP (current international \$)	4,720	5,990	6,530	7,170
People				
Income share held by lowest 20%	..	..	..	..
Life expectancy at birth, total (years)	70	71	71	..
Fertility rate, total (births per woman)	2.3	2.2	2.2	..
Adolescent fertility rate (births per 1,000 women ages 15-19)	70	66	65	..
Contraceptive prevalence (% of women ages 15-49)	..	48	..	..
Births attended by skilled health staff (% of total)	100	100	..	..
Mortality rate, under-5 (per 1,000)	23	20	20	..
Malnutrition prevalence, weight for age (% of children under 5)	..	..	..	..
Immunization, measles (% of children ages 12-23 months)	96	97	99	..
Primary completion rate, total (% of relevant age group)	..	92	..	..
Ratio of girls to boys in primary and secondary education (%)	105	101	..	..
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	..
Environment				
Forest area (sq. km) (thousands)	0.1	0.1	..	..
Agricultural land (% of land area)	25.6	25.6	..	..
Annual freshwater withdrawals, total (% of internal resources)	..	..	..	..
Improved water source (% of population with access)	..	..	..	..
Improved sanitation facilities, urban (% of urban population with access)	..	..	..	..
Energy use (kg of oil equivalent per capita)	..	..	..	..
CO2 emissions (metric tons per capita)	1.3	..	..	..

Electric power consumption (kWh per capita)	..	..	..	..
Economy				
GDP (current US\$) (billions)	0.33	0.44	0.49	0.55
GDP growth (annual %)	1.8	2.6	6.9	6.7
Inflation, GDP deflator (annual %)	-1.0	3.0	5.3	4.9
Agriculture, value added (% of GDP)	11	8	..	..
Industry, value added (% of GDP)	24	25	..	..
Services, etc., value added (% of GDP)	65	67	..	..
Exports of goods and services (% of GDP)	54	43	..	..
Imports of goods and services (% of GDP)	60	67	..	..
Gross capital formation (% of GDP)	27	25	..	..
Revenue, excluding grants (% of GDP)	..	..	..	..
Cash surplus/deficit (% of GDP)	..	..	..	..
States and markets				
Time required to start a business (days)	..	..	12	12
Market capitalization of listed companies (% of GDP)	..	..	..	..
Military expenditure (% of GDP)	..	..	..	..
Fixed line and mobile phone subscribers (per 100 people)	24	78	92	105
Internet users (per 100 people)	3.0	8.4	29.2	47.4
Roads, paved (% of total roads)	68	..	..	..
High-technology exports (% of manufactured exports)	0	0	0	..
Global links				
Merchandise trade (% of GDP)	63	64	63	65
Net barter terms of trade (2000 = 100)	100	109	112	..
External debt, total (DOD, current US\$) (millions)	196	281	300	..
Short-term debt outstanding (DOD, current US\$) (millions)	31	34	58	..
Total debt service (% of exports of goods, services and income)	7.3	11.5	..	..
Foreign direct investment, net inflows (BoP, current US\$) (millions)	38	56	85	..
Workers' remittances and compensation of employees, received (US\$) (millions)	3	5	5	5
Official development assistance and official aid (current US\$) (millions)	6	4	5	..
Source: World Development Indicators database, September 2008				

1.B Table of MDG Indicators

SAINT VINCENT AND THE GRENADINES: Millennium Development Goals				
	1990	1995	2000	2007
Goal 1: Eradicate extreme poverty and hunger				
Employment to population ratio, 15+, total (%)	..	..	..	..
Employment to population ratio, ages 15-24, total (%)	..	..	..	..
Income share held by lowest 20%	..	..	..	..
Malnutrition prevalence, weight for age (% of children under 5)	..	..	..	..
Poverty headcount ratio at national poverty line (% of population)	..	..	..	..
Prevalence of undernourishment (% of population)	22	27	..	..
Vulnerable employment, total (% of total employment)	20	..	..	..
Goal 2: Achieve universal primary education				
Literacy rate, youth female (% of females ages 15-24)	..	..	..	..
Literacy rate, youth male (% of males ages 15-24)	..	..	..	..
Persistence to last grade of primary, total (% of cohort)	..	..	64	..
Primary completion rate, total (% of relevant age group)	..	..	74	92
Total enrolment, primary (% net)	..	..	92	93
Goal 3: Promote gender equality and empower women				
Proportion of seats held by women in national parliament (%)	10	10	5	18
Ratio of female to male enrolments in tertiary education	..	..	..	..
Ratio of female to male primary enrolment	98	..	94	106
Ratio of female to male secondary	124	..	133	124
Ratio of young literate females to males (% ages 15-24)	..	..	..	..
Share of women employed in the non-agricultural sector (% of total non-agricultural employment)	..	..	..	..
Goal 4: Reduce child mortality				
Immunization, measles (% of children ages 12-23 months)	96	99	96	99
Mortality rate, infant (per 1,000 live births)	20	18	19	17
Mortality rate, under-5 (per 1,000)	25	22	23	20
Goal 5: Improve maternal health				
Adolescent fertility rate (births per 1,000 women ages 15-19)	..	73	70	65
Births attended by skilled health staff (% of total)	..	..	100	100
Contraceptive prevalence (% of women ages 15-49)	58	..	58	48
Maternal mortality ratio (modelled estimate, per 100,000 live births)	..	..	..	..
Pregnant women receiving prenatal care (%)	..	..	99	95

Unmet need for contraception (% of married women ages 15-49)	..	..	..	..
Goal 6: Combat HIV/AIDS, malaria, and other diseases				
Children with fever receiving anti-malarial drugs (% of children under age 5 with fever)	..	..	..	..
Condom use, population ages 15-24, female (% of females ages 15-24)	..	..	..	..
Condom use, population ages 15-24, male (% of males ages 15-24)	..	..	..	..
Incidence of tuberculosis (per 100,000 people)	34	33	31	30
Prevalence of HIV, female (% ages 15-24)	..	..	..	..
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	..
Tuberculosis cases detected under DOTS (%)	..	..	55	50
Goal 7: Ensure environmental sustainability				
Annual freshwater withdrawals, total (% of internal resources)	..	..	..	..
CO2 emissions (kg per PPP \$ of GDP)	0.2	0.3	0.3	..
CO2 emissions (metric tons per capita)	0.7	1.1	1.3	..
Forest area (% of land area)	23	..	26	28
Improved sanitation facilities (% of population with access)	..	..	..	..
Improved water source (% of population with access)	..	..	..	..
Marine protected areas, (% of surface area)	..	..	..	..
Nationally protected areas (% of total land area)	..	..	..	..
Goal 8: Develop a global partnership for development				
Aid per capita (current US\$)	141	422	53	39
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	3.1	5.3	6.3	10.9
Internet users (per 100 people)	0.0	0.1	3.0	47.4
Mobile phone subscribers (per 100 people)	0.0	0.2	2.0	86.4
Telephone mainlines (per 100 people)	12.0	16.1	21.5	18.9
Other				
Fertility rate, total (births per woman)	3.0	2.6	2.3	2.2
GNI per capita, Atlas method (current US\$)	1,710	2,190	2,740	4,210
GNI, Atlas method (current US\$) (billions)	0.2	0.2	0.3	0.5
Gross capital formation (% of GDP)	29.7	29.9	27.4	25.1
Life expectancy at birth, total (years)	69	70	70	71
Literacy rate, adult total (% of people ages 15 and above)	..	..	..	..
Population, total (millions)	0.1	0.1	0.1	0.1
Trade (% of GDP)	142.6	116.6	113.5	110.0
Source: World Development Indicators database				

2. PROGRESS ON 10TH EDF GOVERNANCE ACTION PLAN

	Governance area	Prospective commitments
1.	Political democratic governance	
	- Human rights	United Nations Declaration of Human Rights, CEDWA, CRC, ILO Convention 169
	- Fundamental freedoms	
	- Electoral process	Democratic elections are held every 5 years following the West Minster model.
	- Principles of constitutional democracy	Constitutional Review Commission (CRC) (is ongoing) recommended that the independent office of Ombudsman be instituted as a constitutional office supported by ordinary legislation
2.	Political governance - rule of law	
	- Judicial and law enforcement system	The construction of the modern correctional facility at Belle Isle is ongoing.
3.	Control of corruption	A resolution on the Integrity in Public Life Bill was discussed in the House of Parliament on March 3 rd , 2009. This Resolution was proposed by the Leader of the Opposition and seconded by the Hon. Prime Minister.
4.	Government effectiveness	
	- Institutional capacity	The Public Sector Reform Management Strategy is in the process of reviewing the Public Sector as a means of enhancing the institution capacity of Government Ministries.
	- Public finance management	SVG confirms that it would negotiate to conclude tax exchange of information agreements with EU member states, which are willing to do so. Vincent and the Grenadines commits to complete transparency of the tax system to the extent necessary to perform obligations under a tax information agreement concluded with EU Member States insofar as this would be asked by EU Member States. SVG commits to engage in dialogue with EU Member States on any alleged harmful effect of its tax regime. Currently, all legislation governing the sector is being revised to ensure that the jurisdiction remains competitive and is in compliance with international best practices and standards. The Finance Administration Act 2004 and Audit Act 2005 were introduced in 2004. These are being reviewed in collaboration with the Caribbean Development Bank and CARTAC.
5.	Economic governance	
	- Private sector/market friendly policies	SVG will be reviewing its legislation relating to land and also modernising the processes of land regulation.
	- Management of natural resources	

6.	Internal and external security	
	- Internal stability / conflict	
	- External threats and global security	SVG is committed to implementing the UN Security Council Resolution 1373 (2001). Adherence to the Non-Nuclear Proliferation UN Convention on Terrorism, agreements relating to landmines and illicit arms trafficking and the Regional Security System
7.	Social governance	The Government of St Vincent and the Grenadines has recently completed all field work for a CPA. Preliminary findings are available and the analysis is being discussed with the Consultants. The CPA report will be used as a basis for the interventions in the Social Sector. In addition, the Social Investment Fund and the Basic Needs Trust Fund are also being used to assist in matters of social governance.
8.	International and regional context	
	- Regional integration	SVG is actively participating in the regional policy development process namely the Caricom Single Market and Economy (CSME) and the OECS Economic Union.
	- Involvement in regional peer review mechanisms (e.g. APRM)	
	- Migration	
9.	Quality of partnership	
	-Political dialogue	Continuation of dialogue between EC a member states representatives and representatives of the Government of SVG.
	-Programming dialogue	National Economic and Social Development Council (NESDC) was established and given Judicial footing to foster dialogue with Government and Civil society
	-Non state actors	The Government has already a formal mechanism (Non- State Actors Panel). This is to strengthen civil society participation in policy formulation and programming. The operationalisation of this Panel is ongoing.

3. BUDGET SUPPORT

Programme	Type	Amount Signed (M€)	Date of Signature	Amount outstanding (M€)	Forecast Tranche Disbursement (M€)				
					Tranche 1 (Fixed)	Tranche 2 (Fixed)	Tranche 3 (Fixed)	Tranche 4 (Variable)	Tranche 5 (Variable)
STABEX 96/97: Public Sector Investment	Sector Budget Support (rural)	10.7		3.21	A budgetary review in 2006 was undertaken to release the third tranche. However it was established that only 3 out of 4 conditions necessary for the release of the tranche were satisfied. Hence the third tranche will not be paid but the corresponding amount will be transferred to the new BS under Art. 195A.				
					Jun 09	Dec 09	Apr 10	Aug 10	Dec 10
STABEX Revised Framework of Mutual Obligations	Sector Budget Support (rural)	14.1	29.10.2008	14.1	3.6	2.8	2.8	2	2.9
					Tranche 1 (provisional)		Tranche 2 (provisional)		Tranche 3 (provisional)
					Dec 10	Jun 10	Dec 11	Jun 12	Dec 12
10 th EDF: detailed programme to be identified and FA to be elaborated	Sector Budget Support (health)	6.2	-	6.2	2.0		2.0		2.2

4. AID EFFECTIVENESS

4. A Donor Matrices

Development Partner	Thematic Areas																
	Private Sector	Financial Sector	Energy	Infrastructure/Transport	Trade	Agriculture & Rural Dev.	Health	Education	Environment	Tourism	Water & Sanitation	Social Protection	Public Sector	Judicial & Legal Reform	Capacity/Inst. Building	Disaster Management	Security & Stability
CDB		X				X	X	X				X	X	X	X	X	
CIDA	X				X				X				X		X	X	
DFID		X			X	X	X	X				X	X				
European Union	X			X	X	X	X	X		X	X	X			X	X	X
France							X					X			X		
Japan	X								X							X	
Kuwait				X													
OAS			X		X			X	X	X		X				X	
Taiwan, China													X				X
UNDP	X	X				X		X	X			X	X		X	X	
USAID	X	X					X							X		X	X
World Bank		X	X	X	X		X	X	X		X	X	X		X	X	X

4. B EAMR Aid Effectiveness Questionnaire

1. EU Target No 1 (Delegation in Barbados and Eastern Caribbean)		
Channel 50% of government-to-government assistance through country systems, including by increasing the percentage of our assistance provided through budget support or SWAP arrangements		
2. Introduction		
The aim is to collect information that allows us to measure this target. The information that is needed is both the total amount of ODA provided, as well as the extent to which country systems are used in providing this ODA. For these purposes the country systems are defined as covering four main areas: (i) national budget execution procedures; (ii) national financial reporting procedures; (iii) national auditing procedures; and (iv) national procurement systems. By treating each of these four areas as having a 25% weight and dividing by the total amount of ODA provided the information required can be calculated (hence the division by four – see part 4 below). In all cases the necessary information can be collected using the same definitions as those in the OECD/DAC "Definitions and Guidance" (see attached page which includes an extract of definitions relevant to this indicator)		
3. Questions and definitions		
Question	Definition – OECD Ref	Response EUR
How much ODA did you disburse at country level for the government sector in FY 2008 (EUR)? 6 OECS+3 OCT+BAR (regional not included)	Qd2	11,900,000
How much ODA disbursed for the government sector in FY 2008 used national budget execution procedures (EUR)?	Qd5	0
How much ODA disbursed for the government sector in FY 2008 used national financial reporting procedures (EUR)?	Qd6	0
How much ODA disbursed for the government sector in FY 2008 used national auditing procedures (EUR)?	Qd7	0
How much ODA disbursed for the government sector in FY 2008 used national procurement procedures (EUR)?	Qd9	0
4. Definition of Indicator		
$[(Qd5 + Qd6 + Qd7 + Qd9) \div 4] \div [Qd2] \text{ (please calculate and enter as response \%)} = 0 \%$		Response % 0
5. Additional information		
Are there any significant initiatives in your country to promote the use of country systems? If so provide a list and a short description. If not, highlight the constraints to use of country systems (use additional space as needed)		
Initiatives: Support to PFM reform in SVG through CARTAC. Future use of Budget Support to the utmost possible under EDF 10, in coordination with WB, IMF and CDB Constraints: Middle income countries that have seldom real IFM and WB programmes. Small countries with limited capacity.		

Definitions from "Definitions and Guidance" OECD/DAC

www.oecd.org/dataoecd/13/29/36306366.doc

ODA	<p>Official Development Assistance (ODA) includes all transactions as defined in OECD-DAC Statistical Directives para. 32 (see appendix), including official transactions that:</p> <ul style="list-style-type: none"> ▪ Are administered with the promotion of the economic development and welfare of developing countries as its main objective; and ▪ are concessional in character and convey a grant element of at least 25%.
Disbursements	<p>A disbursement is the placement of resources at the disposal of a recipient country or agency (see OECD-DAC Statistical Directives para. 15-18). Resources provided in kind should only be included when the value of the resources have been monetised in an agreement or in a document communicated to government. In order to avoid double counting in cases where one donor disburses ODA funds on behalf of another, it is the donor who makes the final disbursement to the government who should report on these funds.</p>
Government sector	<p>Administrations (ministries, departments, agencies or municipalities) authorised to receive revenue or undertake expenditures on behalf of central government.</p>
Disbursements for the government sector	<p>This category includes the disbursement of ODA in the context of an agreement with the government sector (see definition above), including works, goods or services delegated or subcontracted by government to other entities (e.g. NGOs, private companies).</p>
Use of national budget execution procedures (Q ^{d5})	<p>Donors use national budget execution procedures when the funds they provide are managed according to the national budgeting procedures as they were established in the general legislation and implemented by government. This means that programmes supported by donors are subject to normal country budgetary execution procedures namely procedures for authorisation, approval and payment.</p>
Use of national financial reporting procedures (Q ^{d6})	<p>Legislative frameworks normally provide for specific types of financial reports to be produced as well as for the periodicity of such reporting. The use of national financial reporting means that donors do not make additional requirements on governments for financial reporting. In particular they do <u>NOT</u> require:</p> <ul style="list-style-type: none"> ▪ The production of additional financial reports. ▪ Periodicities for reporting that are different from government's normal reporting cycle. ▪ Formats for reporting that do not use government's existing chart of accounts.
Use of national auditing procedures (Q ^{d7})	<p>Donors rely on the audit opinions, issued by the country's supreme audit institution, on the government's normal financial reports/statements as defined above. The use of national auditing procedures means that donors do not make additional requirements on governments for auditing.</p>
Use of national procurement procedures	<p>Donors use national procurement procedures when the funds they provide for the implementation of projects and programmes are managed according to the national procurement procedures as they were established in the general legislation and implemented by government. The use of national procurement procedures means that donors do not make additional, or special, requirements on governments for the procurement of works, goods and services. (Where weaknesses in national procurement systems have been identified, donors may work with partner countries in order to improve the efficiency, economy, and transparency of their implementation).</p>

5. FINANCIAL ANNEXES

5. A1 The 10th EDF and previous EDFs as per closure of financial year of 2008

YEAR of GLOBAL Commitment	ACCOUNTING NUMBER of GLOBAL commitment	0	TITLE GLOBAL COMMITMENT	END date of implementation ^o	GLOBAL COMMIT.	INDIV. COMMIT	RAC
		N° INDIV COMMIT.	TITLE INDIVIDUAL COMMITMENT		AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	RAP
TOTAL ON ONGOING GLOBAL COMMITMENTS					24,402,841	10,317,392	14,085,450
TOTAL ON ONGOING INDIVIDUAL COMMITMENTS					9,962,725	4,221,196	5,741,529
2001	8ACP SVG6	0	Franchise art 195 a - bananes	20011231	4,395,077	3,859,755	535,323
2001	8ACP SVG6	1	STABEX/24/REP LIV 2ND PR/SVG - REPAYMENT AGREEMENT ART195(A)	20011231	3,859,755	0	3,859,755
2003	8ACP SVG8	0	MULTI-COUNTRY DRUG DEMAND REDUCTION PROJECT	20061231	185,000	168,475	16,526
2003	8ACP SVG8	2	DRUG DEMAND REDUCTION PROGRAMME/WP 2005/2006-\$402,824.36 XCD	20060331	70,645	70,645	0
2003	8ACP SVG8	3	WORK PROGRAMME 3/SVG DRUG DEMAND REDUCTION (MAY TO DEC.2006)	20061231	94,600	48,144	46,456
2003	9ACP SVG1	0	EDUCATION SUPPORT PROGRAMME	20101231	6,247,764	5,416,075	831,689
2003	9ACP SVG1	3	PROGRAMME ESTIMATE 2/YR 2006-EDUCATION SUPPORT PROGRAMME	20061221	459,000	390,925	68,075
2003	9ACP SVG1	4	FWC LOT 9-SHORT-TERM TECHNICAL ASSISTANCE FOR SECTOR_REVIEW		136,526	118,350	18,176

2003	9ACP SVG1	5	TA-DEVELOPMENT OF EDUCATION MGMT DEGREE PROGRAMME BY	20081231	238,000	64,980	173,020
2003	9ACP SVG1	6	WORKS CONTRACT FOR GIBSON CONSTRUCTION/SVG EDUCATION PROJECT	20081231	2,190,000	1,499,634	690,366
2003	9ACP SVG1	7	PROGRAMME ESTIMATE NO. 3 - DEC 22, 2006 TO JUNE 21, 2008	20081221	1,754,000	1,599,395	154,605
2003	9ACP SVG1	8	COMMITMENT OF FUNDS TO FINANCE SERVICE CONTRACT	20080831	254,200	92,727	161,473
2003	9ACP SVG1	9	SERVICE CONTRACT - CAMBRIDGE EDUCATION LTD	20081231	310,000	25,160	284,840
2003	9ACP SVG2	0	PREP OF CONSTRUCTION DOCUMENTS ST. VINCENT COLLEGE EXTENSION	20081231	195,000	0	195,000
2004	9ACP SVG3	0	TECHNICAL COOPERATION FACILITY	20101031	500,000	463,088	36,913
2004	9ACP SVG3	6	PROGRAMME ESTIMATE 1 (JULY 1, 2007 TO 30 JUNE, 2008)	20081031	186,000	174,852	11,148
2007	9ACP SVG4	0	IMPROVEMENT OF EDUCATION THROUGH THE USE OF INFORMATION AND	20131231	7,700,000	410,000	7,290,000
2007	9ACP SVG4	1	PROGRAMME ESTIMATE FOR ICT/SVG (SEPT.1 TO AUG.31,2009) FOR	20090831	410,000	136,385	273,615
2007	9ACP SVG5	0	IMPROVEMENT OF EDUCATION THROUGH THE USE OF INFORMATION AND	20131231	4,400,000	0	4,400,000
2008	10ACP SVG1	0	TECHNICAL COOPERATION FACILITY		780,000	0	780,000

5. A2 STABEX Projects

St Vincent STABEX Programmes

Situation Summary as at 31 December 2008

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 3.483

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	8,001,128	(1,128)	7,928,295	5,566,141	
Rural Development & Social Safety Nets	1,000,000		1,061,439	844,129	217,310	844,129	844,129	
EDF/Programme Management Coordination Unit	2,000,000		2,815,000	2,684,827	130,173	2,684,827	2,679,987	
Monitoring & Evaluation	1,000,000		1,000,000	199,787	800,213	199,787	143,187	
Reserve	1,724,865		3,248,937	1,120,359	2,128,578	1,038,894	373,819	
1st Protocol Stabex/30/REP.Liv1st Pr./SVG	173,908		--	--	--			
Interest	--	6,969,345	1,320,711	400,000	920,711	391,952	271,668	
Total for STABEX 1994 PROGRAMME (9 detail records)	€ 25,898,773	6,969,345	32,868,118	26,657,548	6,210,570	26,495,202	23,286,250	
Percent				81.1%	18.9%	80.6%	70.8%	
* STABEX 1995 PROGRAMME								
Banana Productivity Support	1,000,000		1,000,000	1,000,000	--	925,438	790,447	
Agricultural Diversification	1,500,000		1,500,000	1,500,000	--	1,189,434	777,997	
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		10,550,000	10,549,975	25	10,549,975	10,549,975	
Interest	--	2,623,062	2,623,062	2,148,550	474,512	2,148,550	2,094,311	
Total for STABEX 1995 PROGRAMME (6 detail records)	€ 13,481,457	2,623,062	16,104,519	15,552,047	552,472	15,166,919	14,566,251	
Percent				96.6%	3.4%	94.2%	90.4%	

St Vincent STABEX Programmes

Situation Summary as at 31 December 2008

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 3.483

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	--	900,944	267,814	
Social & Community Development	500,000		500,000	--	500,000			
Agricultural Diversification	1,800,000		1,800,000	1,800,000	--	1,673,182	1,495,942	
Monitoring, Auditing & Evaluation	817,698		817,698	776,543	41,155	764,982	446,511	
Budgetary Support	10,700,000		10,700,000	7,489,961	3,210,039	7,489,961	7,489,961	
Interest	--	3,287,511	3,287,511	2,369,219	918,292	2,124,983	1,469,200	
Total for STABEX 1996/97 PROGRAMME (6 detail records)	€ 14,817,698	3,287,511	18,105,209	13,435,723	4,669,486	12,954,052	11,169,428	
Percent				74.2%	25.8%	71.5%	61.7%	
* STABEX ART. 195A BALANCES								
Stabex SVG FMO signed 30/10/08	3,503,427		3,503,427	--	3,503,427			
Interest	--	891,652	891,652	--	891,652			
Total for STABEX ART. 195A BALANCES (2 detail records)	€ 3,503,427	891,652	4,395,079	--	4,395,079			
Percent				0.0%	100.0%			
* STABEX/SSA 1993 PROGRAMME								
Banana Industry Development Programme	5,452,277		5,500,797	5,448,790	52,007	5,448,790	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	--	603,846	70,966	--	70,966			
Total for STABEX/SSA 1993 PROGRAMME (5 detail records)	€ 5,870,984	603,846	6,474,830	6,351,857	122,973	6,351,857	6,265,975	
Percent				98.1%	1.9%	98.1%	96.8%	
Grand Total	€ 63,572,339	14,375,416	77,947,755	61,997,176	15,950,579	60,968,030	55,287,905	

5. B Regional Projects

9th EDF

Regional Caribbean Projects		
Project Number	Project Title	Total (€ mn)
9 ACP RCA 1	Regional Weather Radar Warning System	12.7
9 ACP RCA 3	Air Access Improvement Programme for Dominica	11.95
9 ACP RCA 4	Développement économique du corridor nord de l'île d'Hispaniola	19.5
9 ACP RCA 7	Technical Co-operation Facility (TCF)	1.86
9 ACP RCA 8	Caribbean Trade and Private Sector Phase I	2.6
9 ACP RCA 9	Institutional support and capacity building for disaster management (CDERA)	3.4
9 ACP RCA 10	Support to Caribbean Knowledge and Learning Network (CKLN)	1.99
9 ACP RCA 11	Projet environnement transfrontalier Haïti-République Dominicaine	2.5
9 ACP RCA 12	Caribbean Integration Support Programme	37
9 ACP RCA 13	Activities linked to the CISP (including 0.5 for CARTAC II)	3,5
9 ACP RCA 14	Institutional support to the Caribbean Court of Justice	1,315
9 ACP RCA 15	TCF II	1
9 ACP RCA 16 & 17	Caribbean Trade and Private Sector Phase II	7.9
9 ACP RCA 18 & 19	Bahamas Law School	1.689
9 ACP RCA 20	Contribution to the Caribbean Catastrophe Risk Insurance	8
9 ACP RCA 21	Study for the improvement of ferry docking facilities in Antigua	0.12
9 ACP RCA 22	Hurricane Dean Rehabilitation Assistance – Jamaica – Regionalised B envelope	5.05
9 ACP RCA 23	Cyclone Noel – rehabilitation assistance budget support programme – Dominican Republic – Regionalised B envelope	7.5
9 ACP RCA 24	Standby Facility for debt relief emergency and humanitarian assistance	14.75
All ACP Projects		
Project Number	Project Title	Total (€ mn)
9 ACP RPR 6	Support to the competitiveness of the rice sector in the Caribbean	23.57
9 ACP RPR 21	Support to the collaborative doctoral programme in economics	1
9 ACP RPR 61	Programme for science and technology innovations and capacity building (PSTICB)	30.35
9 ACP RPR 64	All ACP Agricultural Commodities Programme	45
9 ACP RPR 164	Support to the Caribbean Regional Negotiating Machinery	10
9 ACP RPR 167	Capacity Support for sustainable management of energy resources	1.5
OCT Projects		
Project Number	Project Title	Total (€ mn)
9 PTO REG 1	Strategic Planning in Public Services (CARICAD)	0.65
9 PTO REG 11	Strengthening the integration of the British and Dutch OCTs	6
9 PTO REG 12	TCF OCT II	2.77
9 PTO REG 14	Global C Envelop	23.17

8th EDF

Project Number	Project Title	Total (€ mn)
8 ACP RCA 35	Caribbean Tourism Sector Development Programme	8
8 ACP TPS 125	Programme for the Caribbean Rum Industry	70
8 ACP RCA 24	Development of vocational tertiary education and training in the Caribbean Region – University of Technology, Jamaica	2.6

5. C Budget Line Projects

St Vincent SFA Programmes

Situation Summary as at 31 December 2008

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 3.483

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		4,787,324	4,787,324	--	4,787,324	3,809,203	
Regional Technical Assistance	400,000		502,676	502,676	--	502,676	458,656	
Contingencies	490,000		--	--	--	--	--	
Interest	--	226,430	226,430	12,516	213,914	12,516	--	
Total for SFA 1999 (5 detail records)	€ 6,100,000	226,430	6,326,430	6,112,516	213,914	6,112,516	5,077,874	
Percent				96.6%	3.4%	96.6%	80.3%	
* SFA 2000								
Rabacca Palletisation Centre 3 (Works, supply, TA)	750,000		--	--	--	--	--	
West Coast Road Rehabilitation 2 (Works, TA)	5,260,000		6,010,000	6,010,000	--	6,010,000	4,186,671	
TRANSIR Study (Consultancy, Equipment)	--		--	--	--	--	--	
Regional Technical Assistance	400,000		400,000	374,427	25,573	374,427	374,427	
Interest	--	--	--	--	--	--	--	
Audit & Evaluation	40,000		40,000	12,770	27,230	12,770	12,770	
Total for SFA 2000 (6 detail records)	€ 6,450,000	--	6,450,000	6,397,197	52,803	6,397,197	4,573,868	
Percent				99.2%	0.8%	99.2%	70.9%	
* SFA 2001								
West Coast Road Rehabilitation 3 (Works, TA, Equip)	6,200,000		6,200,000	6,199,999	1	6,199,999	4,672,509	
Evaluation and Audit	100,000		100,000	31,536	68,464	31,536	30,205	
Contingencies	100,000		100,000	--	100,000	--	--	
Interest	--	--	--	--	--	--	--	
Total for SFA 2001 (4 detail records)	€ 6,400,000	--	6,400,000	6,231,535	168,465	6,231,535	4,702,713	
Percent				97.4%	2.6%	97.4%	73.5%	

St Vincent SFA Programmes

Situation Summary as at 31 December 2008

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

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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		5,500,000	4,951,890	548,110	4,951,890	2,104,628	
Public Sector Support Fund	1,250,000		--	--	--			
Regional Technical Assistance	400,000		400,000	361,041	38,959	361,041	361,041	
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	5,312,931	787,069	5,312,931	2,465,669	
Percent				87.1%	12.9%	87.1%	40.4%	
* SFA 2003								
Improve Quality in ECD Adult & Spec	1,400,000		1,400,000	1,400,000	--	1,400,000	971,242	
Improve access to ECD adult and special needs	2,900,000		2,900,000	2,858,910	41,090	2,858,910	1,287,298	
Improving education management	160,000		160,000	160,000	--	160,000	77,482	
Technical assistance	500,000		500,000	482,402	17,598	482,402	233,609	
Administration	440,000		440,000	440,000	--	440,000	213,075	
Audit and Evaluation	100,000		100,000	--	100,000			
Contingency	100,000		100,000	58,620	41,380	58,620	28,388	
Interest	--		--	--	--			
Total for SFA 2003 (8 detail records)	€ 5,600,000	--	5,600,000	5,399,932	200,068	5,399,932	2,811,093	
Percent				96.4%	3.6%	96.4%	50.2%	

St Vincent SFA Programmes

Situation Summary as at 31 December 2008

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

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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	3,841,188	58,812	3,841,188	1,340,825	
Investment Promotion	1,100,000		1,100,000	1,100,000	--	1,100,000	314,134	
Audit	75,000		75,000	18,302	56,698	18,302	18,302	
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	4,959,490	370,510	4,959,490	1,673,261	
Percent				93.0%	7.0%	93.0%	31.4%	
* SFA 2005								
Strategy, Leadership & Awareness Development	295,000		295,000	295,000	--	295,000	124,122	
Business Skills Dev. & E-business Incubators	1,305,000		1,305,000	1,267,970	37,030	1,267,970	508,363	
Capacity-Building	660,000		660,000	660,000	--	660,000	217,069	
Construction of an ICT Training & Incub Facility	990,000		990,000	979,898	10,102	979,898		
Legislative & regulatory Framework	95,000		95,000	95,000	--	95,000	83,356	
Business-Oriented e-government Initiatives	405,000		405,000	388,445	16,555	388,445	45,504	
Regional Coordination	145,000		145,000	130,500	14,500	130,500	34,443	
Regional Mgt. Office	395,000		395,000	395,000	--	395,000	214,904	
Regional Incubator Network Mgt,	105,000		105,000	105,000	--	105,000	48,636	
Short-term TA for Proj. Identification & Support	105,000		105,000	102,396	2,604	102,396	20,479	
Audit & Evaluation	30,000		30,000	--	30,000			
Interest	--		--	--	--			
Total for SFA 2005 (12 detail records)	€ 4,530,000	--	4,530,000	4,419,209	110,791	4,419,209	1,296,875	
Percent				97.6%	2.4%	97.6%	28.6%	

St Vincent SFA Programmes

Situation Summary as at 31 December 2008

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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 - Master Plan 07-15 (TA)	1,200,000		1,200,000	953,037	246,963	953,037	95,257	
Tourism & Private Sector - Villa Walkway	100,000		100,000	--	100,000			
Agriculture - Strategic Ag. Diversification Plan	300,000		300,000	300,000	--	300,000	153,553	
Agriculture - Strengthening Quarantine/Health	430,000		430,000	430,000	--	430,000	220,092	
Agriculture - Environmental Watershed Project	400,000		400,000	400,000	--	430,000	204,737	
Agriculture - Regional Annual Ag. Review	30,000		30,000	30,000	--	30,000	15,255	
Cross Sect. Interventions - Inst. Support/Studies	1,120,000		1,120,000	371,700	748,300	371,700	81,510	
Cross Sect. Interventions - Evaluation/Audit	150,000		150,000	--	150,000			
Cross Sect. Interventions - Contingency	120,000		120,000	--	120,000			
Total for SFA 2006 (9 detail records)	€ 3,850,000	--	3,850,000	2,484,737	1,365,263	2,514,737	770,404	
Percent				64.5%	35.5%	65.3%	20.0%	
* SFA 2007								
Tourism & Private Sector Dev	2,000,000		2,000,000	--	2,000,000			
Agriculture	600,000		600,000	--	600,000			
Cross Sectoral Interventions	670,000		670,000	--	670,000			
Total for SFA 2007 (3 detail records)	€ 3,270,000	--	3,270,000	--	3,270,000			
Percent				0.0%	100.0%			
* SFA 2008								
Tourism & Private Sector	3,000,000		3,000,000	--	3,000,000			
Agriculture - regional Annual Agricultural Review	30,000		30,000	--	30,000			
Cross Sectoral Interventions	433,000		433,000	--	433,000			
Total for SFA 2008 (3 detail records)	€ 3,463,000	--	3,463,000	--	3,463,000			
Percent				0.0%	100.0%			
Grand Total	€ 51,093,000	226,430	51,319,430	41,317,548	10,001,882	41,347,548	23,371,757	

5. D EIB projects

Project Name	Status	Convention	Contract number	Amount signed (m)		Date of Signature	Amount outstanding (m)		Beginning repayment
				OR	RC		OR	RC	
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		1,000,000.00	11/30/2009
KINGSTOWN PORT DEVELOPMENT	Disbursed	Lome - 4	70982		5,000,000	12/14/1994		2,083,264.66	12/05/1998
VINLEC III	Disbursed	Lome - 4 - Bis	17896	4,000,000		12/29/1998	1,276,810.54		02/28/2002
VINLEC IV	Signed	Cotonou Agreement	22837	8,300,000		12/08/2004	5,687,250.12		05/03/2010
Total				12,300,000	6,400,000		6,964,060.66	3,283,264.66	

5. E Updated CSP Chronogramme

5. E.1 Indicative timetable of global commitments and contracting for 10th EDF

	Indicative allocation in €	2008		2009		2010	
		1	2	1	2	1	2
TOTAL ALLOCATION 10th EDF	7 800 000						
FOCAL SECTOR Modernisation of the Public Service in the Health Sector Programme (Budget Support)	6 240 000			FS	FP	FD	CT
NON FOCAL SECTORS	1 560 000						
Technical cooperation facility	780 000	FP	FD		CT		
TA to NAO Office	780 000						FP
Total Commitments (M€)			0.8	0.2		6.0	
Total Cumulative Commitments (M€)		0.0	0.8	1.0	1.0	7.0	7.0

FS: Feasibility Study

FP: Financing proposal

FD: Financing decision

CT: Project implementation

5. E.2 Indicative timetable of disbursements of 10th EDF

	Indicative allocation in €	2008		2009		2010	
		1	2	1	2	1	2
TOTAL ALLOCATION 10th EDF	7 800 000						
FOCAL SECTOR Modernisation of the Public Service in the Health Sector Programme (Budget Support)	6 240 000			0.1	0.1		2
NON FOCAL SECTORS	1 560 000						
- Technical cooperation facility	780 000			0.1	0.1	0.1	0.1
- TA to the NAO Office	780 000						
Total Commitments (M€)				0.2	0.2	0.1	2.1
Total Cumulative Commitments (M€)			0.0	0.2	0.4	0.5	2.6