



**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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The Cotonou Agreement**

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1. UPDATE ON THE POLITICAL, ECONOMIC AND SOCIAL SITUATION

1.1 Update on the political situation

Synopsis

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. A key issue during the election concerned the planned large-scale infrastructure projects that the government deemed necessary to ensure medium-term growth as the country transitions away from its dependence on agriculture.

Overview

Venezuela's President Hugo Chavez visited St. Vincent in January, following a trip to Dominica, in what could be seen as an effort to forge greater ties with the Caribbean. President Chavez toured the site of the international airport which Venezuela is helping to build and also laid the cornerstone at a new fuel storage facility. Venezuela and Cuba have provided US\$200 million for the new international airport in St. Vincent. Prime Minister Ralph Gonsalves had committed himself during the last general election (December 2005) to build an international airport, and is seeking funding from various sources to achieve this goal.

Prime Minister Gonsalves tried to allay the fears of Vincentians who have become increasingly concerned with the islands relationship with Venezuela. Mr. Gonsalves said while he considered Venezuela an ally, no treaty signed with the South American oil rich nation would see Kingstown snubbing existing treaty obligations with the Organisation of Eastern Caribbean States (OECS) and the Caribbean Community.

The Prime Minister added that St. Vincent and the Grenadines will continue to establish diplomatic relations with countries other than Europe and North America and said that in addition to Cuba, Venezuela and Mexico, the island has sought to deepen ties with Taiwan and Malaysia and will seek to explore links with Turkey and Brazil.

St. Vincent and the Grenadines introduced the Value Added Tax (VAT) system on 01st May 2007 with government assuring citizens that the new tax system was important for the future socio-economic development of the island. The threshold required to register for VAT is EC\$120,000 and in addition to the VAT some commodities, including cigarettes, motor vehicles, used tyres and incandescent bulbs, will be subjected to an excise tax levied at varying rates.

St. Vincent and the Grenadines was one of the countries listed by Transparency International (TI) as amongst one of the least corrupt countries in the world. In a survey of 180 countries, TI listed Barbados at number 30 and said the low perception of corruption among public officials in these islands was only bettered by countries in the developed world where vibrant non governmental institutions kept a close watch on public officials.

Legislators began debating the final report of the Constitutional Review Committee (CRC) which has proposed the removal of the Queen as Head of State and the move towards Republican status with a President as Head of State without executive powers, replicating the current functions of the Governor General. Both Prime Minister Gonsalves and Opposition Leader, Amhim Eustace support the move to replace the British monarch, who is represented by the Governor General, as the Head of State.

Regional Integration developments

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

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

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

The idea of a Southern Caribbean Political Union with Trinidad & Tobago, St. Vincent & Grenadines and Grenada has been mooted. A study will be undertaken on its feasibility.

EPA's

The first comprehensive Economic Partnership Agreement (EPA) was initialled on 16 December 2007 between the European Commission (EC) and CARIFORUM, one of the regions of the African, Caribbean and Pacific (ACP) States. The EPA replaces the Cotonou trade regime and the World Trade Organization (WTO) waiver which extended it until the end of 2007. The EPA will allow Caribbean goods to enter the European Union duty free and quota free come 1 January 2008, while there is a phased period between three 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.

The EPA is essentially a trade and development agreement which covers market access in goods, services and other trade related issues such as innovation and intellectual property; competition policy and public procurement which will all contribute to consolidating regional integration and economic reforms in the region. For market access in goods the EC on 1 April, 2007 made an offer to give all ACP countries including the 15 CARIFORUM countries (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) duty free and quota free access to the EU markets for all goods except sugar and rice for which there will be a short transitional arrangement. On the CARIFORUM side they have been able to give an offer which covers the WTO-required liberalisation of 80 per cent of imports from the EU within 15 years, with transitional periods of up to 25 years for some particularly sensitive products.

One of the main objectives of the EPA is to build on and reinforce regional integration in the Caribbean - a concept referred to as market building. Subsequently, there will be market opening, using asymmetric flexibility for the benefit of the Caribbean in terms of product coverage and periods for tariff elimination in order to promote sustainable development. In addition, the introduction of specific provisions to deal with development within the EPA, increases the possibility of the EPA becoming a genuine development tool.

Development co-operation will therefore be an integral part of the EPA 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. 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 Caribbean states become more competitive and diversify their economies.

It was the first time that Caribbean countries, including the Dominican Republic, negotiated as single group a forward-looking free trade area with a large group of developed countries. A ministerial signature of the EPA is foreseen for the first half of 2008.

1.1.2 Update of the economic situation

SVG is a small and open economy. The structure of production and exports is highly concentrated on a few goods and services (bananas, tourism, financial services) and as a result, the economy is extremely vulnerable to external shocks. Agriculture, particularly banana production, has been and continues to be the dominant sector in the economy, providing a significant source of income and employment generation, particularly in rural communities. The combination of adverse external factors and a series of natural disasters have had a deleterious impact on general economic performance and on banana production. SVG is highly vulnerable to natural hazards, including hurricanes, volcanic activity, storm surges and flooding. Tropical storms in 1994 and 1995, and the passage of hurricane Ivan in 2004, caused significant damage to the banana industry. More important, external developments relating to a change in the European Union's (EU) licensing regime resulting, in part, in a reduction in export prices. The lower export prices of bananas impacted negatively on banana production in SVG.

The ECCU has a common central bank, the ECCB, and a common currency, the Eastern Caribbean (EC) dollar. The EC dollar has been pegged to the U.S. dollar at the rate of EC\$2.70 per U.S. dollar since July 1976. St. Vincent and the Grenadines has accepted the obligations of Article VIII, Sections 2, 3, and 4, and maintains an exchange system free of restrictions on payments and transfers for current international transactions.

Fiscal imbalances continued in 2005 while there was some consolidation in 2006, public debt is accelerating. Debt servicing absorbs the equivalent of about 25 percent of current revenues, and the mission estimated that on current policies and assuming medium-term growth of about 4 percent per year, public debt would be on an unsustainable path, reaching 107 percent of GDP by 2011.

Over the last two decades, the economy underwent components of transformation as the Government diversified the economy from its dependence on bananas to new economic activities, including tourism, financial services and light manufacturing. The structural change in the economy is reflected in the continuous decline in the share of agriculture in Gross Domestic Product (GDP), from a high of 21.2% in 1990 to 11.7% in 2000 to 9.6% in 2006. In contrast, the share of the services sector in the economy rose from 50.3% of GDP in 1990 to 54.8% of GDP in 2006.

Real GDP slowed to 2.2% in 2005 but rebounded to 6.5% in 2006. The cumulative rate of inflation in 2006 was 4.8% compared to 3.9% in 2005.

The economic growth performance in SVG over the last two decades reflected the inherent vulnerability to external shocks and natural disasters. Following the robust growth performance during the 1980s, growth performance slowed during the 1990s, mainly on account of adverse external developments resulting in lower demand for major exports. Growth fluctuated widely, during the 1990s, with real output characterised by alternating years of expansion and contraction, mainly in tandem with the performance of the banana sub-sector.

The economy is enjoying its second year of vigorous economic growth. Output grew at close to 7 percent in 2006, the highest in the last decade and well above potential (estimated at 4¼ percent). Economic activity was sustained by construction and government services. In 2007 growth remained strong, despite disappointing tourism arrivals, due largely to tourism-related investments and government capital expenditure. Inflation has risen, mostly reflecting the higher international oil and food prices, and is expected to reach 8.2 percent by end-2007.

The current account deficit is expected to remain high in 2007-08 on account of higher imports for various tourism-related projects, and capital spending by the government. Credit to the private sector

expanded by 14¼ percent in 2006, attributable to the Cricket World Cup (CWC) and tourism-related activities.

Financial sector indicators have strengthened, but balance sheet vulnerabilities remain. Asset quality and capital adequacy have improved, with unsatisfactory assets (non-performing loans) down to 3 percent of total loans, well below the Eastern Caribbean Central Bank's target of 5 percent. Increasing competition from nonbank financial institutions and recent rapid credit growth could result in weaknesses in loan classification and problem loans down the road, especially in the event of a large adverse shock. An update of a 2004 Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) assessment will take place in early 2009, at the request of the authorities.

The fiscal position has strengthened. The primary deficit has narrowed by around 2 percent of GDP during 2005-07 reflecting both higher revenues and current spending restraint. Revenues benefited from the growth dividend (higher stamp taxes related to land sales), more frequent pass-through of oil prices, as well as the introduction of a VAT in May 2007. Wage restraint helped contain spending despite an increase in capital expenditure.

An agreement with Italy to write-off a debt obligation has reduced St. Vincent and the Grenadines' public debt stock by about 10 percent of GDP. The loan had been serviced by the Italian export agency, due to perceived malfeasance by the private builder-operator. The write-off, formalized in October 2007, will lower the debt to-GDP ratio to around 68 percent by end-2007.

The Government's overall development objective encompasses the attainment of high levels of balanced and sustained growth and a reduction in unemployment and poverty. The Government plans to achieve the overall development objective over the medium term through activities geared towards the following:

- (a) pursuing economic diversification, including agricultural diversification, manufacturing and export services (tourism, informatics, offshore finance);
- (b) increasing public sector savings, through fiscal improvement;
- (c) promoting social development, including Human Resource Development (HRD) and poverty-reduction initiatives;
- (d) improving environmental management and strengthening capacity for disaster management; and
- (e) providing economic infrastructure critical to the modernisation and development of SVG.

The Government has prepared a medium term fiscal stabilisation programme in conjunction with the Caribbean Regional Technical Assistance Centre (CARTAC) and the ECCB. The programme concentrates on measures to improve fiscal performance and reduce the pace of debt accumulation within the context of the fiscal guidelines established by the Monetary Council of the ECCB. The fiscal stabilisation programme also aims to improve the process of fiscal policy management in SVG.

However, the success of the fiscal reform programme will depend on the programme being placed central within the broader context of economic management. The revenue focus of the programme is on broadening the tax base and improving tax administration. Additionally, advanced work has been completed on the modernisation of the property taxation system, with the revaluation of properties based on market value. At the policy level, a comprehensive program of reform of the financial management and economic planning frameworks was undertaken.

St. Vincent and the Grenadines still faces the economic and social challenge of coping with the erosion of European Union trade preferences. The authorities have attempted to ameliorate the transition cost of the movement of resources away from agriculture by the provision of well-targeted social safety nets for displaced farmers and agricultural workers.

The Impact of VAT introduced in 2007 has not been fully assessed and with the planned single VAT rate of 15 percent, the tax is expected to be revenue positive yielding about 1 percent of GDP in additional revenues.

1.2 Update of the poverty and social situation

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. Notwithstanding, 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.

Additionally, maternal mortality has been relatively low. Significant strides have also been made in the education sector. The country achieved universal primary education for over a decade and recent initiatives by the Government have resulted in universal access to secondary education. The HDI for Saint Vincent and the Grenadines is 0.761, which gives the country a rank of 93rd out of 177 countries with data for 2005. The advances made in social development have enabled SVG to attain some of the targets of the Millennium Development Goal.

Poverty generally refers to the segment of the population – whether households and/or individuals which are economically and/or socially deprived relative to others. The poor include those who suffer from income poverty and extreme poverty (indigence) as well as those who are economically vulnerable (their assets are insufficient to protect them in times of economic change, including terms of trade shocks and inflation) and socially vulnerable (they are exposed to crime, violence at home, health and social exclusion factors that prevent them from leading a normal life).^{2/} Poverty and vulnerability are also related to particular characteristics by households and individuals. Female-headed households tend to be poorer than those headed by males. Women are also under-represented in all forms of public life and have less say than men in the decision-making structures in society.

Poverty in SVG is associated with many inter-related factors that result in households and individuals being unable to access adequate resources to meet their needs. The Country Poverty Assessment (CPA) conducted in 1995, with support from the Caribbean Development Bank (CDB), revealed that almost 38% of the population was characterised as poor and 26% were indigent. The level of poverty among youths and the aged was particularly high at 41.5% and 45.8%, respectively. An estimated 43.3% of the rural population was poor as compared with 39.6% of the urban population. A higher incidence of poverty was found among females (43.8%) than among males (39.7%) and a greater concentration of poverty was found among female-headed than male-headed households. The labour force participation rate among males was 46.7% compared with 23.6% for females.

The causes of poverty identified in SVG included a low average level of educational achievement; unemployment and underemployment; low wages; high dependency ratios; difficulties experienced in the main economic sectors - banana and manufacturing industries; limited access to productive resources (land, credit); inadequate infrastructure (access roads, drainage and irrigation, transportation) to support productive sector activities; and an inadequate social safety net programme.

The adverse effects of the shocks to the banana industry since 1996 and the events of September 11, 2001 on the tourism sector would have resulted in a worsening of the poverty situation within some segments of the population.

The ongoing fallout in the banana industry, in particular, has led to a concomitant increase in the number of persons requiring public assistance; and data for 2005 revealed that there were about 6,000 recipients under the various state-sponsored programmes. Interventions included the granting of relief to the elderly poor through concessionary rates on water and electricity consumption; public assistance grants to the elderly and disadvantaged; and assistance strategies targeted at children and youth (foster care, school feeding at primary schools, updating laws for the protection of children).

The social protection strategies currently in place cut across various ministries but mainly from the Department of Family Services in the Ministry of Social Development, Cooperatives, the Family, Gender and Ecclesiastical Affairs. Generally, the social protection programmes operate on a means-tested basis and covers areas such as, uniforms, tuition, meals, transportation, building materials, and rental assistance. The public assistance programmes target poor female-headed households with children, the elderly poor, and the disabled. The criteria for eligibility in these programmes are not fully documented, thereby allowing for the inadequate targeting of recipients.

A Social Insurance programme which complements the social assistance programmes comprises the National Insurance Scheme, a contributory pension, disability, maternity and sickness benefits, work injury fund and a non-contributory pension - to capture many of the elderly farmers and others in the informal sector. Payments of long-term benefits, particularly pensions, are "considered" generous and, in some cases, pensions are similar to levels of the earnings during employment.

There is a dearth of timely and extensive poverty data for St. Vincent and the Grenadines. The final revision of the Interim Poverty Reduction Strategy Paper (I-PRSP) was completed in June 2003, and is the only PRSP in the ECCU region developed by a country that does not have a Fund-supported arrangement. The NESDC is currently developing a National Development Plan (NDP) of which the Poverty Reduction Strategy would be a component. The government plans to review and then revise the I-PRSP by end-2006.

The strategy for poverty reduction adopted by the government follows a multi-faceted approach, which includes:

- (i) a job creation program (including the Youth Empowerment Service to address youth unemployment);
- (ii) a low-income housing project;
- (iii) an enhanced safety net for the poor through public assistance;
- (iv) the promotion of a micro-enterprise sector; (v) increased subsidies to banana farmers; and
- (vi) large new infrastructure projects in roads, airports and power plants.

2. PAST AND ONGOING EC CO-OPERATION

2.1 Overview of past and on going EC 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 EUR5 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 (EUR4mn) 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 related feasibility studies have been launched in mid-2006. With regard to SFAs, the adaptation to the new financial regulation is being completed with a series of riders. The riders also allow the completion of the Highway Rehabilitation Programme under SFA 1999 to 2001. Thanks to this Rehabilitation Programme, total payments in 2007 have reached the record level of €9,446,570. A specific effort has been made to improve performance of the large education portfolio.

The total active aid portfolio for Saint Vincent and the Grenadines including EDF, Stabex and SFA balances stands at EUR72.9 million.

2.2 9th EDF

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 remains on track. So as to better facilitate the full implementation of the project the final programme estimates were extended by 6 months for both 9ACPSVG001 and SFA2003. Work on the civil works contract for the construction of the Union Island School (which represents a third of the 9 ACP SVG 001 project) is progressing steadily. The newly established EU Education PSC, which oversees all EU funded initiatives, met on a regular basis during 2007 and provided valuable inputs to project implementation and policy formulation. These meetings have allowed for a better synchronising of project inputs and critical review of deliverables. All Technical Assistance teams (including project management, sub-sector improvement, training and item bank development) have now been mobilised and work is progressing well. Improvements are already being seen in the areas of reading, learning support and testing.

Despite early setbacks the Education Support Programme is now on a firm footing with the all major contract and programme estimates (under both the 9thEDF and SFA2003) being committed prior to the d+3 deadline in December 2006. Implementation is progressing smoothly with all major activities expected to be completed by December 2008.

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 10% of these funds have been used up to date.

9th EDF ICT for Education Programme

The Financing Agreement for the new 9th EDF ICT4E project was signed in Q4 of 2007. Planning for this project will begin in earnest in Q1 of 2008 with the launch of the tender for the technical assistance team, tenders for designs; and the preparation of the first programme estimate

2.3 Other Instruments

A. Utilisation of Envelope B

Following the End-of-Term Review, the B allocation was reduced to € 4.4 million, and was allocated to the new ICT for Education Programme.

B. STABEX

Article 186 of the Lomé IV Convention provides compensation for loss of export earnings on certain agricultural products on which countries' economies are dependent and which are affected by fluctuations in price or quantity or both these factors. The use of such Stabex allocations is governed by a Framework of Mutual Obligations (FMO), which stipulates the objectives, obligations, actions and results which are expected to be achieved through the utilisation of the Stabex transfers. Presently 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 in the FMOs is to support different sectors of the economy in order to achieve economic growth, secure foreign exchange earnings and support poverty

reduction. Four broad areas have been targeted; banana commercialisation, agricultural diversification, economic diversification and social sector and social protection measures. Following large allocations to 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).

A brief status of STABEX finances as of 31 December 2007 is provided below:

Funding year	Total Funds¹	Committed	RAC	Paid	RAL
Stabex 1993	6 443 536	6 252 792	190 744	6 265 975	177 561
Stabex 1994	32 457 873	26 599 820	5 858 053	22 537 793	9 920 080
Stabex 1995	16 017 029	15 552 047	464 982	13 655 994	2 361 035
Stabex 1996/97	17 716 620	13 435 723	4 280 887	9 525 639	8 190 981
Stabex Art. 195A	4 226 485	0	4 226 485	0	4 226 485
TOTAL	76 861 533	61 840 383	15 021 150	51 985 401	24 876 132

Saint Vincent has outstanding Stabex balances not covered by any FMO of about EUR 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 its approval is on-going. 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.

STABEX 94, 96 & 97: Tourism Development Project

The Stabex 94-96/97 Tourism Development Project (EU contribution 5 M Euro) was started early February 2007 for a 35 months period. The project has taken off very well and as of December 2007, six of the nineteen tourism sites to be built had been designed and one contract awarded. Under the project also a nature parks authority and a nature parks system is being established. The authority has been officially started, the director and a small team appointed and the system is being under preparation

C. 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 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. EUR 16 000 000 allocated from SFA 1999 - 2001) and additionally the construction of one additional Reception and Palletisation Centre

¹ Including interest

(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.

The works for the Windward Highway (funded from SFA 1999) took off in early 2004. The contract for works was awarded and work is ongoing. Similarly, a work contract was awarded in early 2004, and works commenced for the construction of a RAPCEN. Furthermore, detailed design of rehabilitation of Phases II and III of the Windward Highway, and preparation and design of the Social Investment Fund commenced during 2004. SFA 2003 and 2004 were signed respectively in December 2004 and February 2005. The implementation of SFA 2003 (with a focal area on education), SFA 2004 (with a focal area on private sector development) and SFA 2005 (ICT and private sector) are on-going.

A study to prepare a medium-term strategy for the use of SFA funds during the remaining 3-year period, The Financing Proposal for SFA 2006 was signed early 2006. The interventions will focus principally on Tourism, Agriculture diversification, Environment/Energy, and Statistics. The Agriculture component of the SFA 2006 Programme (€1,160,000) will be implemented by FAO through a Contribution Agreement. This Contribution Agreement has been signed early 2008. The Financing Proposal for SFA 2007 has been approved. The interventions would focus on Tourism and Private Sector, Agriculture and Energy. The Agriculture review (€100,000) will be implemented by FAO through a Contribution Agreement.

SFA2003

Implementation for the complementary SFA2003 Education Support Programme is continuing at a steady rate. Pre-design work has been completed for both public and private early childhood centres and construction will begin in Q1 of 2008. Supplies for all centres have already been procured and a significant amount already deployed. Accreditation for VINSAVE in advanced stages. Diploma Training for early childhood educators is also in progress. Design work for adult education centres has been completed and works contracts are expected to be awarded in Q1 of 2008. Supply contracts for adult education have also been awarded with delivery expected in Q1 of 2008. Work on the certification framework for adult/TVET education is also making steady progress. Design for special needs centres is on schedule with works contracts expected to commence in Q2 of 2008

SFA 2005: ICT Development Programme

The St Vincent SFA2005 ICT Development Programme started with the arrival of a regional management office team to coordinate the programme regionally in early March 2007. A programme estimate for regulatory services, e-government initiatives and capacity building was started in August 2007 and a service contract for the establishment of an E-business incubator was mobilised in December 2007. A incubator building is being designed with a view of launching a tender in May 2008. The programme is progressing well.

SFA 2006: Tourism Project

In addition currently SFA2006 Tourism components are being prepared, a ToR for a framework contract prepared for a tourism sector needs assessment and a feasibility study for a tourism/maritime training institute. A tender for a tourism advisor (34 w/m) and the development of a 10y tourism master plan is being prepared.

Status of SFA finances, as of 31 December 2007:

Funding year	Allocation	Commitment	RAC	Paid	RAL
SFA 1999	6 278 387	5 712 676	565 711	4 655 106	1 623 281

SFA 2000	6 450 000	5 660 000	790 000	3 965 380	2 484 620
SFA 2001	6 400 000	5 844 848	555 152	1 823 389	4 576 611
SFA 2002	6 100 000	4 839 591	1 260 409	1 408 792	4 691 208
SFA 2003	5 600 000	5 399 932	200 068	1 861 093	3 738 907
SFA 2004	5 330 000	4 959 490	370 510	1 673 261	3 656 739
SFA 2005	4 530 000	2 563 488	1 966 512	315 364	4 214 636
SFA 2006	3 850 000	0	3 850 000	0	3 850 000
SFA 2007	3 270 000	0	3 270 000	0	3 270 000
TOTAL	47 808 387	34 980 025	12 828 362	15 702 385	32 106 002

D. 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 EUR 105 000 000 while the 8th EDF RIP has EUR 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 EUR 57 000 000 is available.

Saint Vincent and the Grenadines has benefited from the construction of the airport on the island of Bequia through the 6th EDF regional programme. The airport has provided new air links in the sub-region between the Grenadines, the Eastern Caribbean, Barbados, Martinique and Guadeloupe. The Regional OECS Tertiary Education programme support has provided support for the development of the Integrated Community College through the development of the A level college and the Learning Resource Centre.

E. Support from all ACP funds (EDF)

The EC approved EUR 50 000 000 all ACP Trade.Com programme in August 2003, which is aimed at reinforcing the analytical and research capacities for trade policy formulation in; providing immediate assistance for ongoing negotiation and promoting activities for institutional support in the area of trade support services ACP counties. A specific project (“Hubs and Spokes”) has been designed for the Caribbean region, which has been initiated in 2004. under this project the OECS Secretariat is benefiting from the services of a Trade Policy Adviser, soon to be assisted by a Trade Policy Analyst.

The OECS has received Funding (EUR 280 000) for the Establishment of an OECS Representation Facility in Geneva to follow-up WTO matters, under the EUR 10 000 000 WTO Support Facility, as well as for Capacity Building in support of the preparation of the EPA (EUR 350 000) under the EUR 20 000 000 EPA Support Facility. The Caribbean Regional Negotiating Machinery (CRNM) has also received support (EUR 857 652) from the EPA Support Facility. Also the NAO Office benefited from a 9th EDF Financial and Contractual Procedures Training held in Barbados in January 2005, under an All ACP programme started in 2004.

F. Thematic Budget-lines (EC Budget)

The EC approved in May 2003 a Caribbean regional programme from a budget line B7-701 (Human Rights Development) to further restrict the implementation of the death penalty in the Commonwealth Caribbean, with a view to its eventual abolition. No projects benefiting Saint Vincent and the Grenadines were approved under the thematic budget lines in 2005.

G. European Investment Bank (EIB)

In 2004, the Bank signed a 15-year loan to the Saint Vincent Electricity Services Ltd. (VINLEC), under the Cotonou Agreement, for USD 10 000 000. The project concerns the development and construction of a new diesel power plant located in Saint Vincent (Lowman's Bay) to gradually replace the existing main generating site at Cane Hall, and the adjustment of the island's transmission & distribution network to the new alternative site for power generation. It is expected that the project will: (i) allow VINLEC to meet demand growth with electricity generated at reasonable costs; (ii) bring environmental benefits from reduced pollution in residential areas and improved management of power generation; (iii) enhance the reliability of power generation at the main island of St Vincent. The project's economic interest is therefore closely linked to an improvement in the quality of life for the population in the vicinity of the existing plant and the possibility for VINLEC to continue to meet the growing electricity demand, thus improving the country's competitiveness and sustaining economic growth and development.

Amongst the various projects that the Bank is currently pursuing is the development of global loan structures with financial intermediaries in the commercial sector that have a broad reach throughout the Eastern Caribbean. Three projects under this heading were signed in 2005: Caribbean Development Bank Global Loan III EUR 40 000 000, Clico Investment Bank Global Loan EUR 20 000 000 and DFL IX EUR 7 000 000. All these facilities can be used throughout the Caribbean ACPs. Additionally the Bank supports the micro finance sector through Caribbean Microfinance Limited, which has subsidiaries in Grenada and Saint Lucia.

H. Centre for the Development of Enterprise (CDE)

The CDE supports private sector development by providing non-financial services to ACP companies and businesses and support to joint initiatives set up by economic operators of the Community and of the ACP States. In the OECS region the CDE supports Private Sector development through sector programmes in Construction and Mining, Agro-processing, Wood, Herbal Medicines and Tourism. Over the period 1999-2005, CDE has assisted in the OECS region a total of 69 projects carrying out 103 interventions at a total cost of EUR 719 035 of which EUR 517 376 was contributed by the CDE. Dominica benefited from 32 interventions for a total amount of EUR 237 669.

The PROINVEST programme, funded under EDF all-ACP funds and managed by the CDE aims at increasing investments between the Caribbean and Europe. PROINVEURST has a fund of EUR 110 000 000 over five years to support private sector development in the Caribbean, African and Pacific Countries. By end 2005, the Programme had committed EUR 5 373 679 to activities within the Caribbean region; of this EUR 2 212 817 was committed during the course of 2005, to support individual company business plans, public-private sector dialogue, company match-making activities, and business development institutional services.

I. Centre for the Development of Agriculture (CTA)

The CTA supports policy and institutional capacity development and information and communication management capacities of agricultural and rural development organisations in ACP countries. CTA assists organisations in formulating and implementing policies and programmes to reduce poverty, promote sustainable food security and preserve natural resources. In 2005, the Eastern Caribbean states benefited from CTA support to the agricultural and rural development in the Caribbean at the regional and national levels. The activities at the regional level were implemented in collaboration

with CARDI (CTA's Regional Branch Office for the Caribbean) and IICA. At the national level, the activities were targeted at the public and non-public sector and implemented through direct partnership arrangements between CTA and the relevant institutions.

2.2 Joint EU Strategy for Caribbean

Based on the analyses made in the previous chapters, the EC response 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 Tourism, Agriculture diversification, Environment/Energy and Statistics) 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 complementarity between the intervention foreseen under the NIP 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 NIP is "integration-friendly";
- The objectives of the new EU Development Policy as defined in the EU Consensus for Development and in the Communication on an EU-Caribbean Partnership for Growth, Stability and Development, and the comparative advantages of the EC as a provider of foreign aid;
- 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 EU political dialogue with the Caribbean takes place notably through the joint ACP-EC institutions. The annual dialogue between CARIFORUM and the European Commission provides a further opportunity for discussing a wide range of issues of mutual interest. The bi-annual EU-LAC Summit is also a major opportunity for advancing EU-Caribbean political dialogue at the highest level

and for addressing the evolving relationship between the Caribbean, its geographical neighbours and the EU.

As mentioned in the trade chapter (section 2.1.2.), 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 EC *"renewed strategy" towards Latin America and the Caribbean* underlines the strong determination to strengthen the EU-LAC partnership. The strategy includes stepping up political dialogue between the two regions; stimulating economic and commercial exchanges; encouraging regional integration; tackling inequality; and tailoring its development and aid policy more closely to real conditions in Latin America and the Caribbean. The 4th EU-Latin America/Caribbean Summit ("Strengthening the bi-regional strategic association", Vienna, 11th-12th May 2006) made commitments to reinforcing cooperation on human rights, protection of the environment, fight against drug trafficking and poverty.

The recently-adopted Commission's *Communication on an EU–Caribbean Partnership for Growth, Stability and Development* (March 2006) outlines the future 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. An EU–CARIFORUM sub-regional meeting that followed the EU-LAC Summit (13th May 2006) 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. The EU also committed to consider supporting the establishment of a regional Development Fund for the Caribbean as a critical commitment to the restructuring and adjustment resulting from the upcoming establishment of the CARICOM Single Market and Economy (CSME).

The EU policy objective of *strengthening regional cooperation between the ACP States and its Overseas Countries and Territories (OCT) and Outermost Regions* is particularly important in the Caribbean given the presence of several British and Netherlands' OCTs and three French Departments. In recent years, the DOMs have considerably strengthened their relationship with OECS Countries, in particular within the framework of the EU Interreg III-B Caribbean Programme and the Association of Caribbean States (ACS), yet joint cooperation activities are still at an early stage of development. The Clovis Beauregard Conference (Martinique, November 17-18, 2005) gathering together for the first time the Caribbean DOMs and OCTs, CARIFORUM Member States, EU Member States (France, the Netherlands and UK) and the European Commission, paved the way forward for strengthening regional cooperation between the DOMs, OCTs and the neighbouring Caribbean Countries, and committed to work in the area of Trade and Investment, Interconnections, HIV/AIDS and Natural Disasters.

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 by January 2008. 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.

In light of their close relationship, the UK and the Caribbean meet every two years to jointly discuss on key issues of concern between the region and the UK. The 5th UK-Caribbean Forum (Barbados, 26-28 April 2006) discussed the impact of EU sugar regime reform on the Caribbean, the need for human

resource development, capacity building in legal drafting, further debt relief and support to the CSME-RDF, and national and regional security issues ahead of the 2007 ICC Cricket World Cup.

2.3 Donor coordination and harmonisation

The EC, with Grants, and the CDB, mainly with loans, are the only two institutions with a comprehensive coverage and significant level of assistance to the OECS Countries. All other bilateral and multilateral donors and institutions have small programmes, generally at regional or sub-regional (OECS) level.

Member states active in Saint Vincent and the Grenadines include France and the UK (DFID) whilst Germany via GTZ has provided technical assistance to the OECS secretariat in St Lucia for the strengthening of technical/vocational training, the Natural Resources Monitoring Unit (NRMU) and the CARICOM sub-organisation CEHI (Caribbean Health Institute). AFD is providing support for enhancement of the tourism product and the improvement of the water supply and quality on Saint Vincent.

The UK continues to provide significant support to the Commonwealth Caribbean (currently amount to £ 10 500 000 for 2005-06). DFID's current strategy within the region emphasises working with and through regional institutions DFID's programmes in the region are focussed on three broad themes - economic management and public service delivery; trade, competitiveness and economic integration; and HIV/AIDS, crime and violence. In addition the UK has provided significant levels of bilateral debt relief to the Caribbean over recent years through the Commonwealth Debt Initiative.

The Caribbean Development Bank (CDB) is a significant donor to Saint Vincent and the Grenadines and has approved loans with emphasis on such sectors as infrastructure development and rehabilitation, solid waste management, and education.

Activities of CIDA, DFID, UN agencies, USAID and the World Bank in the Eastern Caribbean are increasingly conducted on the basis of sub-regional strategies. The principal areas receiving support from these agencies are regional strategic objectives such as institutional support to regional organisations, implementation of the Common Single Market and Economy (CSME), HIV/AIDS programmes, environment programmes, social recovery through economic diversification and job creation, emergency reconstruction and disaster mitigation, increased efficiency and fairness of legal systems, telecom reform, and the development of primary and secondary education.

Funding has been received from Japan for the construction of fishing facilities. The Republic of China on Taiwan (ROC) is a major source of funding of the Government's Public Sector Investment Programme (PSIP). During the period 2004-2006, the ROC is estimated to contribute approximately XCD 40 000 000 to the PSIP. The main areas of focus include education, youth development, and the expansion and rehabilitation of the road network.

The World Bank is funding a "HIV/AIDS Prevention & Control Project" 2004-2009, which will support the Government of Saint Vincent and The Grenadines to implement its national response to the HIV/AIDS epidemic in all the key areas of a comprehensive response including prevention, treatment, care, and impact mitigation. The project is being implemented by both public sector and civil society organisations and includes capacity building interventions to ensure adequate capacity to effectively implement, monitor and evaluate project interventions. The WB is also appraising a Growth and Social Protection Technical Assistance Credit – GSPTAC.

SVG also receives technical assistance through the Caribbean Regional Technical Assistance Centre (CARTAC), a regional resource, based in Barbados, which provides technical assistance and training in core areas of economic and financial management at the request of its participating countries. CARTAC operates like a UNDP project and is funded by all major donors (the largest share provided by CIDA), including the EC.

There is active donor coordination in the Education Sector, notably within the framework of Education programmes funded under EDF and SFA.

The donor community present in the Eastern Caribbean region has agreed to work through "Coordination Groups", under the umbrella of UNDP, in order to address specific areas of importance and those requiring immediate action. Groups have been established in the following areas: Disaster Management, Climate Change and Environmental Management (led by CIDA); Governance and ICT (led by DFID); Poverty and Social Sector Development (led by UNDP); and Trade & Private Sector (formerly led by the EC Delegation in Barbados, but to be merged with the CRNM Donor Coordination Group).

The WB and UNDP have introduced an on-line tool to support Donor Coordination: the Red Book On-line (www.redbookonline.net) on-line database contains projects funded by Donors in the Eastern Caribbean, as well as relevant Documents (Strategy Papers, Article IV Consultations, Studies, etc.). Once this tool has been finalised it will be widened to the whole Caribbean.

While the EC Delegation has excellent relationships with all donors and works particularly closely with DFID, WB and IMF, especially in the programming of budget support programmes (co-financing is taking place with the WB and DFID in this area), donor coordination so far has been on a limited ad-hoc basis. There is therefore a need for a more systematic policy and operational coordination in the Eastern Caribbean. Coordination of policy-based assistance is a major challenge, given the relatively limited role of the WB and IMF in OECS Countries. It is hoped that operational cooperation will be launched with the CDB through a memorandum of understanding and a contribution agreement (subject to an institutional and financial audit). Relations with EIB, CDE and CTA leave a large margin for potential improvement. The EIB is due to open in 2006 a Caribbean Country Office in Martinique and this should considerably enhance EIB portfolio and cooperation with EC Delegations in the region.

Donor dialogue has recently improved around the OECS Economic Union debate and the various Donors' Country Strategy Papers exercise (the Delegation has been consulted on the new programming strategies of the WB, the IDB, the CDB and UNDP, and vice-versa). There is scope for a more structured cooperation, which could be built on:

- The upgrading/scaling up of viable, small pilot projects that some donors implement
- Systematic sharing of the significant analytic work
- Harmonisation of individual donor CSPs
- Complementary interventions between grant donors (EC) and lenders (IDB, CDB, EIB) with the use of co-financing, where feasible
- A working modality of donor cooperation on budget support.

2.4 Dialogue in country with NSAs, local authorities and the national Parliament Civil Society

The use of resources set aside for Non-State Actors

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, Non State Actor Advisory panels are ongoing in Antigua and Barbuda, Dominica, St. Lucia and Barbados, St. Kitts and St Vincent. A “stand-alone” NSA 9th EDF project was approved for Dominica but the first PE has still not been signed by the NAO. 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. The other initiatives include:

- (i) The establishment of the National Economic and Social Development Council in December, 2003, with responsibilities for monitoring economic and social performance of the country;
- (ii) Improving co-ordination between the different economic interests in the society (farmers, merchants, hoteliers, etc);
- (iii) Promoting economic and social literacy;
- (iv) Formulating socio-economic policies; and
- (v) Facilitating discussions, analysing issues and advising different economic and social interest groups on developmental issues.

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 will (beginning in 2007) fund social projects sponsored by local communities.

Dialogue with Local Authorities: 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 base their political systems on pluralist democracy, fundamental rights and the rule of law, acting together and adopting multilateral approaches to global challenges.

In the framework of Art. 8 of the Cotonou Partnership Agreement, a Political Dialogue between EC and Member States Representatives and SVG's Government Representatives was conducted for the first time during the MTR in December 2004. Topics discussed included the developments towards an EU

Foreign Policy, drugs and drugs related crime, regional security and the role of the Regional Security System (RSS), regional integration, the CSME and the ICC.

A further opportunity for political dialogue took place during the EU-Caribbean Programming Seminar held in Santo Domingo in April 2006 with the presence of Commissioner L. Michel. A new round of political dialogue is envisaged to take place during the end-of-term review of the 9th EDF cooperation, before the end of 2006.

3. CONCLUSIONS

The economic growth performance in SVG over the last two decades reflected the inherent vulnerability to external shocks and natural disasters. Following the robust growth performance during the 1980s, growth performance slowed during the 1990s, mainly on account of adverse external developments resulting in lower demand for major exports. Growth fluctuated widely, during the 1990s, with real output characterised by alternating years of expansion and contraction, mainly in tandem with the performance of the banana sub-sector.

Real economic growth in SVG averaged 4.3% p.a. during 2002-06, fluctuating from 3.2% in 2002 to 6.8% in 2004 before declining to 2.2% in 2005. Growth rebounded to 6.5% in 2006. The economic growth performance during this period was underpinned by dynamism in the construction sector – related to tourism, commercial and residential construction by the private sector, and the Public Sector Investment Programme (PSIP) – low-income housing, road maintenance and rehabilitation. This robust growth continued at 7% in 2007.

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).

The lack of current & relevant data on the poverty & social situation in St. Vincent hampers an objective analysis of the situation. The Government of Saint Vincent and the Grenadines is presently carrying out a Country Poverty Assessment (CPA), funded by the EU, as part of its commitment to reduce poverty. The overall objective of the CPA is to assess the current conditions affecting the welfare of people and to identify policies, strategies, action programmes and projects that would reduce the extent of severity of poverty in SVG.

Finally a National Strategic Development Plan is being undertaken to formulate a strategy to address social and economic concerns. A National Economic and Social Development Council (NESDC) was established and given Judicial footing to foster dialogue with Government and Civil society, this coupled with a formal mechanism (Non- State Actors Panel) which has been established to strengthen civil society participation in policy formulation and programming augurs well for the future development and cooperation.

4. ANNEXES

A) GENERAL ANNEXES "COUNTRY AT A GLANCE" – TABLE

A1 St. Vincent & Grenadines Macro-Economic indicators

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

a. GDP at factor cost

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

c. Includes net unrequited transfers excluding official capital grants.

d. Includes use of IMF resources.

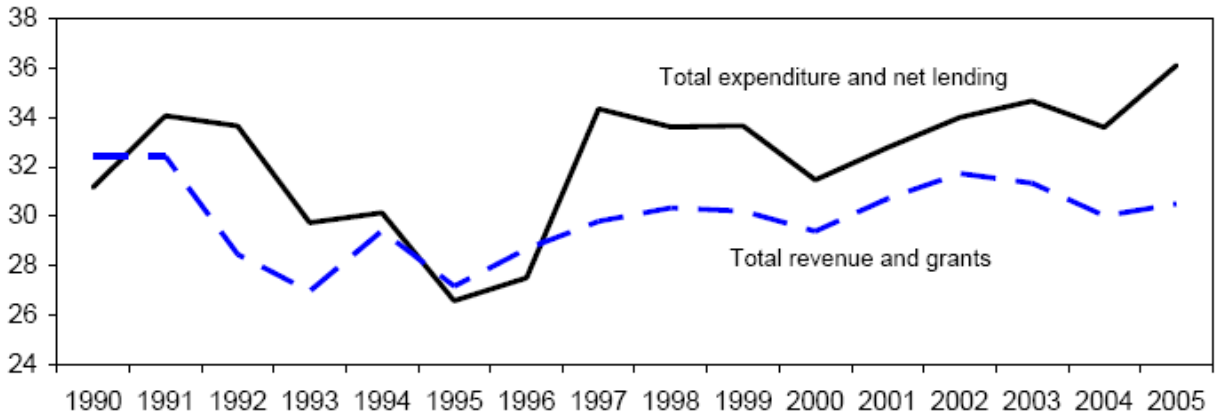
e. Consolidated central government.

A1) f. "LCU" denotes "local currency units." An increase in US\$/LCU denotes appreciation.

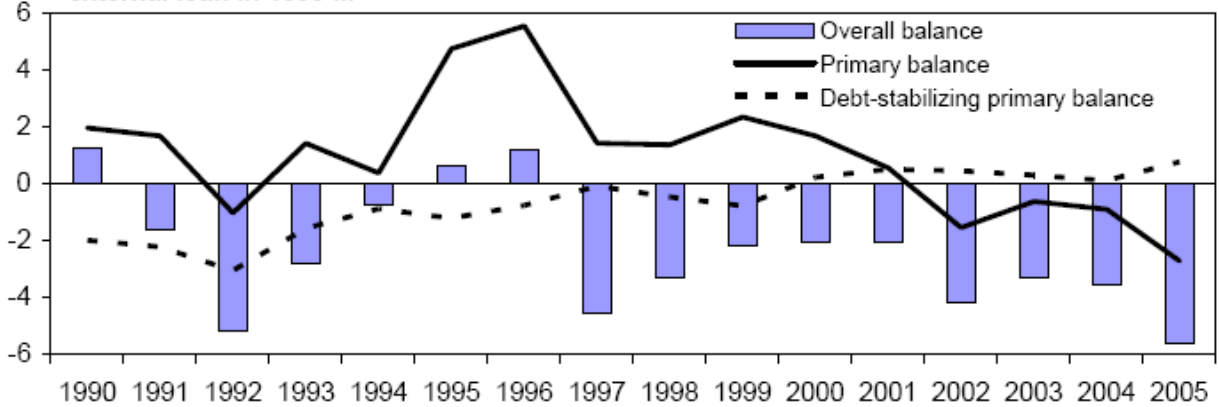
Table of

Figure 2. St. Vincent and the Grenadines: Fiscal Developments, 1990–2005
(In percent of GDP, unless otherwise denoted)

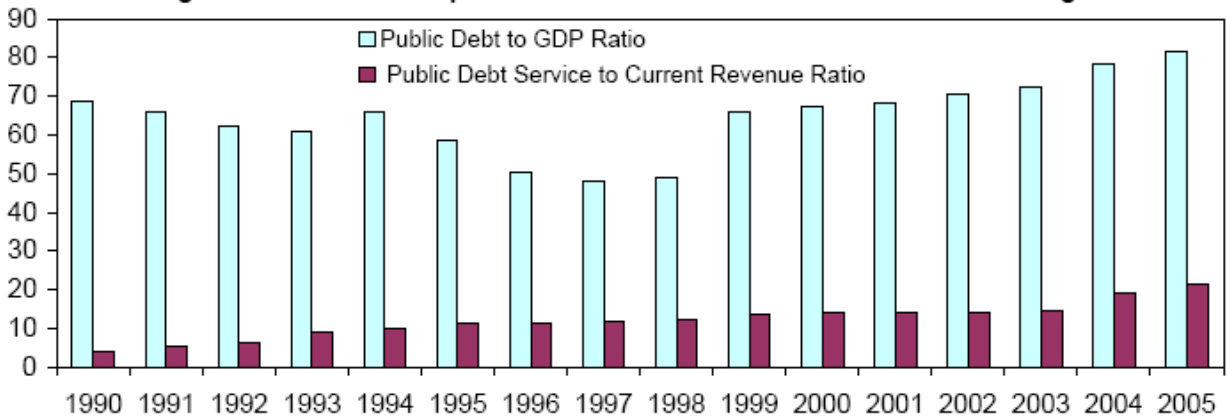
There has been an increase in expenditures since 1997 and a sustained decline in revenues since 2002...



...with persistent and growing fiscal deficits, and the public assumption of a private external loan in 1999 ...



...leading to a rise in both the public stock of debt and the cost of debt servicing.



Sources: St. Vincent and the Grenadines authorities; and Fund staff estimates.

A2) Table of indicators for the MDGs

	1990	1994	1997	2000	2003	2004
Goal 1: Eradicate extreme poverty and hunger						
Income share held by lowest 20%
Malnutrition prevalence, weight for age (% of children under 5)	20	..	..	..
Poverty gap at \$1 a day (PPP) (%)
Poverty headcount ratio at \$1 a day (PPP) (% of population)
Poverty headcount ratio at national poverty line (% of population)
Prevalence of undernourishment (% of population)	27	..	12	12
Goal 2: Achieve universal primary education						
Literacy rate, youth total (% of people ages 15-24)
Persistence to grade 5, total (% of cohort)	82	88	..
Primary completion rate, total (% of relevant age group)	79.0	92.9
School enrollment, primary (% net)	91	92	94
Goal 3: Promote gender equality and empower women						
Proportion of seats held by women in national parliament (%)	10.0	..	10.0	5.0	23.0	23.0
Ratio of girls to boys in primary and secondary education (%)	100.7	100.0	95.6
Ratio of young literate females to males (% ages 15-24)
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)
Goal 4: Reduce child mortality						
Immunization, measles (% of children ages 12-23 months)	96.0	99.0	99.0	96.0	94.0	99.0
Mortality rate, infant (per 1,000 live births)	22	..	..	21	..	18
Mortality rate, under-5 (per 1,000)	25	..	..	22	..	22
Goal 5: Improve maternal health						
Births attended by skilled health staff (% of total)	100.0	..	..
Maternal mortality ratio (modeled estimate, per 100,000 live births)
Goal 6: Combat HIV/AIDS, malaria, and other diseases						
Children orphaned by HIV/AIDS
Contraceptive prevalence (% of women ages 15-49)
Incidence of tuberculosis (per 100,000 people)	36.2	..	..	..	..	28.5
Prevalence of HIV, female (% ages 15-24)
Prevalence of HIV, total (% of population ages 15-49)
Tuberculosis cases detected under DOTS (%)	56.6	39.1	33.0
Goal 7: Ensure environmental sustainability						

CO2 emissions (metric tons per capita)	0.7	1.1	1.2	1.3	1.6	..
Forest area (% of land area)	23	..	..	26	..	..
GDP per unit of energy use (constant 2000 PPP \$ per kg of oil equivalent)	..	..	..	..	..	..
Improved sanitation facilities (% of population with access)	..	..	..	..	..	..
Improved water source (% of population with access)	..	..	..	..	..	..
Nationally protected areas (% of total land area)	..	..	..	..	..	..
Goal 8: Develop a global partnership for development						
Aid per capita (current USD)	141.2	83.8	51.7	53.2	48.0	88.3
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	3	6	7	6	7	..
Fixed line and mobile phone subscribers (per 1,000 people)	120.0	154.2	182.5	235.2	809.4	641.5
Internet users (per 1,000 people)	0.0	..	8.8	30.2	59.4	67.6
Personal computers (per 1,000 people)	..	..	..	103.5	127.3	135.1
Total debt service (% of exports of goods, services and income)	3	8	8	7	7	..
Unemployment, youth female (% of female labor force ages 15-24)	..	..	..	..	..	..
Unemployment, youth male (% of male labor force ages 15-24)	..	..	..	..	..	..
Unemployment, youth total (% of total labor force ages 15-24)	..	..	..	..	..	..
Other						
Fertility rate, total (births per woman)	2.6	..	2.2	2.1	2.1	2.1
GNI per capita, Atlas method (current USD)	1710.0	2050.0	2440.0	2730.0	3040.0	3400.0
GNI, Atlas method (current USD) (billions)	0.2	0.2	0.3	0.3	0.4	0.4
Gross capital formation (% of GDP)	29.7	28.2	29.4	27.3	33.1	36.8
Life expectancy at birth, total (years)	69.2	..	70.2	70.7	71.2	71.3
Literacy rate, adult total (% of people ages 15 and above)	..	..	..	..	..	..
Population, total (millions)	0.1	0.1	0.1	0.1	0.1	0.1
Trade (% of GDP)	142.6	116.6	127.1	113.1	108.0	109.5
Source: World Development Indicators database, April 2006						

B) ANNEXES WITH A RETROSPECTIVE CHARACTER

B1) the 9th EDF and previous EDFs as per closure of financial year of 2007

<i>EDF</i>	<i>Country</i>	<i>Project N°</i>	<i>Com. No.</i>	<i>global commitment</i>	<i>indiv. Commitment (contracts)</i>	<i>payments</i>	<i>Title</i>
7	ACP RPR	580	21	0.00	538,000.00	456,611.81	Sibli
8	ACP SVG	6		0.00	0.00	0.00	STABEX
8	ACP SVG	7		1,500,000.00	1,156,000.00	893,285.95	LEARNING RESOURCE CENTER
8	ACP SVG	8		185,000.00	168,474.50	122,018.45	MULTI-COUNTRY DRUG DEMAND REDUCTION PROJECT
				<hr/>			
				1,685,000.00	1,324,474.50	1,015,304.40	
				<hr/>			
9	ACP SVG	1		6,247,764.00	5,258,074.84	1,865,731.08	EDUCATION SUPPORT PROGRAMME PREP OF CONSTRUCTION DOCUMENTS ST. VINCENT
9	ACP SVG	2		195,000.00	0.00	0.00	COLLEGE EXTENSION
9	ACP SVG	3		500,000.00	470,860.00	365,362.72	TECHNICAL COOPERATION FACILITY IMPROVEMENT OF EDUCATION THROUGH THE USE OF
9	ACP SVG	4		7,700,000.00	0.00	0.00	INFORMATION AND IMPROVEMENT OF EDUCATION THROUGH THE USE OF
9	ACP SVG	5		4,400,000.00	0.00	0.00	INFORMATION AND
				<hr/>			
				19,042,764.00	5,728,934.84	2,231,093.80	
				<hr/>			
				€ 20,727,764.00	€ 7,053,409.34	€ 3,246,398.20	
				<hr/>			

B2) EIB projects

Country	Project Name	Status	Convention	Contract number	Amount signed (m)		Date of Signature	Amount outstanding (m)		Beginning repayment
					OR	RC		OR	RC	
Saint Vincent and the Grenadines	DEVCO	Disbursed	Lome - 3	70742		400,000.00	08/05/1988		200,000.00	07/31/2009
	VINLEC II	Disbursed	Lome - 3	70768		1,000,000	12/20/1988		1,000,000.00	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	

B5) Use of budget support

Programme	Type	Amount Signed (€)	Date of Signature	Amount outstanding	Forecast Tranche Disbursement (M€)				
					1 st Tranche Fixed	2 nd Tranche Fixed	3 rd Tranche Fixed	4 th Tranche Variable	5 th Tranche Variable
					on signature	Dec 08	Dec 09	Dec 09	Dec 10
Framework of Mutual Obligations (Stabex 24/REP.LIV 2 nd Pr./SVG)	General Budget Support	11,802,525	Pipeline (HQ)	11,802,525	2	2	2	2	2.87

St Vincent STABEX Programmes

Situation Summary as at 31 December 2007

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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					
* STABEX 1994 PROGRAMME								
Banana Productivity Improvements	6,000,000		8,722,031	8,303,935	418,096	8,303,935	8,303,935	
Agricultural Diversification	6,000,000		6,700,000	5,103,384	1,596,616	5,103,384	5,103,384	
Diversification of the Economy	8,000,000		8,000,000	8,000,000	--	7,928,295	5,345,017	
Rural Development & Social Safety Nets	1,000,000		1,061,439	844,129	217,310	844,129	844,129	
EDF/Programme Management Cordination 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	143,187	856,813	143,187	143,187	
Reserve	1,724,865		3,248,937	1,120,359	2,128,578	944,162	118,155	
1st Protocol Stabex/30/REP.Liv1st Pr./SVG	173,908		--	--	--			
Interest	--	6,559,100	910,466	400,000	510,466			
Total for STABEX 1994 PROGRAMME (9 detail records)	€ 25,898,773	6,559,100	32,457,873	26,599,820	5,858,053	25,951,918	22,537,793	
Percent				82.0%	18.0%	80.0%	69.4%	
* STABEX 1995 PROGRAMME								
Banana Productivity Support	1,000,000		1,000,000	1,000,000	--	839,845	370,153	
Agricultural Diversification	1,500,000		1,500,000	1,500,000	--	1,189,434	459,636	
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	--	2,535,572	2,535,572	2,148,550	387,022	2,148,550	1,922,708	
Total for STABEX 1995 PROGRAMME (6 detail records)	€ 13,481,457	2,535,572	16,017,029	15,552,047	464,982	15,081,326	13,655,994	
Percent				97.1%	2.9%	94.2%	85.3%	

St Vincent STABEX Programmes

Situation Summary as at 31 December 2007

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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					
* STABEX 1996/97 PROGRAMME								
Diversification of the Economy	1,000,000		1,000,000	1,000,000	--	503,602	251,806	
Social & Community Development	500,000		500,000	--	500,000			
Agricultural Diversification	1,800,000		1,800,000	1,800,000	--	1,597,092	560,977	
Monitoring, Auditing & Evaluation	817,698		817,698	776,543	41,155	470,254	224,724	
Budgetary Support	10,700,000		10,700,000	7,489,961	3,210,039	7,489,961	7,489,961	
Interest	--	2,898,912	2,898,912	2,369,219	529,693	998,160	998,171	
Total for STABEX 1996/97 PROGRAMME (6 detail records)	€ 14,817,698	2,898,912	17,716,610	13,435,723	4,280,887	11,059,069	9,525,639	
Percent				75.8%	24.2%	62.4%	53.8%	
* STABEX ART. 195A BALANCES								
Not yet allocated (FMO not signed to date)	3,503,427		3,503,427	--	3,503,427			
Interest	--	723,058	723,058	--	723,058			
Total for STABEX ART. 195A BALANCES (2 detail records)	€ 3,503,427	723,058	4,226,485	--	4,226,485			
Percent				0.0%	100.0%			
* STABEX/SSA 1993 PROGRAMME								
Banana Industry Development Programme	5,452,277		5,500,797	5,349,725	151,072	5,349,725	5,448,393	
Special System of Assistance 1993	196,165		--	--	--			
STABEX 1993 Addendum	222,542		--	--	--			
Post Tropical Storm Lili Damage Recovery	--		903,067	903,067	--	903,067	817,582	
Interest	--	572,552	39,672	--	39,672			
Total for STABEX/SSA 1993 PROGRAMME (5 detail records)	€ 5,870,984	572,552	6,443,536	6,252,792	190,744	6,252,792	6,265,975	
Percent				97.0%	3.0%	97.0%	97.2%	
Grand Total	€ 63,572,339	13,289,194	76,861,533	61,840,383	15,021,150	58,345,106	51,985,401	
03/03/08 10:06:10	Delegation of the European Commission, Barbados							

St Vincent SFA Programmes

Situation Summary as at 31 December 2007

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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 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	4,400,000	387,324	3,386,436	3,386,436	
Regional Technical Assistance	400,000		502,676	502,676	--	502,676	458,656	
Contingencies	490,000		--	--	--			
Interest	--	178,387	178,387	--	178,387			
Total for SFA 1999 (5 detail records)	€ 6,100,000	178,387	6,278,387	5,712,676	565,711	4,699,112	4,655,106	
Percent				91.0%	9.0%	74.8%	74.1%	
* SFA 2000								
Rabacca Palletisation Centre 3 (Works, supply, TA)	750,000		--	--	--			
West Coast Road Rehabilitation 2 (Works, TA)	5,260,000		6,010,000	5,260,000	750,000	5,260,000	3,590,953	
TRANSIR Study (Consultancy, Equipment)	--		--	--	--			
Regional Technical Assistance	400,000		400,000	400,000	--	374,427	374,427	
Interest	--		--	--	--			
Audit & Evaluation	40,000		40,000	--	40,000			
Total for SFA 2000 (6 detail records)	€ 6,450,000	--	6,450,000	5,660,000	790,000	5,634,427	3,965,380	
Percent				87.8%	12.2%	87.4%	61.5%	
* SFA 2001								
West Coast Road Rehabilitation 3 (Works,TA,Equip)	6,200,000		6,200,000	5,813,312	386,688	5,813,312	1,793,184	
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	5,844,848	555,152	5,844,848	1,823,389	
Percent				91.3%	8.7%	91.3%	28.5%	

St Vincent SFA Programmes

Situation Summary as at 31 December 2007

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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		4,250,000	4,439,591	(189,591)	4,439,591	1,047,751	
Public Sector Support Fund	1,250,000		1,250,000	--	1,250,000			
Regional Technical Assistance	400,000		400,000	400,000	--	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	4,839,591	1,260,409	4,800,632	1,408,792	
Percent				79.3%	20.7%	78.7%	23.1%	
* SFA 2003								
Improve Quality in ECD Adult & Spec	1,400,000		1,400,000	1,400,000	--	1,400,000	840,513	
Improve access to ECD adult and special needs	2,900,000		2,900,000	2,858,910	41,090	2,858,910	737,220	
Improving education management	160,000		160,000	160,000	--	160,000	39,734	
Technical assistance	500,000		500,000	482,402	17,598	482,402	119,799	
Administration	440,000		440,000	440,000	--	440,000	109,269	
Audit and Evaluation	100,000		100,000	--	100,000			
Contingency	100,000		100,000	58,620	41,380	58,620	14,558	
Interest	--	--	--	--	--			
Total for SFA 2003 (8 detail records)	€ 5,600,000	--	5,600,000	5,399,932	200,068	5,399,932	1,861,093	
Percent				96.4%	3.6%	96.4%	33.2%	

St Vincent SFA Programmes

Situation Summary as at 31 December 2007

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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	143,169	151,831	143,169	42,951	
Business Skills Dev. & E-business Incubators	1,305,000		1,305,000	1,267,970	37,030	1,267,970		
Capacity-Building	660,000		660,000	115,000	545,000	115,000	34,500	
Construction of an ICT Training & Incub Facility	990,000		990,000	--	990,000			
Legislative & regulatory Framework	95,000		95,000	94,953	47	94,953	28,486	
Business-Oriented e-government Initiatives	405,000		405,000	209,500	195,500	209,500	62,850	
Regional Coordination	145,000		145,000	130,500	14,500	130,500	26,100	
Regional Mgt. Office	395,000		395,000	395,000	--	395,000	78,999	
Regional Incubator Network Mgt,	105,000		105,000	105,000	--	105,000	21,000	
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	2,563,488	1,966,512	2,563,488	315,364	
Percent				56.6%	43.4%	56.6%	7.0%	

St Vincent SFA Programmes

Situation Summary as at 31 December 2007

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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 2006								
Tourism & Private Sector - Master Plan 07-15 (TA)	1,200,000		1,200,000	--	1,200,000			
Tourism & Private Sector - Villa Walkway	100,000		100,000	--	100,000			
Agriculture - Strategic Ag. Diversification Plan	300,000		300,000	--	300,000			
Agriculture - Strengthening Quarantine/Health	430,000		430,000	--	430,000			
Agriculture - Environmental Watershed Project	400,000		400,000	--	400,000			
Agriculture - Regional Annual Ag. Review	30,000		30,000	--	30,000			
Cross Sect. Interventions - Inst. Support/Studies	1,120,000		1,120,000	--	1,120,000			
Cross Sect. Interventions - Evaluational/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	--	3,850,000			
Percent				0.0%	100.0%			
* 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%			
Grand Total	€ 47,630,000	178,387	47,808,387	34,980,025	12,828,362	33,901,929	15,702,385	

C) ANNEXES WITH A PROSPECTIVE CHARACTER

C1) Indicative time Table for Disbursement of 9th EDF and any previous EDFs

EDF FORECASTS 2008 - 2009: PAYMENTS on ONGOING PROJECTS.



SITUATION END 2007			FORECASTS on PAYMENTS 1st SEM 2008				FORECASTS on PAYMENTS 2nd SEM 2008				
GLOBAL COMMIT.	INDIV. COMMIT	RAC	ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR				
AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	RAP	1st SEMESTER	Low L	Medium M	High H	2nd SEMESTER	Low L	Medium M	High H	1st SEMESTER
24,855,480	10,913,164	13,942,316									
10,835,585	3,224,194	7,611,391	1,540,000	455,000	1,085,000	0	1,483,289	430,000	998,108	55,181	142,500
4,127,716	3,859,755	267,961									
3,859,755	0	3,859,755									
1,500,000	1,156,000	344,000									
1,156,000	893,286	262,714									
185,000	168,475	16,526									
70,645	70,645	0									
94,600	48,144	46,456									
6,247,764	5,258,075	989,689									

459,000	390,925	68,075									
136,526	118,350	18,176									
238,000	0	238,000	120,000	60,000	60,000		60,000	30,000	30,000		58,000
2,032,000	689,212	1,342,788	600,000		600,000		600,000		600,000		
1,754,000	548,819	1,205,181	600,000	300,000	300,000		605,181	300,000	250,000	55,181	
254,200	76,092	178,108	90,000	45,000	45,000		88,108	50,000	38,108		
310,000	25,406	284,594	100,000	50,000	50,000		100,000	50,000	50,000		84,594
195,000	0	195,000									
500,000	470,860	29,140									
39,000	37,055	1,945									
70,000	70,000	0									
15,000	14,636	364									
129,733	127,832	1,901									

31,127	27,564	3,563								
186,000	86,228	99,772	30,000		30,000		30,000		30,000	
7,700,000	0	7,700,000								
4,400,000	0	4,400,000								
0	0	0								

D) ANNEXES ON AID EFFECTIVENESS

1 – Donor matrix

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

2 ACTIVITIES OF OTHER DONORS IN ST.VINCENT AND THE GRENADINES

1. European Union

The European Union is by far the biggest foreign donor contributing grant resources in the region of 42.5 MEURO's, which constitute approximately 32% of projected capital expenditure in 2001.

The main use of these resources in the FY 2001 budget are as follows:-

<u>A. Infrastructure</u>		Source	Sector
1. Labour Intensive Road Maintenance Programme (Phases 1 & 2)	3,938,000	Stbx '94 INF Stbx '96/7	
2. Rehabilitation of the Windward Highway	4,000,000	SFA'99 INF	
3. Emergency Road Rehabilitation	1,000,000	Stbx '95 INF	
4. Trans Island Road Feasibility Study	70,000	SFA'00 INF	
Sub Total	9,008,000		

B. Health and Environment

Kingstown Hospital Re Development Phase 111	582,000	EDF7	HE
Improvement to Primary Health Care Centres	2,800,000	STBX'95	HE
Marion House Support Programme	350,000	STBX'94	CD
Reconstruction of Marion House	1,300,000	STBX'95	CD
Sub Total	5,032,000		

C. Trade Industry and Consumer Affairs

Trade Information and Resource Centre	120,000	STBX'95	PS
Small Business Development	374,100	STBX'95	PS
Human Resource Development – Informatics Sector	706,000	STBX '94	PS
Sub Total	1,200,100		

D. Tourism

Tourism Development Project	1,000,000	STBX '94	TR
<i>2.1 Sub Total</i>	<i>1,000,000</i>		

E. Agriculture

2.1.1 National Irrigation Project	3,000,000	STBX '94	AG
Agricultural Diversification Project	4,000,000	STBX'95,6/7	AG
Mount Wynne Peter's Hope Project	3,000,000	EDF7	AG
Sub Total	10,000,000		

F. Education

2.1.2 Post Secondary Facility II		1,500,000	EDF7 (RIP)	ED
Post Secondary Facility III		400,000	EDF8	ED
Tertiary Training Project (Multi-Ann Trng Prog.)	700,000	EDF8	ED	
Education Improvement Programme (TVET)	4,000,000	STBX'95	ED	
Stabex '96 Book Loan Scheme	2,000,000	STBX'96/7	ED	
Sub Total		8,600,000		

G. Planning

2.1.3 Project Management and Coordination Unit		1,000,000	STBX'94	OTR
Institutional Strengthening of Govt. Departments	1,000,000	STBX'95	OTR	
Support to Chamber of Commerce and Industry	200,000	STBX '95	PS	
Small and Micro Business Development Project	1,000,000	STBX'94	PS	
Population and Housing Census	1,500,000	STBX '96	PS	
<i>2.2</i>				
<i>2.3 Sub Total</i>			<i>4,700,000</i>	

2.4 H. Housing, Local Government Community Development , Sports and Youth Affairs

2.4.1 SVG Emergency Recovery and Disaster Mgt. Project	1,215,000	STBX96/7	CD
2.4.2 Project			
Social Recovery Programme	1,500,000	STBX 96/7	CD
Children and Families Legislative Reform	50,000	STBX 96/7	CD
<i>2.5 Sub Total</i>	<i>2,765,000</i>		

2.6 GRAND TOTAL 42,305,100

2. World Bank

A. Infrastructure

1. OECS Telecommunications Reform Project 298000 External Loan INF

2.6.1 B. Environment

1. IDA/IBRD Solid Waste Management Project 3500000 External Loan ENV

B. Community Development

1. Emergency Recovery & Disaster Mgmt. Project 7623000 External Loan CD

3. Republic of China (Taiwan)

A. Infrastructure

1. Reconstruction of E.T. Joshua Airport	5000000 Grant	INF
2. Reconstruction of E.T. Joshua Airport	5000000 Loan	INF

b. Education

1. Computerization of Schools	900000 Grant	ED
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4. Caribbean Development Bank

A. Infrastructure

1. Basic Needs Trust Fund 4	869,000 Grant	INF
2. Grenadines Multi-Project III	1,000,000 External Loan	INF

B. Agriculture

1. Rehabilitation of the Arrowroot Industry	100,000 Tech. Assist	AG
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C. Education

1. Basic Education Project	4,750,010 External Loan Const.	Schools constr. & Teacher Trng.
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D. Private Sector Development

1. Establishment of Development Bank	30,000 External Loan	PS
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E. Others

1. Integrated Project Management System	262,000 TA Grant	OT
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5. United Nations

1. NDP Assistance with Poverty Alleviation	162,700 TA Grant	CD
2. UNESCO Assistance to Education & Culture.	226,800 TA Grant	ED

6. France

1. Dalaway Water Treatment Plant	3000000	Ext. Loan	HE/	INF
2.6.2				
2. Marine Conservation –Grenadines	170,000	Grant	AG /ENV	

7. United Kingdom

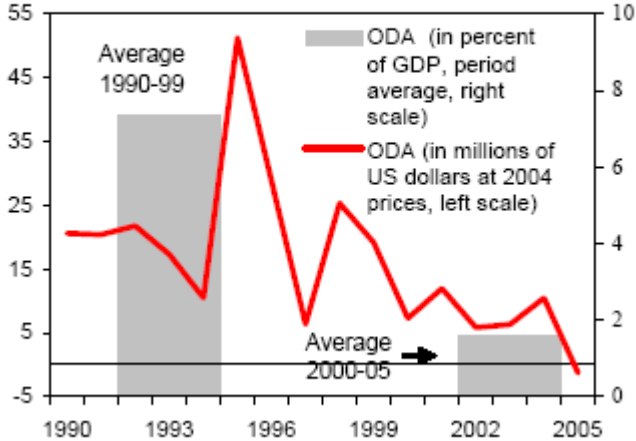
2.6.3

1. Vocational Skills Training in Rural Areas	158000 Grant	CD/	ED
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8. OAS

1. Heritage Tourism Project	110000 TA Grant	TR.
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...while overseas development assistance flows have continued their steady decline since the early 1990s.



Annex C of EAMR: Questions on the EU Aid Effectiveness targets.

The Commission has to report its performance annually against the four EU targets on aid effectiveness. The data for this will be collected through the EAMR reporting system. You are therefore requested to complete the questions below with specific information as noted so that the current baseline we have from the July 2007 EAMR can be tracked annually. The information will also be important for you to exchange with your government colleagues, NGOs and with other donors, including MS.

Delegations had difficulty completing the questionnaire for the July 2007 EAMR. Following discussions with them the guidance to measure each target has been made more specific, following the revised OECD guidance for the 2008 survey. We hope you find the new elements more helpful. If you would still like further clarifications please contact your desk officer in AIDCO.

Some Delegations will also be completing the OECD survey during Jan-March 08. Your responses below should make it much easier to answer the OECD survey.

Regional offices will have to complete Annex C separately for each country in their region.

Please note that within the strategy that EuropeAid in relation to EU Target 4 – reduce the number of uncoordinated missions by 50 % - a number of new points have been prepared:

- Delegations are invited to:

- list dates for HQ missions already planned for the immediate 6 months period and mention if they are not coordinated;
- indicate to HQ what priority missions the Delegations estimate better serves coordination arrangements at local level for the following 6 months period.

The periods for missions, to be used in the January and July EAMR are as follows:

- In the 2008 January EAMR; Delegations list missions agreed for the period March to August 2008 and indicate their priorities for HQ in the period September 2008 to February 2009;
- In the 2008 July EAMR: Delegations list missions agreed for September 2008 to February 2009 and then indicate their priorities for HQ missions in the period March to August 2009.

1. EU Target No 1		
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		
<p>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)</p>		
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 2007 (EUR)?	Qd2	34000000
How much ODA disbursed for the government sector in FY 2007 used national budget execution procedures (EUR)?	Qd5	9000000
How much ODA disbursed for the government sector in FY 2007 used national financial reporting procedures (EUR)?	Qd6	9000000
How much ODA disbursed for the government sector in FY 2007 used national auditing procedures (EUR)?	Qd7	9000000
How much ODA disbursed for the government sector in FY 2007 used national procurement procedures (EUR)?	Qd9	9000000
4. Definition of Indicator		
[[Qd5 + Qd6 + Qd7 + Qd9] ÷ 4] ÷ [Qd2] (please calculate and enter as response %)		26%
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)		
No		

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>

1. EU target 2		
Provide all capacity building assistance through coordinated programmes with an increasing use of multi-donor arrangements ²		
2. Introduction		
<p>EU target 2 aims to measure progress in aligning and coordinating support for capacity development. It's closely linked with indicator 4 of the Paris Declaration. Therefore, the term "capacity building" used in the EU target is interpreted as "technical cooperation". This use of the DAC definitions allows consistency with the DAC monitoring of the Paris Declaration.</p> <p>The term "coordinated" also refers to the DAC definition which covers the following principles: ownership of TC by partner countries, alignment of TC with countries/local strategies and objectives and, where more than one donor is involved, harmonisation of TC among donors.</p> <p>To avoid confusion, we strongly advise that you use the definitions given in the OECD guidance, by clicking on the link http://www.oecd.org/dataoecd/13/29/36306366.doc. DAC criteria on this indicator are being updated to make them easier to use and in January the final version to be used for monitoring the indicators in 2008 will be available on this site.</p> <p>Finally please note that a separate AIDCO initiative on EU target 2, related to preparing a strategy for achieving the target, is ongoing in 46 Delegations. Through this EAMR however, we hope to capture information from all delegations. Questions 1 and 2 below seek quantitative information on technical cooperation. Section 4 seeks qualitative information from delegations not participating in the survey launched by AIDCO (46 Delegations contacted) and provides the opportunity to share your experience and views.</p>		
3. Questions and definitions		
1	How much technical cooperation did you disburse in 2007 (Total TC in EUR)? <i>OECD question reference in the Paris survey : Q^{d3}</i>	Euro 5000000
2	How much technical cooperation did you disburse through co-ordinated programmes in support of capacity development in 2007 (EUR)? <i>OECD question reference in the Paris survey : Q^{d4}</i>	Euro 0
4. Definition of Indicator		
3	<i>Q^{d4} / Q^{d3} (please calculate this and enter in the next column as %)</i>	0%

² Despite the different wording the target is interpreted to correspond to Paris Declaration indicator 4. Please pay particular attention to the definition for the question Q^{d4}.

5 Additional Information

4

Qualitative information³ :

Are there any significant initiatives to promote coordinated technical cooperation in your country?

If so, please provide a short description. And indicate whether they are linked to the Code of Conduct / Division of Labour process or any other "EU initiatives"

If not, highlight key constraints delaying joint work on TC and capacity development.

Resistance from recipient countries to foreign TA

Please note any other comments you have on these issues

³ These questions are taken from the survey on " Developing an EuropeAid Strategy on TC and PIU" sent to delegations which are members of the Aid Effectiveness Network. **They need to be answered by delegations who are not participating in this survey.**

1. EU target 3		
Avoid establishment of new project implementation units (PIUs).		
2. Introduction		
<p>EU target 3 aims to assess progress towards strengthening local capacity by tracking the number of PIUs put in place to manage projects and programmes. It is linked to indicator 6 of the Paris Declaration. This target is interpreted as "avoiding the establishment of new parallel PIUs"</p> <p>To avoid confusion, we strongly advise that you use the definition of parallel PIUs given in OECD guidance, by clicking on the link http://www.oecd.org/dataoecd/13/29/36306366.doc. DAC criteria for this indicator are being updated to make them easier to use and in January the final version to be used for monitoring the indicators in 2008 will be available on this site.</p> <p>Finally please note that a separate AIDCO initiative on EU target 2, related to preparing a strategy for achieving the target, is ongoing in 46 Delegations. Through this EAMR however, we hope to capture information from all delegations. Questions 1 and 2 below seek quantitative information on technical cooperation. Section 4 seeks qualitative information from delegations not participating in the survey launched by AIDCO (46 Delegations contacted) and provides the opportunity to share your experience and views.</p>		
3. Questions and Definitions		
1	How many parallel project implementation units funded by EC were in operation in December 2007? <i>OECD question reference in the Paris survey : Q^d10</i>	0
2	Out of these, how many <u>new</u> parallel project implementation units were established during 2007?	0
4. Additional Information		
3	<p>Qualitative information⁴:</p> <p>Are there any significant initiatives to avoid the establishment of parallel PIUs in your country?</p> <p>What in your opinion should be done to increase domestic ownership and quality of project implementation arrangements?</p> <p>Increase capacity within the ministries in charge of ODA implementation.</p> <p>Please note any other comments you have on these issues</p>	

1. EU Target No 4

⁴ These questions are taken from the survey on "Developing an EuropeAid Strategy on TC and PIU" sent to delegations which are members of the Aid Effectiveness Network. **They need to be answered by delegations who are not participating in this survey.**

Reduce the number of uncoordinated missions by 50%.

2. Introduction

The aim is to collect data on the number of uncoordinated EC Missions to your country. The information needed is (a) the total number of EC Missions to your country and (b) how many of these were coordinated.

The Paris Declaration **objectives** underlying the related indicator of progress for coordinated missions are: "In planning their missions to the field⁵ it is important that donors: Conduct **fewer missions**, coordinate timing of missions with partner authorities and, where necessary, with other donors, *conduct more joint missions, avoid conducting missions during "mission free periods"*⁶.

Coordinated mission is a mission undertaken by 2 or more donors jointly, or by one donor on behalf of another. In practice, the following 3 questions help to clarify what is meant by a mission:

1. Does the mission involve international travel to a beneficiary country? i.e. **this concerns only missions from HQ, not missions undertaken within the country by the Delegation.**
2. Does the mission involve a request to meet with government officials, including local government?
3. Is this mission undertaken by 2 or more donors jointly? Or is it done by an HQ service also on behalf of another donor?

The Definitions and Guidance of the OECD (www.oecd.org/dataoecd/13/29/36306366.doc) requires that missions undertaken by consultants contracted by AIDCO (or other DG's), if they meet the 3 above questions, must also be included.

3. Questions and definitions

OECD ref: Q ^d 15	How many HQ missions to the field were undertaken in FY 2007? ⁷	12
Q ^d 16	How many of these were coordinated?	5
Please provide a breakdown of missions the Commission and its services have undertaken to your country in FY 2007 in the table below:		
Missions by:	Coordinated	Uncoordinated
Members of Commission		
AIDCO	4	
DEV	1	3
RELEX	2	
TRADE		1
ECHO		
FISH		
OTHER DGs Taxud		1
Consultants contracted by the Commission		
Total		

4. Definition of Indicator

Q ^d 16 / Q ^d 15	2006	2007
Please calculate and enter in the column for 2007 and also include the figure for this indicator for 2006 ;		

⁵ 'Field' refers to the country in general including missions to the capital only.

⁶ The target set for 2010 for indicator 10 a) is to have 40% if donor missions to the field as joint.

⁷ This question applies to the missions from the HQ

5. Additional Information

Delegations are invited to list the dates for main HQ missions already planned for the March 2008 to August 2008, indicating whether they are, or not, to be coordinated with other donors;

HQ DG	Date planned	Purpose/Sector	Coordinated (Yes/No)
DEV, TRADE	_____ July	signature of EPA	YES
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Delegations are suggested to indicate higher priority requests for HQ missions needed from September 2008 to February 2009, but not yet agreed with HQs, that the Delegation estimates serve better the coordination arrangements at local level and can yield more added value for the policy dialogue.

HQ DG	Date planned	Purpose/Sector	Donor(s) involved
NOT APPLICABLE NO REAL DONOR PRESENCE IN OUR REGION APART FROM EU			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Delegations are asked to briefly inform if there are significant initiatives to decrease the number of uncoordinated missions in your country? If so, please provide a short description. If not, highlight key constraints.

Finally, Delegations are asked to assess the likelihood of meeting, by 2010, the twin targets for missions, ie. the OECD target of 40% and the EU target of halving the number of un-coordinated missions.

- OECD target of 40% likely to be met: Yes/
- EU target of halving the number of un-coordinated missions: Yes/

Delegations are asked to briefly indicate what additional steps HQ should be prepared to consider to help in achieving those targets at the level of the beneficiary country concerned:

Other aid effectiveness related information

On 4 July 2007 our Counsellors Louis Michel and Benita Ferrero-Waldner wrote to all Heads of Delegations requesting implementation of the Code of Conduct for Division of Labour. Several Delegations have responded and have attached their progress reports on aid effectiveness. We need information on the specific points below:

1. Paragraph 5 of the Council conclusion on Division of Labour notes:

"Simultaneously with the implementation of the Code of Conduct, the Member States and the Commission **will promote wide discussions with partner countries and other donors on complementarity and division of labour**, based on the EU code of Conduct which will be complemented by first experiences in the field. **The outcome of these discussions would constitute an input to the OECD/DAC partnership and the High Level Forum on Aid Effectiveness III that will take place in Accra, Ghana in 2008.** The Council invites the **incoming Presidencies to actively support such a process**, in close cooperation with the Member States and the Commission." (Highlights by AIDCO 01)

1.1 Have the discussions with partner countries and other donors been held?

Coordination with beneficiaries for the JARs and Country Portfolio Reviews in the process of planning between April and July

1.2 What input on division of labour is planned by the partner country towards HLF III? If none, then leave blank.

2 In paragraph 14 the Council invites the Commission to outline Community implementation of the Code of Conduct in its annual report on development cooperation, including: '**a self-assessment in its potential areas of comparative advantage** as referred to in the joint Development Policy Statement'. (highlights by AIDCO 01)

2.1 What action has been taken towards this self assessment of comparative advantage?

(a) nothing done yet.

(b) If no, do you have any plans for initiating such a process? What are the plans?

3 In country that have already initiated some form of division of labour:

3.1 Please describe the process. (e.g., when did it start; partner country leadership; donors involved; results on the ground, etc).

3.2 As a result of this process, did the Delegation:

- Pending on the signature of Country Strategy Papers held by the Taxud issue (financial responsibility and reporting)