



**DELEGATION OF THE EUROPEAN COMMISSION
IN
BARBADOS AND THE EASTERN CARIBBEAN
OFFICE OF THE NATIONAL AUTHORISING OFFICER
IN GRENADA**

**COOPERATION
between
THE EUROPEAN UNION
and
GRENADA**

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1. EXECUTIVE SUMMARY*

Grenada faced additional economic difficulties in 2002 linked to the passage of tropical storm “Lili”, which hit the island in September 2002 causing extensive damage to infrastructure and losses of crops. Despite this, the Grenada economy grew by 0.6 per cent in 2002 after a negative performance of 3.4 percent in 2001, owing to the effects of September 11 on the tourism sector, the global economic slowdown and the completion of large infrastructure and tourism projects. The economy is projected to have grown by 3.4 percent in 2003, largely driven by construction, tourism and telecommunication sectors. The fiscal position deteriorated markedly in 2001, but is estimated to have improved in 2002 and 2003. In an effort to address the current economic difficulties, the Government intends to take additional measures for the generation of further revenue, the enhanced performance of the public sector, the commercialisation of Government services and the creation of an enabling environment for the development of the private sector. Increased attention is also to be paid to disaster mitigation initiatives.

Funds available to Grenada from the EC through the NIP, Stabex and SFA mechanisms are being used to assist the Government in its economic and agricultural diversification strategies, and in the commercialization of the banana and cocoa industries. Under the 9th EDF, EC support will concentrate on the tourism sector, which is seen as instrumental for the repositioning of the economy. The Country Strategy Paper and National Indicative Programme for Grenada under the 9th EDF was signed on 6 June 2002 by the Hon. Dr. Keith Mitchell, Prime Minister and Mr. John Caloghirou, Head of Delegation of the European Commission. It is proposed that 90% (€ 3.15 million) of the “A envelope” of the 9th EDF be allocated to the tourism sector. Support to the restructuring of the banana industry which involves economic diversification and the social recovery programme will be continued through the SFA and Stabex funds.

The total active aid portfolio for Grenada in 2003, including EDF, Stabex and SFA balances was €8.9 million. New global commitments under EDF support amounted €1,6 million, and payments, including payments SFA and Stabex instruments €705,645 in 2003.

2. THE GOVERNMENT’S POLICY AGENDA

The Government’s major objective is to stimulate growth in the domestic economy by pursuing and promoting investments in the productive sectors of tourism, agriculture, agro-manufacturing and knowledge-based services. The Government is committed to sound fiscal and economic management, based on greater efficiency in the collection of revenue, tighter controls on recurrent expenditure and further rationalization of tax and duty concessions and limited contraction of new debt. Efficient Public Services remains a high priority. Increased attention is also to be focussed on human development and maintaining and improving the social safety nets for the poor and disadvantaged. To this end, a draft Poverty Reduction Strategy is being developed on the basis of Poverty Reduction Action Plans, prepared with support from the OECS Secretariat.

Government is also committed to a knowledge based society and in this context, has elaborated an Information and Communication Technology (ICT) Strategy and Action Plan.

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

The plan seeks to put ICT at the centre of Grenada's economic, development as a dynamic industry sector in itself, and in support of the development of other sectors of the economy.

The Government is committed to the regional integration process and trade arrangements determined largely by the Organisation of Eastern Caribbean States (OECS) and the Caribbean Community (CARICOM). The need to educate the key stakeholders and the public on the CARICOM Single Market and Economy (CSME), the Free Trade Area of the Americas (FTAA) and obligations under the World Trade Organisation (WTO) is recognised by the Government. A committee is appointed to facilitate information exchange and to assist Grenada's position in trade negotiations

3. UPDATE ON THE POLITICAL, ECONOMIC AND SOCIAL SITUATION

3.1 Millennium Development Goals

Indicator	2000	2001
1. Poverty rate	32%	N/A
2. Life expectancy years	65.3	65.3
3. Under-five mortality rate (per 1,000 live births)	26	25
4. Infant mortality rate (per 1,000 live births)	21	20
5. Prevalence of underweight children (under-five years of age) -1999	2.8%	N/A
6. AIDS incidence rates per 100,000 population - 1998.	6.5	N/A
7. Proportion of 1 year old children immunized against measles	94%	96%
8. Population with access to water	94 %	95%
9. Education Expenditure as % of GNP	4.7% (95-97)	4.2% (98-00)

Source: UNDP Human Development Report 2002 and 2003; OECS Human Development Report 2002.

Indicators in the table are selected on the basis of their availability, importance in the region and relevancy to the EC cooperation under the 9th EDF.

3.2 Political Situation

The Head of Government, Prime Minister Keith Mitchell, leader of the New National Party (NNP) came to power in June 1995. The other major parties are the National Democratic Congress, the Grenada United Labour Party and the People's Labour Movement. The New National Party (NNP) Government was narrowly re-elected on November 2003.

Grenada was removed from the Organisation for Economic Cooperation and Development (OECD) list of non cooperative tax havens in February 2002, and was considered by the Financial Action Task Force (FATF) in June 2002 to have enacted most of the changes in its legislation regarding the deficiencies in its anti-money laundering laws, which could provide the basis for Grenada to be removed from the FATF list.

3.3. Recent Economic Performance

Following a contraction of 3.4 percent in 2001 and a slight recovery in 2002, preliminary estimates indicate that the economy rebounded to real growth of 3.4 percent in 2003. This performance was the direct result of increased economic activity in most of the productive

and service sectors of the economy. During the first six months of 2003, the economy grew by 2.9 per cent, largely driven by construction, tourism and telecommunications sectors. The estimated deficit for 2002 may have been around 8 per cent of GDP. Some improvements in fiscal performance took place in 2003, reflecting greater efficiency in revenue collection and a positive growth of economy. The Government current revenue is estimated at XCD 344.1 at the end of 2003, while current expenditure is estimated to have increased by 12.8 percent from the level of 2002 to XCD 304.0 million as a result of higher outlays of debt service obligations and transfers with respect to Social Security Contributions. The total capital expenditure is projected at XCD 183.0 million, resulting to an overall deficit of XCD 105.1 million. The increased capital expenditure reflects the Government efforts to increase economic growth through capital investments and expanded public sector investment programme. The total Central Government outstanding debt is estimated to have increased from 115.3 per cent of GDP in 2002 to 121.9¹ per cent of GDP in 2003.

The economy of Grenada is heavily dependent on tourism, the export of spices and other services. Agriculture continues to provide income for approximately 70% of Grenada's population, but the production declined by 3.3% in 2001, and estimated 1.1 % in 2002. However, the output of nutmeg, which account for about 80 per cent of Grenada's agricultural exports, expanded significantly in 2002. New investments to agriculture sector especially in the areas of organic farming, poultry, horticulture, fruits and vegetables and aquaculture are supported by the Government.

Visitors from all major markets declined in 2001 and 2002. (total visitor arrivals fell by 10.3%), with the exception of USA, which increased by 1.7 %. During the period January-August in 2003, the stopover arrivals further declined by 0.5 % and cruise arrivals by -2.1 %. However, new agreements with airlines are expected to lead to an increase in airlift capacity and tourism arrivals. The Government increased the budget allocation directed to tourism sector by 20 per cent in 2003. In total, the sum of XCD 15 million has been earmarked for the development of the sector. The offshore financial sector contracted sharply, as it was not able to meet the newly enforced operational standards.

The Government is undertaking a Public Expenditure Review with assistance from the World Bank, has had training by the ECCB for a number of debt management officers, and has taken measures to strengthen administration in the Customs and Inland Revenue Departments. Progress has also been made in the commercialisation of government services. On the fiscal side, efforts include greater efficiency in revenue collection, tighter controls on expenditure, rationalisation of concessions and limited contraction of new debt. Further efforts at rationalising the size of the public service are to be made to ensure greater efficiency and productivity.

3.4 Regional integration and trade policy

Grenada is a member of CARICOM (the Caribbean Community) and the Organisation of Eastern Caribbean States (OECS), which largely determine its integration to the wider global economy and trade arrangements. CARICOM members are in the process of establishing a Common Single Market and Economy (CSME) that will include not only a fully functioning common market, but also the harmonisation of macroeconomic policies

¹ Total Debt Outstanding including Guaranteed Debt

and eventual monetary integration. The new regional trade arrangements are expected to be finally in place by 2005 alongside those of the FTAA. Harmonized regional positions are critical in the negotiations of FTAA and Economic Partnership Agreements (EPA) with the EU. The Caribbean region's EPA negotiations will be launched in the course of second quarter in 2004.

Within the context of global liberalization, Grenada's national trade policy focuses on forward looking, outward oriented trade policy reform programmes geared towards the gradual removal of protectionist measures. The Government has made considerable progress in liberalizing its trade regime by reducing both tariff and non-tariff barriers. In keeping with its obligation to CARICOM, the government has implemented the fourth and final phase of the Common External Tariff (CET). With the implementation of the final phases of import tariff reduction, under CARICOM's CET, average tariffs in Grenada have been reduced to 16 per cent, the same level as in other OECS member countries. A trade policy review was conducted by the WTO in June 2001 which revealed that Grenada is pursuing a more liberal trade policy. The main trading partner for Grenada has been USA with about 49% share in total exports and 45 % in imports. About 30% of exports and 14% of imports take place between EU and Grenada.

3.5 Achievements in the Social Sector

According to the UNDP Human Development Report for 2003, Grenada is ranked 93 among 175 countries on the basis of adult literacy, school enrollment, life expectancy at birth, and per capita Gross Domestic Product (GDP). The social indicators are among the least favourable in the Caribbean. It is estimated that 32 % of the population live in poverty. The decline of the agricultural sector has resulted in increased hardship and poverty in the rural sector, with the 1999 Poverty Assessment report indicating a high level of poverty in rural areas affected by the demise of the banana industry. The Government is taking some interim measures to alleviate poverty through an increase in the old-age pension, schoolbooks and uniform programme and house repair assistance, micro-enterprise development, the implementation of a rural development project and the introduction of a skills development programme. A draft Poverty Reduction Strategy Paper has recently been prepared and national consultations held. The draft Poverty Reduction Strategy Paper is currently being finalized

Education: Grenada has attained almost universal school access but there are still sizeable gaps above the primary level. Notwithstanding the recent increase in the transition rates from primary to secondary school the current level of secondary access remains low, only 60 %, while the transition rate to tertiary level training is much lower. The combined primary, secondary and tertiary gross enrolment ratio is 76%. In order to foster closer co-operation and to enhance the benefits from joint development of education, Grenada participates in the regional (CXC) examination system and pursues in addition, a joint OECS Education Reform Strategy, which places an emphasis on the social aspects of education.

Health: At the end of 1990's, the infant mortality rate and the rate of population increase were all lower than at the start of the decade while life expectancy has risen for both males and females. The health profile indicates that communicable childhood diseases are virtually under control and the major health problems are related to chronic non-communicable diseases or so-called lifestyle diseases. However, levels of satisfaction with

the quality of public health services are low leading to a drift towards private care. The Government aims at further enhancing health facilities with the development of a national health plan and the completion of a new hospital, which is currently under construction

Gender differentials: As noted in the OECS Human Development Report 2002, the Caribbean region is considered peculiar in terms of gender inequalities. Females are more often likely to be unemployed, have lower labour force participation rates and are to be found in specific sectors of employment which do not have high level of remuneration, but the economic differences in population as well as poverty and consumption levels are not considered consistent or necessarily gender-biased. The gender differentials are not necessarily against women or in one direction only. The legal and constitutional rights of females are reasonably well established while indications of wide spread domestic violence exist.

Migration: Migration is the major force contributing to the variations in population change in Grenada, which has reached the final stages of the demographic transition, demonstrating low fertility and mortality rates. Although the emigration from Grenada has decreased from -19.3/ 1000 population in 1990 to estimated -14.6/ 1000 population in 2003, Grenada continues to be a major source of intra regional migrants, having 21 per cent of its population living in other Caribbean countries. The main destinations for emigration have been Trinidad and Tobago, Virgin Islands (UK), USA, Canada, and Europe. The established OECS Economic Union is expected to have further influence on intra regional migration flows. Loss of the skilled labour force needed for economic growth is a challenge for the OECS countries experiencing heavy emigration.

3.6 Environment

The biological resources in Grenada, as in the other small OECS islands are under pressure caused by economic interests (tourism, agriculture and fisheries) and factors such as concentration of population and high frequency of disasters. Further degradation of the countries' natural resources greatly influences to their prospects for social and economic development.

3.7 Future Challenges and Prospects

The main challenges facing the Government are to maintain fiscal stability, reduce the Government debt and help promote economic recovery to reduce unemployment and alleviate poverty. The Government objective is to reduce the overall fiscal deficit to 2.5% by 2005. Several private and public sector projects are scheduled to commence in 2004, which is expected to contribute to economic growth in the same year. However, the prospects of fiscal and economic performance are highly dependent on external developments such as recovery of the global economy. The ability of the country to achieve its macroeconomic targets shall depend on its ability to mobilise domestic and international resources to finance its development programme, and the readiness of the country to take advantage of the opportunities presented and to minimise the negative challenges presented by globalisation.

4. OVERVIEW OF PAST AND ONGOING EC COOPERATION

The EDF, Stabex and SFA mechanisms play a vital role in the economic and agricultural diversification programmes, and in expediting the ongoing restructuring of the banana sector to help it become more viable in an increasingly competitive international market. The banana restructuring programme includes targeting efficient farms for EU-funded investment in irrigation and drainage and other infrastructure works to raise efficiency, quality, and labour productivity. A critical element is the implementation of programmes to help displaced farmers move into non-traditional agriculture and so minimise the adverse social impact from the restructuring of the industry.

The total active aid portfolio for Grenada in 2003, including EDF, Stabex and SFA balances was €8.9 million. New global commitments under EDF support amounted €1,6 million, individual commitments €3 97.844 and payments €46.477 in 2003.

4.1 European Development Fund – Focal Sectors

4.1.1 9th EDF Project – Focal Sector: Tourism Development

The focal sector under the 9th EDF, for which 90% (€ 3.15 million) of the “A envelope” has been allocated is tourism development in an effort to expand the contribution of the tourism industry to the national economy generally, and increase the level of services provided by the industry, both in terms of tourism product and employment generation. The support provided is to be used for the restoration of Forts George, Matthew and Frederick, the establishment of a body to oversee the management and upkeep of all sites of cultural interest in Grenada, and the provision of training to persons involved in the tourism industry at all levels. The Financing Proposal for the programme will be based on the specific indicators presented in Annex 1. The final report on ‘The Development of Plans and Guidelines for the Restoration and Use of Historical Heritage Fortifications’ done by consultants Patricia Green Architects was submitted in September 2003. ‘Terms of Reference’ (TOR’s) for the preliminary design studies and design brief for the identified forts (Mathew, George and Frederick) have been agreed and the Tender for this first phase of the consultancy will be launched in the first quarter of 2004. A second and separate Tender phase for the final design, tender documents and technical assistance will follow upon successful award and completion of phase one. The GoG is currently in the process of establishing the Heritage Management Authority that is to serve as a central co-ordinating unit with the responsibility of co-ordinating heritage related efforts in conservation, tourism, maintenance, education and income generation. The establishment of this Authority will require a legal framework that is presently under discussion. The TORs for the development of the tourism training strategy and action plan and for designing the support under the 9th EDF NIP are expected to be ready by May 2004.

4.1.2 8th EDF NIP € 6.5 million – Focal Sector: Water Supply

Approximately 80% of the indicative envelope of the 8th EDF (€ 5.2 million) is allocated to the water sector for the development of supply, including production, treatment, transmission, distribution and maintenance. Feasibility studies have indicated that the cost

of the project will be in the region of € 7.2 million. There have been long delays with the implementation of this project, this was largely due to an initial *Feasibility Study Service Contract* that had to be terminated due to non performance. The design consultancy for the final design of the Water Supply Programme commenced in January 2004 and should be completed by February 2005. The financing proposal should be presented to the EDF Committee by December 2004. Notwithstanding the initial delays, the work is now progressing satisfactory.

4.1.3 7th EDF RIP

Through the 7th EDF OCES Regional Tertiary Education project, support is being provided for the extension of the Hospitality Arts Building and the provision of new classrooms at the T.A. Marryshow Community College . A further financing proposal (€930.000) for this project, with funding from the 8th EDF NIP, was approved in late 2002. The two buildings have been tendered separately to allow an early start up of the project. The hospitality building will be completed in early 2004. The contract for the classrooms is expected to be awarded in March 2004.

4.2 Projects and Programmes outside focal sectors

9th EDF (+ balances of previous EDF):

12 % of the Indicative Programme, or € 0.43 million, has been earmarked for studies, audits and technical assistance under the Technical Cooperation Facility (TCF) to support the 9th EDF focal sector programme in Grenada. Financing proposal for the TCF was prepared in December 2003 and the Facility is expected to be operational by May 2004. The B-allocation for Grenada for unforeseen needs is € 3.9 million.

Funds may also be allocated for activities in support of the Information and Communication Technologies (ICT) strategy of the Government. However, the availability of funds for this intervention will depend on the extent of absorption of previous EDF balances by the *Water Supply Sector* and the *Forts Restoration projects*. Implementation of the NIP will be reviewed in the context of the Mid Term Review.

8th EDF

Drugs control and demand reduction (€ 280,000) aimed at education, training, awareness creation, and rehabilitation programmes, intended to reduce the national demand and consumption at all levels of society. A financing proposal groups four countries in one financing proposal, with the European Commission Delegation playing the role of coordinator and each country implementing its own individual work programme. The Financing Agreement was signed in 2003 and the first Work Programme for the period of October 2003 to October 2004 was launched. The program is progressing satisfactory.

7th EDF

Tourism Product Enhancement Programme (€448.552) involved the restoration and improvement of a number of sites and buildings of cultural interest in the country including

Fort Mathew, Conch shell access road, and the creation of an artificial reef. The remaining elements of the programme involve the renovation of the Old Church in Grenville, and the renovation of the Annadale Welcome Center. The project is now closed and ongoing works are to be financed from the own resources of the Government of Grenada.

4.3 Utilisation of resources for non-state actors

While no funds were set aside specifically for non-state actors from the 9th EDF allocation, it is intended that non-state actors shall be among the beneficiaries of the projects envisaged, and shall be involved in the design and implementation of these projects, in particular the Forts Restoration Project. Furthermore, in the preparation of the strategy plans (tourism and ICT), which shall be used as the basis for the forthcoming projects, the wider civil society is heavily involved.

In the past through a number of EDF initiatives including the 7th EDF micro-projects programme, support was made available to non-state actors. In the future, further support to this sector will be made available through Stabex and SFA, particularly for support in rural areas.

4.4 Other Instruments

4.4.1 STABEX allocations and Special Framework of Assistance

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) that stipulates the objectives, obligations, actions and results, which are expected to be achieved through the utilisation of the Stabex transfers. Presently Grenada is implementing projects and programmes funded by Stabex allocations for 1993 – 1997. Grenada did not receive allocations for 1998 and 1999, but did receive funds in connection with repayment of available balances upon expiry of the Lomé Convention in 2000 (Article 195). However, an FMO for this allocation and the 1996/97 allocation are yet to be concluded.

The broad approach, which has been followed in the FMOs, is to support different agricultural sectors of the economy (bananas, cocoa and nutmeg) in order to achieve economic growth and secure foreign exchange earnings.

In 2003, the NAO and Delegation continued discussion on the future implementation of Stabex, in an effort to place projects and programmes within a greater strategic framework, to ensure sustainability. Stabex allocations available to Grenada are presented in a table below. Details on individual projects and budget support elements of Stabex are provided in the Project Sheets in Annex XI.

Funding year	Allocation	Payments in 2003	Payments in total	Balance
STABEX 1993	2,933,352	14,755	2,173,803	759,549
STABEX 1994	2,286,561	317,134	1,397,743	888,818
STABEX 1995	1,998,713	317,466	85,551	1,913,162
STABEX 1996/97	923,163	-	-	923,163
STABEX Art 195 Balances	313,332	-	-	313,332
TOTAL	8,455,121	649,355	3,657,097	4,798,024

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 recognized that particular efforts will be needed to adapt to these new market conditions in order to maintain a presence on the Community market. The SFA instrument will be available in the period 1999 – 2008, and it is expected that a total of app. € 5.5 million will be made available to Grenada.

In order to benefit from the available funds, each qualifying country is required to prepare a strategy paper for the ten-year duration of the SFA. Additionally, each year a Financing Proposal must be submitted laying out the activities foreseen for implementation of the SFA allocation for that particular year. In Grenada, SFA funds are allocated to the areas of banana commercialization and agricultural diversification (establishment of a rural credit scheme).

The construction of an irrigation scheme for organic banana farming on the River Antoine Estate (funded from SFA 1999) was completed in December 2002. The feasibility study for the construction of the Inland Reception Distribution Centre (IRDC) for banana and other agricultural indicated that this infrastructure is not viable. The Government of Grenada agreed to present alternative proposal to substitute the IRDC. Details on individual projects and programmes are provided in the Project Sheets in Annex XII.

The Financing Agreement for SFA 2001 (rural credit) was signed in June 2002. The Financing Proposal for 2002 (Rural Enterprise Development Programme) was approved in December 2002 and signature of the Financing Agreement took place in February 2003. A brief status of SFA finances, as of 31 December 2002, is provided in the following table, a detailed breakdown is provided in Annex XI.

Funding year	Allocation	Payments in 2003	Payments in total	Balance
SFA 1999	1,000,000	0	380,048	619,952
SFA 2000	500,000		19,926	480,074
SFA 2001	500,000	0	0	500,000
SFA 2002	500,000	0	0	500,000
SFA 2003 ²	500,000			500,000
SFA2004 ²	500,000			500,000
TOTAL	3,500,000	9,833	399,974	3,100,026

² Pending signature of the Financing Agreement

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

4.4.2 Caribbean Regional Indicative Programmes (CRIP)

Grenada, as a member of CARICOM/Cariforum, benefits of the many regional programmes funded through the EDF. The 7th EDF RIP has a global envelope of € 105 million, while the 8th EDF RIP has € 90 million available. The focal sector for 9th EDF RIP support will be regional economic integration and integration into the world economy, for which an envelope of € 57 million is available. The 7th & 8th EDF CRIP projects Grenada benefits from are presented in Annex VII.

4.4.3 Thematic Budget Lines

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

4.4.4 Support from All ACP funds

The EC approved € 50 million all ACP Trade.Com programme in August 2003, which is aimed at reinforcing the analytical and research capacities for trade policy formulation in; providing immediate assistance for ongoing negotiation and promoting activities for institutional support in the area of trade support services ACP counties. A specific project has been designed for the Caribbean region, which is expected to commence early 2004.

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

4.4.5 European Commission Humanitarian Aid Office (ECHO)

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

4.4.6 European Investment Bank (EIB)

The EIB has provided Grenada with a total of € 12.5m in financial assistance since 1982. Among the activities that have received support from the EIB are: the investment programme of GRENLEC, support to small- and medium scale enterprises in the private sector from the Grenada Development Bank and the construction of a locally owned Resort Hotel. The EIB projects are presented in Annex IX.

4.4.7 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 1999-2003, CDE has assisted in the OECS region a total of 56 enterprises carrying out 85 interventions at a total cost of €957,562 of which €532,041 was contributed by the CDE.

PROINV€ST programme, managed by the CDE aims at increasing investments between the Caribbean and Europe. PROINV€ST has a fund of €110 million over 5 years to support private sector development in the Caribbean, African and Pacific Countries. Summary of the CDE activities, including PROINV€ST is presented in Annex X.

4.4.8 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 the natural resources. CTA activities in the Caribbean region are presented in Annex XI.

5. PROGRAMMING PERSPECTIVE FOR THE FOLLOWING YEARS

Support to Grenada shall continue to focus on economic and agricultural diversification and the increased competitiveness of the banana industry. The Government of Grenada has made significant efforts to introduce measures aimed at the reduction of poverty among which are the increase in the old-age pensions, the provision of free transportation and medication for welfare recipients. Other projects include a rural enterprise project and low-

income housing. Much support to this sector is also being provided through the social recovery programme of the SFA.

5.1 Integration of new EC/EU policy initiatives and commitments

€ 3.5 million under the 9th EDF NIP “A envelope” has been allocated to tourism development and the activities under Technical Cooperation facility as described in chapter 4. Due to complete programming of the available funds, new items or commitments are not foreseen. However, as regards the new EC/EU policy initiatives and commitments that have impact on third countries, Trade and Development, including preparedness to the trade negotiations and trade liberalization is of increasing importance to Grenada. Currently the EU support has been allocated to trade related issues through OECS and CARIFORUM Regional Trade and Private Sector Development Programmes and through the support from the All ACP budget lines.

Grenada has benefited from specific thematic budget lines as presented in chapter 4.4.3 and needs for support exist especially in the area of environmental protection. While the OECS countries are multi-party democracies, there are needs in the countries to strengthen the technical capacity in developing and maintaining databases on entitled voters.

5.2. Proposal on a review and adaptation of the CSP

Preparation of the 9th EDF focal sector support, namely planning a project that concentrates on tourism development was commenced in 2003. Revision of the agreed and planned support package is not foreseen. The Logical Framework for the focal sector programme including target indicators to 2003- 2005 has been refined and will form the basis for the Mid Term Review in 2004.

The actual implementation of activities foreseen in the focal area of 9th EDF is conditional upon effective implementation (progress reports) of the ten-year Tourism Master Plan 1997-2007. Furthermore, the Government committed itself to complete the Plan for the management and the maintenance of all sites of cultural interest as well as to enact the necessary legislation to establish the Heritage Management Authority to oversee the historic forts. Specific indicators for the large water supply project will be elaborated in the financing proposal to be finalised in mid 2004.

Progress has been made in closing down, financially, completed projects. It is intended that the resources released from closure of projects under the 6th 7th and 8th EDF, as well as uncommitted balances under these EDFs will be used to fund the upcoming major water supply project, as well as in the context of the EU intervention in the tourism sector under the 9th EDF. If sufficient funds are available, an intervention in support of the Information and Communication Technology (ICT) strategy of the Government may be considered.

Chapter 6 - Conclusions

- Within the MTR exercise, the main recommendations produced by the European Commission’s Country Team, iQSG, ISC and EDF Committee were to enhance the

involvement of Non State Actors and to better address environmental issues within the EU/Grenada cooperation process.

- To this effect, the Government, **environmental** organizations and the general public in Grenada have continued to embrace the importance of the country's environment, as the prosperity and well being of the country depends heavily on its protection. Grenada's environmental policy focuses on the protection of sensitive terrestrial and marine areas, adequate disposal of solid and liquid waste and the protection of public health and safety. It covers a wide range of environmental resources and issues: forest, watersheds, marine ecosystems, cultural heritage, wildlife, air and noise pollution and other aspects of the natural and built environment.

This broad-base environmental policy led to the enactment of several pieces of legislation dating back to the 1946 "Town and Country Planning Ordinance", which introduced urban and land use planning in Grenada. Since the 1940's, several other pieces of legislation and regulations have been enacted and amended with the view of providing the necessary legal framework for the many different agencies dealing with the management of environmental resources. A Country Environmental Profile will be provided by the Government of Grenada and will be attached to the present Joint Annual Report.

- With the aim of strengthening **civil society** involvement in EU/Grenada development partnership, the National Council for Reconstruction and Development, bringing together representatives from the Government and from various segments of civil society in the country, will function as NSA advisory panel. The panel will provide a forum for tripartite dialogue, information and consultation on development cooperation between the EU and Grenada.

If necessary, the Government of Grenada will undertake a mapping study on NSAs and produce recommendations for an appropriate advisory panel, by also taking into consideration existing NSA structures.

- **There will be a follow-up on the Grenada MTR in-country-meeting, to take place in February 2005**, after the post-emergency assistance project and its implementation modalities are finalised, both at HQ and Delegation levels. During this meeting two issues will be discussed/confirmed: a) the **overall assessment** of Grenada **in terms of financial performance, sectoral performance and 'special considerations'** (such as progress in institutional reforms and towards poverty reduction) under the 8th and 9th EDFs, and b) **the confirmation of the focal sector(s)**, following the destruction caused by Hurricane Ivan.
- **Key perspectives for the future:** the Country's revised B-Envelope (€7.8 m) as well as part of the funds earmarked for the tourism project (approx. €1.5 m) will be used for post-emergency assistance focused on schools' rehabilitation. The Delegation's infrastructure section is currently preparing a PIF and a draft FP. Co-financing with CDB is a strong option and discussions on implementation details are on-going with CDB.
- About €8 million of uncommitted **STABEX** funds need to be reprogrammed, in parallel and in consistency with the post-MTR NIP programming exercise.

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

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

Sector Tourism	Performance Indicators	Status 2002	Target 2003	Target 2004	Target 2005	Sources of information	Assumptions
National Sector targets: Diversification and growth in economy of Grenada by increasing the role of tourism	Overall contribution of tourism to GDP to increase to 15% by 2010	Contribution of tourism in GDP 8.4%	Contribution of tourism in GDP 8.01%	Contribution of tourism in GDP 8.5%	Contribution of tourism in GDP 9.02%	Ministry of Finance Data, central bank, IMF	
	Employment in Tourism Sector increased by 2010	13.8% of people employed in tourism	13.9% of people employed in tourism	14.05% of people employed in tourism	15.5% of people employed in tourism	Ministry of Tourism Data, Ministry of finance	favourable global macroeconomic conditions for travelling
	Effective implementation of the ten-year Tourism Master Plan 1997-2007.	Yes	Yes	Yes	Yes	Progress reports by the Ministry of Tourism/hotel association	improved economic performance within the region

	completion of the plan for the management and maintenance of all sites of cultural interest	No	Yes	Yes	Yes	Ministry of tourism	
	enactment of the necessary legislation to establish the management authority to oversee the historic forts	No	No	Yes	Yes	Ministry of tourism	new GoG remains committed to implementing the 10 year plan and to introduce and implement all relevant legislation
	Managment authority to oversee the historic forts	no	Yes	Yes	Yes	Ministry of tourism	
Intervention objective: Human Resource and Tourism Product Development	Number of tourism workers trained in institutions increased to 3000 by 2010	number of tourism workers trained	150 tourism workers trained	250 tourism workers trained	350 tourism workers trained	Ministry of tourism	GoG continues to support tourism through budget and relevant legislation
	Visitors to Tourism Sites increased considerably by 2010	number of tourists visiting sites: 50,000	number of tourists visiting sites: 60,000	number of tourists visiting sites: 75,000	number of tourists visiting sites: 120,000	National Tourist Board / Ministry of Tourism Data	
Results							

Restored Fort George, Matthews and Fredric	Quantity and quality of work implemented	no	no	Design Consultancy	Implementation restoration process begins	Reports of Supervising Engineer	Appropriate management structure for Forts George's is established and given sufficient autonomy
Training Programme for employees in Tourism Industry implemented and functioning	Number of employees trained per year is increased to 300.	number of employees trained: 74	number of employees trained: 77	number of employees trained: 150	number of employees trained: 200	End of Project Report/ Budget	Training Programme adopted by GoG and allocated adequate counterpart financing
Small Hotels adopt business plans and increase management performances	Technical Assistance Programme for Small Hotels Implemented	No	No	Yes		Project Reports, Official journal of Grenada	

Annex II Chronogramme of activities

	Indicative total.	Consumption of commitments (all amounts in € million)									
		2004/1	2004/2	2005/1	2005/2	2006/1	2006/2	2007/1	2007/2	2008/1	2008/2
NIP 7 th /8 th	6.27	1.1	5.17								
STABEX	4.8	0.1	0.3	0.8	0.6	0.6	0.6	0.6	0.6	0.6	
NIP 9th Co-operation	3.5										
Tourism Training Programme	0.43	0.1		0.1			0.23				
Restoration of Fort George	3.07		0.2	2.8							
TOTAL	14.57		0.95	1.4	1.97	1.12		1.15			
SFA 1999-2002	2.1	0.2	0.3	0.3	0.2	0.3	0.3	0.25	0.25		
TOTAL											
GRAND TOTAL	16.67	0.3	1.25	1.7	2.17	2.02	0.9	2.0	0.85	0.6	

ANNEX III: FINANCIAL SITUATION FOR 9TH EDF

STATUS AS AT 31.12.03

9th EDF Grenada		EUR	3,500,000	NP						
					0 Transfer					
			3,500,000							
Project Account Number	Project Title	Date of Financing Agreement	Global Commitments (A)	Individual Commitments (B)	(B)/(A) %	Payments as at 31.12.03 (C)	(C)/(A) %	Status	Payments During 2003	
9 ACP GRD 1	Study - Grenada Forts Project	22.12.2003	400,000	0	0%	0	0%	Ongoing	-	
Programmable	Totals		400,000	0	0%	0	0%		0	
	Reserve/Balance		3,100,000							

ANNEX IV: FINANCIAL SITUATION FOR 8TH EDF
STATUS AS AT 31.12.03

STATUS AS AT 31.12.03

8th EDF Grenada		EUR	3,500,000	NP	0 Transfer		3,500,000			
Project Account Number	Project Title	Date of Financing Agreement	Global Commitments (A)	Individual Commitments (B)	(B)/(A) %	Payments as at 31.12.03 (C)	(C)/(A) %	Status	Payments During 2003	
8 ACP GRD 005	Water Sector Study - W/HB	05.10.00	70,000	59,425	85%	59,425	85%	Ongoing	-	
8 ACP GRD 006	Forts Management Study	14.11.00	30,000	-		-		Ongoing	-	
8 ACP GRD 008	Grenada Water Supply F/Study	06.02.02	20,500	20,000	98%	10,000	49%	Ongoing	-	
8 ACP GRD 009	Water Supply Technical Studies	12.09.02	320,000	260,000	81%	0	0%	Ongoing	-	
8 ACP GRD 010	Expansion Maryshow Community College	10.10.02	910,000	47,250	5%	0	0%	Ongoing	-	
8 ACP GRD 011	Multi-country Drug Demand Reduction Project	18.12.02	280,000	90,594	32%	46,478	17%	Ongoing	46,478	
Programmable	Totals		1,630,500	477,269	29%	115,903	7%		46,478	
	Reserve/Balance		1,869,500						-	
8 ACP GRD 001	Stabex 1995 - Bananas	15.07.97	1,192,784	1,192,784	100%	1,192,784	100%	Closed	-	
8 ACP GRD 002	Stabex 1995 - Nutmeg & Mace	15.07.97	531,300	531,300	100%	531,300	100%	Closed	-	
8 ACP GRD 003	Stabex 1996 - Bananas	17.07.97	742,456	742,456	100%	742,456	100%	Closed	-	
8 ACP GRD 004	Stabex 1997 - Bananas	30.06.98	57,354	57,354	100%	57,354	100%	Closed	-	
8 ACP GRD 007	Stabex - Reprmt Agmt Art. 195(A)	08.12.00	290,572	290,572	100%	290,572	100%	Closed	-	
Non-Prog.	Totals		2,814,466	2,814,466	100%	2,814,466	100%		0	
									-	
	GRAND TOTAL		4,444,966	3,291,735	89%	2,930,369	89%		46,478	

ANNEX V: FINANCIAL SITUATION FOR 7TH EDF
STATUS AS AT 31.12.2003

7th EDF		EUR	6,500,000	NIP					
Grenada			24,725	Transferred from Lome II					
			6,524,725						
Project Account Number	Project Title	Date of Financing Agreement	Global Commitments (A)	Individual Commitments (B)	B)/(A) %	Payments as at 31.12.03 (C)	C)/(A) %	Status	Payments During 2003
7 ACP GRD 001	Peggy's Whim Water Supply	02.12.91	1,464,699	1,464,699	100%	1,464,699	100%	Closed	-
7 ACP GRD 002	Tourism Dev. Programme 1	22.11.91	94,995	94,995	100%	94,995	100%	Closed	-
7 ACP GRD 003	Tourism Dev. Programme 2	22.11.91	176,177	176,177	100%	176,177	100%	Closed	-
7 ACP GRD 007	Tourism Dev. Programme	02.10.92	448,552	448,552	100%	448,552	100%	Closed	-
7 ACP GRD 008	Lome IV Micro Projects	07.02.92	205,773	205,773	100%	205,773	100%	Closed	-
7 ACP GRD 013	Farm Roads Rehabilitation	28.09.92	1,326,740	1,326,740	100%	1,326,740	100%	Closed	-
7 ACP GRD 015	TA Tourism Promotion	03.12.93	24,725	24,725	100%	24,725	100%	Closed	-
7 ACP GRD 020	Eastern Main Road	05.07.94	1,644,001	1,644,001	100%	1,644,001	100%	Closed	-
7 ACP GRD 031	Grenada Water Sector Study	02.07.98	4,623	0	0%	0	0%	To close	-
7 ACP GRD 032	Grenada Water Sector Study	02.07.98	75,077	15,798	21%	15,789	21%	To close	-
Programmable	Totals		5,465,362	5,401,460	99%	5,401,451	99%		0
	Reserve/Balance		1,059,363						-
7 ACP GRD 004	Stabex 1990 - Cocoa	05.12.91	618,472	618,472	100%	618,472	100%	Closed	
7 ACP GRD 005	Stabex 1990 - Bananas	05.12.91	274,633	274,633	100%	274,633	100%	Closed	
7 ACP GRD 006	Stabex 1990 - Nutmeg & Mace	05.12.91	1,133,528	1,133,528	100%	1,133,528	100%	Closed	
7 ACP GRD 009	EIB - Resort Hotel (Risk Cap.)	25.06.92	1,500,000	1,500,000	100%	1,500,000	100%	Closed	
7 ACP GRD 010	Stabex 1991 - Cocoa	04.09.92	341,127	341,127	100%	341,127	100%	Closed	
7 ACP GRD 011	Stabex 1991 - Bananas	04.09.92	395,600	395,600	100%	395,600	100%	Closed	
7 ACP GRD 012	Stabex 1991 - Nutmeg & Mace	04.09.92	1,052,755	1,052,755	100%	1,052,755	100%	Closed	
7 ACP GRD 014	Support Structural Adjustment	31.03.93	1,984,713	1,984,713	100%	1,984,713	100%	Closed	
7 ACP GRD 017	Stabex 1992 - Cocoa	10.03.94	162,270	162,270	100%	162,270	100%	Closed	
7 ACP GRD 018	Stabex 1992 - Bananas	10.03.94	578,676	578,676	100%	578,676	100%	Closed	
7 ACP GRD 019	Stabex 1992 - Nutmeg & Mace	10.03.94	1,665,481	1,665,481	100%	1,665,481	100%	Closed	
7 ACP GRD 021	Stabex 1993 - Cocoa	27.07.94	221,781	221,781	100%	221,781	100%	Closed	
7 ACP GRD 022	Stabex 1993 - Bananas	27.07.94	613,616	613,616	100%	613,616	100%	Closed	
7 ACP GRD 023	Stabex 1993 - Nutmeg & Mace	27.07.94	1,504,918	1,504,918	100%	1,504,918	100%	Closed	
7 ACP GRD 024	Stabex 1994 - Bananas	31.07.95	1,090,639	1,090,639	100%	1,090,639	100%	Closed	
7 ACP GRD 025	Stabex 1994 - Nutmeg & Mace	31.07.95	803,245	803,245	100%	803,245	100%	Closed	
7 ACP GRD 026	Stabex 1994 - Cocoa	31.07.95	87,769	87,769	100%	87,769	100%	Closed	
7 ACP GRD 027	Stabex 1994 - Redistribution	25.04.96	50,133	50,133	100%	50,133	100%	Closed	
7 ACP GRD 030	EIB - Grenlec II	27.08.96	679,571	679,571	100%	679,571	100%	Closed	
Non-Prog.	Total		14,758,927	14,758,927	100%	14,758,927	100%		0
	GRAND TOTAL		20,224,289	20,160,387	100%	20,160,378	100%		0

ANNEX VI: FINANCIAL SITUATION FOR 6TH EDF
STATUS AS AT 31.12.03

6th EDF Grenada		EUR	5,500,000	NIP		20,600		Transferred from Lome II	
			5,520,600						
Project Account Number	Project Title	Date of Financing Agreement	Global Commitments (A)	Individual Commitments (B)	(B)/(A) %	Payments as at 31.12.03 (C)	(C)/(A) %	Status	Payments During 2003
6 ACP GRD 001	Eastern Main Road Phase 3	31.07.86	4,161,169	4,161,169	100%	4,161,169	100%	Closed	
6 ACP GRD 005	Model Farms Pilot Proj.	22.10.87	282,271	282,271	100%	282,271	100%	Closed	
6 ACP GRD 007	Trade Fairs Programme	11.10.88	9,848	9,848	100%	9,848	100%	Closed	
6 ACP GRD 008	Natural Resource Management	28.04.89	13,424	13,424	100%	13,424	100%	Closed	
6 ACP GRD 011	Caribbean Coop Trade Workshop	27.07.90	28,216	28,216	100%	28,216	100%	Closed	
6 ACP GRD 013	Levera National Park	16.11.90	930,156	930,156	100%	930,156	100%	Closed	
6 ACP GRD 015	TA Min of Finance	10.12.93	4,992	4,992	100%	4,992	100%	Closed	
6 ACP GRD 016	Financial Procedures Seminar	17.09.96	10,489	10,489	100%	10,489	100%	Closed	
6 ACP GRD 017	Support Grenfruit Cooperative	18.08.95	20,584	20,584	100%	20,584	100%	Closed	
Programmable	Totals		5,461,149	5,461,149	100%	5,461,149	100%		0
	Reserve/Balance		59,451						
6 ACP GRD 002/3	EIB - Grenada Dev. Bank	12.05.87	1,720,000	1,720,000	100%	1,720,000	100%	Closed	
6 ACP GRD 004	Stabex - Cocoa	16.07.87	371,379	371,379	100%	371,379	100%	Closed	
6 ACP GRD 006	Stabex - Cocoa	26.07.88	595,432	595,432	100%	595,432	100%	Closed	
6 ACP GRD 009	EIB - Grenada Dev. Bank	14.03.89	900,000	900,000	100%	900,000	100%	Closed	
6 ACP GRD 010	Stabex - Cocoa	15.09.89	844,258	844,258	100%	844,258	100%	Closed	
6 ACP GRD 012	Stabex - Cocoa	04.10.90	719,293	719,293	100%	719,293	100%	Closed	
6 ACP GRD 014	Emergency Aid-Hurricane 1990	03.09.90	93,070	93,070	100%	93,070	100%	Closed	
Non-Prog.	Totals		5,243,432	5,243,432	100%	5,243,432	100%		0
	GRAND TOTAL		10,704,581	10,704,581	100%	10,704,581	100%		0

ANNEX VII CARIBBEAN REGIONAL INDICATIVE PROGRAMMES (CRIP)

All ACP 8 th EDF Programme for the Caribbean Rum Industry -	€70,000,000
All ACP 8 th EDF Programme to strengthen Fishery products-	€44,860,000
7 th EDF Caribbean Regional Trade Sector Programme -	€14,000,000
8 th EDF Caribbean Regional Trade Sector Programme -	€11,200,000
7 th EDF OECS Export Enhancement Programme -	€ 1,180,000
7 th EDF Caribbean Telecommunications Union Project -	€ 750,000
7 th EDF Caribbean Broadcasting Union / News Agency Project -	€ 3,500,000
8 th EDF Strategic Planning for Public Services -	€ 1,300,000
7 th EDF Establishment of a Caribbean Postal Union (CBU) -	€ 640,000
8 th EDF Caribbean Tourism Sector Development Programme -	€ 8,000,000
7 th EDF Caribbean Tourism Sector Development Programme -	€12,800,000
7 th EDF Integrated Caribbean Regional Agriculture and Fisheries Development Programme (T&T) -	€22,200,000
7 th and 6 th EDF CARIFORUM University Level Programme (CULP) -	€25,200,000
7 th EDF OECS Human Resources Development Programme -	€ 5,950,000
8 th EDF Strengthening of Medical Laboratories Services in the Caribbean -	€ 7,500,000
8 th EDF Strengthening the Institutional Response to HIV/AIDS/STI in the Caribbean (managed by T &T) -	€ 6,950,000
8 th EDF Caribbean Anti-money-laundering Programme	€4,000,000
8 th EDF Epidemiological Surveillance Programme -	€ 1,300,000
7 th Caribbean Regional Environment Programme -	€ 9,150,000
8 th EDF Radar Warning System (managed by T &T) -	€13,200,000
7 th EDF CARIFORUM Secretariat Programming Unit -	€ 6,950,000
8 th EDF Air Access Improvement Programme for Dominica	€ 11,950,000
8 th EDF Design for Dominica Airport	€ 550,000

ANNEX VIII: ALL ACP PROGRAMMES

9 ACP RPR 5	Development of malaria vaccines and their multi-centre trial	€ 7.000.000,00
9 ACP RPR 10	EC/ACP/WHO partnership on pharmaceutical policies	€ 25.000.000,00
9 ACP RPR 17	Contribution to the Global fund to fight AIDS, Tuberculosis	€ 170.000.000,00
9 ACP RPR 7	TRADE.COM All ACP Institutional trade capacity building facility	€50.000.000,00
9 ACP RPR 6	Support to the competitiveness of the rice sector in the Caribbean	€ 24.000.000,00
9 ACP RPR 21	Support to the collaborative doctoral programme in economics	N/A

Annex IX European Investment Bank

TYPE	CONVENTION	FINANCE CONTRACT	CONTRACT NAME	SIGNATURE DATE	AMOUNT SIGNED	AMOUNT OUTSTANDING
Own Res	LOME – CONVENTION 4 19129		GRENADA-GRENLEC II	26/11/96	4,000,000.00	2,292,966.16
Risk Capital	LOME – CONVENTION 3 70666		GDB GLOBAL LOAN	09/07/87	1,400,000.00	0.00
Risk Capital	LOME – CONVENTION 3 70667		GDB CAPITAL INCREASE	09/07/87	400,000.00	228,400.00
Risk Capital	LOME – CONVENTION 3 70773		GDB GLOBAL LOAN II	22/03/89	1,000,000.00	0.00
Risk Capital	LOME – CONVENTION 4 70852		RESORT HOTEL - PROJET B	12/11/91	500,000.00	500,000.00
Risk Capital	LOME – CONVENTION 4 71011		OECS SOLID WASTE PROJECT - A	08/10/95	1,800,000.00	562,255.03

ANNEX X: CDE activities in the OECS countries 2003

Construction and Mining

This is a broad sector that includes clay, granite, marble and limestone aggregate quarries. It also includes companies manufacturing bricks, dimension stone, limestone products, and sand products. CDE organised a Workshop on Environmental Management for the quarrying and mining industry, in Port of Spain, Trinidad & Tobago in November 2003. Over 30 enterprises, consultants and government agencies from the region participated in this workshop, which provided a forum for discussions on best practice in the industry. The Workshop also provided the opportunity for the enterprises in the sector to discuss specific requests for CDE support. In September 2003, a group of enterprises involved in the ceramic industry participated in the Ceramitec Exhibition in Germany. Supported by a sector specialist, the company participants were exposed to current technology in the industry relevant to their needs, and in some cases identified appropriate technology and machinery to be acquired. One quarrying company from St. Lucia was among the participants

Agro-processing

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

Wood

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

Herbal Products

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

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

PROINVEST

1. Caribbean Investment Policy Summit workshop, organised by JAMPRO, TIDCO and BIDC in Kingston 10-11 JUNE 2003 to develop a strategy for addressing regional investment-related trade policy issues with respect to WTO, FTAA and the Caribbean Single Market and Economy.
2. A mission for Dominican companies to attend the Florence Gift Mart Show in September 2003.
3. A mission for Dominican companies in conjunction with the AI-Invest meeting in Brussels on the Cinematography and Audiovisual Industry of Europe and Latin America (12-14 November 2003).
4. Promotion/access training workshops for intermediary organisations held throughout the region.
5. A workshop for stakeholders to present and discuss the results of the regional sector Studies in Port of Spain in October 2003.
6. Preparation of Tourism Sector Meeting for the Caribbean region (to be convened in 2004).

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

No.	Projects	Implementing partner	
1	Support to Regional Agricultural Policy Network (RAPN)	Inter-American Cooperation on Agriculture (IICA)	
2	Caribbean Herbal Business Association (CHBA)		
3	Generation and dissemination of agricultural information		
4	Caribbean agricultural information system (CAIS)	Caribbean Agricultural Research and Development Institute (CARDI)	
5	Caribbean agricultural marketing intelligence & development (CAMID)		
6	Question and Answer Service (QAS) – Barbados, Dominica, Jamaica, St. Christopher/Nevis, St. Vincent & the Grenadines, Trinidad & Tobago		
7	Training	Question & Answer Service Management – Haiti	
8		Scientific Data Management	
9		Electronic publishing of agricultural materials for rural development – all islands	
10	Caribbean table egg industry competitive study and consultation	CARDI/Caribbean Agribusiness Association	
11	Workshop on fisher folk organisations in the Caribbean	CARDI/CARICOM Fisheries	
12	Caribbean Pest Network (CariPestNet)	CARDI/CARINET	
13	Establishment of a Regional Farmers & NGOs Network	CARDI/CAFANN	
14	Selective Dissemination of Information (research and policy)	Organised directly by CTA	
15	<u>CD-ROM/Internet Database Service</u> University of Guyana, National Agricultural Research Institute Guyana, Ministry of Agriculture and the Northern Caribbean University in Jamaica, Ministry of Agriculture in St. Lucia, Ministry of Agriculture and CARDI in Trinidad & Tobago		
16	Science and Technology		
17	Regional workshop “Enhancing the S&T policy dialogue”	Organised directly by CTA	
18	National meeting in Jamaica on Agricultural systems of science, technology and innovation		
18	Finance participation of 3 Caribbean representatives to 3 rd meeting of Advisory Committee on S & T		
19	Information Needs assessment study		
20	Study on safeguarding the benefits of the Sugar Protocol (including Jamaica and Guyana)		
21	Evaluation of CTA supported location-based seminars		
22	<u>Support to national NGOs</u> <ul style="list-style-type: none"> • Agricultural Diversification Project Ltd (ADP) - Dominica • Konsèy Nasyonal Finansman Popilè (KNFP) - Haiti • Jamaica Agricultural Society (JAS) - Jamaica • Eastern Caribbean Agricultural Trading and Development (ECTAD) - St Vincent & the Grenadines • The Caribbean Network for Integrated Rural Development (CNIRD) – Trinidad and Tobago 		

Annex XII: STABEX and SFA

Grenada STABEX Programmes

Situation Summary as at 31 December, 2003

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

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

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

Budget Line	INDICATIVE ALLOCATION			FINANCING COMMITMENTS			Available	CONTRACTE Contracts	DISBURSED Payments
	Original	Interest	Revised	Approved	Pipeline	Total			
* STABEX 1993 PROGRAMME									
Support to the Nutmeg Association	718,750		625,000	625,000	--	625,000	--	625,000	625,000
Farm Road Rehabilitation	500,000		500,000	352,782	--	352,782	147,218	352,782	352,782
Support to the Cocoa Association	312,500		312,500	312,500	--	312,500	--	312,500	312,500
Support to the Banana Association	312,500		312,500	312,500	--	312,500	--	312,500	312,500
Support to Bio-technology Centre	156,250		--	--			--		
Livestock and Abattoir Development	78,125		78,125	78,125	--	78,125	--		
Support to the Minor Spices Society	78,125		50,781	50,781	--	50,781	--	50,781	50,781
Carriacou Integrated Land Use & Forest	92,289		92,289	92,289	--	92,289	--	54,281	58,973
Interest	--	593,037	593,037	208,327	--	208,327	390,295	193,327	198,228
FMO Rider No. 4 (XCD776,826)	--		277,344	277,344	--	277,344	--	277,344	263,038
Stabex 1993 Addendum	91,776		91,776	--			91,776		
Total for STABEX 1993 PROGRAMME (11 detail records)	€ 2,340,315	593,037	2,933,352	2,309,648	--	2,309,648	623,703	2,178,515	2,173,803
Percent			100.0%	78.7%	0.0%	78.7%	21.3%	74.3%	74.1%
* STABEX 1994 PROGRAMME									
Support to Nutmeg Industry	654,753		654,753	688,545	--	688,545	(33,792)	658,792	658,792
Banana Farm Productivity & Fruit Quality	578,125		578,125	310,199	--	310,199	267,926	310,199	130,559
Cocoa Price Support	468,750		468,750	494,094	--	494,094	(25,344)	494,094	494,094
Carriacou Integrated Land & Forestry	264,400		264,400	264,400	--	264,400	--	264,400	91,172
Rural Poverty Study	15,625		15,625	18,207	--	18,207	(2,582)	18,207	18,207
Interest	--	254,775	254,775	134,919	--	134,919	119,856	38,869	4,919
STABEX 1994 Redistribution	50,133		50,133	--			50,133		
Total for STABEX 1994 PROGRAMME (7 detail records)	€ 2,031,786	254,775	2,286,561	1,910,364	--	1,910,364	376,197	1,784,561	1,397,743
Percent			100.0%	83.5%	0.0%	83.5%	16.5%	78.0%	61.1%

Grenada STABEX Programmes

Situation Summary as at 31 December, 2003

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Budget Line	INDICATIVE ALLOCATION			FINANCING COMMITMENTS			CONTRACTE	DISBURSED	
	Original	Interest	Revised	Approved	Pipeline	Total	Available	Contracts	Payments
● STABEX 1995 PROGRAMME									
● Rural Credit Facility									
Banana Producer Support Scheme	1,000,000		1,000,000			1,150,000	915,285	1,150,000	234,715
Quality Assurance Laboratory	100,000		100,000			1,150,000	1,000,000		
Expansion of Nutmeg Oil Distillation Plant	375,000		375,000	375,000	--	1,150,000	--	31,747	13,340
Cocoa Sector Specific Studies	100,000		100,000	100,000	--	1,150,000	--	69,993	72,211
Cocoa Recovery Plan	99,084		99,084	99,084	--	1,150,000	--		
Cocoa Processing Plant	50,000		50,000	--	--	1,150,000	50,000		
Interest	--	274,629	274,629	--	--	1,150,000	274,629		
Total for STABEX 1995 PROGRAMME (7 detail records)	€ 1,724,084	274,629	1,998,713	574,084	--	1,150,000	1,424,629	101,740	85,551
Percent			100.0%	28.7%	0.0%	28.7%	71.3%	5.1%	4.3%
* STABEX 1996/97 PROGRAMME									
Cocoa	799,810		799,810	--			799,810		
Interest	--	123,353	123,353	--			123,		
Total for STABEX 1996/97 PROGRAMME (2 detail records)	€ 799,810	123,353	923,163	--			923,163		
Percent			100.0%	0.0%			100.0%		
Grand	€ 6,895,995	1,224,413	8,120,408	4,794,096	0	4,794,096	3,326,312	4,064,816	3,657,097

Grenada SFA Programmes

Situation Summary as at 31 December, 2003

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Budget Line	INDICATIVE ALLOCATION			FINANCING COMMITMENTS			Available	CONTRACTE Contracts	DISBURSED Payments
	Original	Interest	Revised	Approved	Pipeline	Total			
* SFA 1999 (B7-8710/856/05)									
Off-farm Irrigation and IRDC	655,000		658,000	658,000	--	658,000	--	658,000	249,991
Rehabilitate Farm Roads in Banana Areas	232,000		232,000	232,000	--	232,000	--	220,000	106,716
Monitoring, Audit and Evaluation	3,000		--	--			--		
Strategic Plans for Agri-food Sector Development	60,000		60,000	60,000	--	60,000	--	60,000	
Regional Technical Assistance	50,000		50,000	50,000	--	50,000	--	24,564	23,343
Interest	--		--	--			--		
Total for SFA 1999 (B7-8710/856/05) (6 detail records)	€ 1,000,000	--	1,000,000	1,000,000	--	1,000,000	--	962,564	380,050
Percent			100.0%	100.0%	0.0%	100.0%	0.0%	96.3%	38.0%
* SFA 2000 (B7-8710/856/14)									
Banana Commercialisation	447,000		447,000	--			447,000		
Regional Technical Assistance	50,000		50,000	50,000	--	50,000	--	50,000	19,926
Monitoring and Contingencies	3,000		3,000	--			3,000		
Interest	--		--	--			--		
Total for SFA 2000 (B7-8710/856/14) (4 detail records)	€ 500,000	--	500,000	50,000	--	50,000	450,000	50,000	19,926
Percent			100.0%	10.0%	0.0%	10.0%	90.0%	10.0%	4.0%
* SFA 2001 (B7-8710/856/18)									
Rural Credit Scheme (Grant Fund)	475,000		475,000	475,000	--	475,000	--	475,000	
Monitoring & Evaluation	25,000		25,000	--			25,000		
Interest	--		--	--			--		
Total for SFA 2001 (B7-8710/856/18) (3 detail records)	€ 500,000	--	500,000	475,000	--	475,000	25,000	475,000	
Percent			100.0%	95.0%	0.0%	95.0%	5.0%	95.0%	

Grenada SFA Programmes

Situation Summary as at 31 December, 2003

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Budget Line	INDICATIVE ALLOCATION			FINANCING COMMITMENTS			Available	CONTRACTE Contracts	DISBURSED Payments
	Original	Interest	Revised	Approved	Pipeline	Total			
* SFA 2002 (B7-8710/856/36)									
Rural Credit Facility	480,000		480,000	--			480,000		
Monitoring, Evaluation and Audit	20,000		20,000	--			20,000		
Interest	--		--	--			--		
Total for SFA 2002 (B7-8710/856/36) (3 detail records)	€ 500,000	--	500,000	--			500,000		
Percent			100.0%	0.0%			100.0%		
Grand 1,487,564	Grand 399,976	Grand	€ 2,500,000	0	2,500,000	1,525,000	0	1,525,000	975,000

ANNEX XIII: PROJECT SHEETS

Annual Report

Grenada

Project title: Forts Architectural Study

Accounting number: 9 ACP GRD 0 01

Implementing agency: Heritage Management Authority (to be established)

Date of financing agreement: 23/12/03

Date financing agreement expires: 31/06/07

Project duration:

Value of financing agreement: € 400,000

Project overview:

The study aims to provide a full overview of the possibilities to the end use of the 3 historic forts in St. Georges.

Progress:

TORs have been agreed and the tender for the first phase of the consultancy will be launched in the first quarter of 2004.

Grenada

Project title:	Grenada Water Supply Project
Accounting number:	8 ACP GRD 009
Implementing agency:	National Water and Sewerage Authority (NAWASA)
Date of financing agreement:	31/03/03
Date financing agreement expires:	8/10/05
Project duration:	
Value of financing agreement:	€ 320,000

Project overview:

Most of Government offices and the bulk of hotels and industries are located in the south of the island. The project is intended to address the main problems related to inadequate water supply in the southern part of the island.

Activities to be undertaken in connection with the project are:

- Feasibility Study.
- Design of Water Supply Scheme.
- Construction of Water Supply Scheme.
- Supervision of Construction Works.
- Institutional Aspect

Progress:

The feasibility study for this project was completed after considerable delays in December 2001. A contract for the inception report was awarded in the 4th quarter 2003. The inception report was completed in February 2004 and is being currently reviewed by the engineering/projects office at the EC Delegation in Barbados.

Project Title: Expansion of TA Marryshaw Community College

Accounting Number:	8 ACP GRD 010
Implementing Agency:	MoE
Date of Financing Agreement:	21/01/03
Date Financing Agreement Expires:	30/06/05
Value of Financing Agreement:	€ 910,000

Project Overview:

This project is a component of the OECS Tertiary Education Project via which community colleges in the OECS member states are upgraded and expanded.

Progress:

The two buildings have been tendered separately to allow an early start up of the project. The Hospitality Arts building will be completed in early 2004. The contract for the new classrooms block is expected to be awarded in March 2004.

Project Title:	SFA 1999 - Agricultural Diversification
Accounting Number:	GRD/SFA/1999/1
Implementing Agency:	MoA
Date of Financing Agreement:	16/10/00
Project Duration:	2 years
Date Financing Agreement Expires:	30/06/06
Value of Financing Agreement:	€ 292,000

Project description:

Rehabilitation of farm roads in banana growing areas.
Preparation of studies and formulation of strategic plans for agricultural diversification.

Objectives:

The project purpose is to refurbish farm roads in key productive locations and to provide information for the further development of the agro-food sector.

Expected results:

The project will deliver the following results:

1. Rehabilitation of farm roads to improve access to productive areas and assist enhancement of fruit quality. The criteria used for selecting roads for rehabilitation is:
a) in existing banana areas where improvements to roads will have a major impact on preserving fruit quality, e.g. Windsor and Belvedere

b) in areas where the state of the roads does not permit easy access to farms and where road improvement will encourage the planting of bananas or other crops on otherwise uncultivated land – e.g. Plaisance

c) as part of the WIBDECO strategy for encouraging the cultivation of organic bananas – e.g. River Antoine

2. A study will be carried out to assist the Ministry of Agriculture to formulate clearly articulated policies and plans to guide the multi-faceted dimension of the Agri-food sector.

The Study will include an analysis of the agri-food sector to identify the areas within the major agricultural sub-sectors (crops, fisheries and livestock) where Grenada has the potential to produce competitively for the domestic and external markets. The study will also include an analysis of the performance, constraints and opportunities within each sub-sector. This study will permit the Government of Grenada to formulate a detailed

strategic plan for the agri-food sector and to determine future investment requirements.

Progress:

1. Agricultural Diversification study: Contract awarded in August 2003
2. Rehabilitation of farm roads: Feasibility study completed. Contract road design and supervision awarded in October 2003.

Grenada

Project Title:	SFA 1999 - Banana Commercialisation
Accounting Number:	GRD/SFA/1999/2
Implementing Agency:	BIT, Grenada
Date of Financing Agreement:	16/10/00
Project Duration:	2 years
Date Financing Agreement Expires:	30/06/06
Value of Financing Agreement:	€ 650,000

Project description:

Installation of irrigation facilities for 110 acres of organic banana production and about 45 acres of non-organic banana production.
Design, construction and equipping of an IRDC

Objectives:

The River Antoine Project is part of a 150 acre development being carried out by a private company (RDF Enterprises Limited, which has been engaged in the cultivation of organic sugar cane and rum processing since 1988) with the assistance of Wibdeco for the development of organic banana production.

The purpose of the IRDC will be to act as a reception center for all types of agricultural produce, including bananas, before onward transportation to local markets, export markets or processing plants. In addition it will be a distribution center for agricultural inputs and packaging materials. The center, the ownership of which will be vested in the Trust, will operate on a fully commercial basis providing services to farmers, farmers organizations and private sector buying and distribution companies.

Expected results:

SFA 99 funding will be used to cover the cost of off- farm structures relating to the 110 acres of production irrigated from Lake Antoine. Financing for on farm irrigation equipment will come from a loan provided by the National Insurance Scheme. This loan will also cover working capital and infrastructural costs.

Progress:

The irrigation works are completed and operational and River Antoine started exporting bananas on the 17th. February 2003. .

Phase II of the irrigation, 45 acres at Paradise, are included in a new Grant contract and

Memorandum of Understanding, both of which have been forwarded to BXL for approval. Work on this phase is expected to commence as soon as the second WP will be approved in Brussels. The feasibility study for the IRDC has been completed. Due to the non viability of the infrastructure the NAO office is elaborating a proposal for further irrigation activities.

Grenada

Project Title:	SFA 2001 - Rural Credit Scheme
Accounting Number:	GRD/SFA/2001/1
Implementing Agency:	
Date of Financing Agreement:	06/06/02
Project Duration:	2 years
Date Financing Agreement Expires:	06/12/05
Value of Financing Agreement:	€ 475,000

Project description:
Rural Credit Scheme

Objectives:
The overall objective of the intervention is to expand investment in the rural areas so that rural income and employment are increased.

Expected results:

- An efficient, sustainable mechanism for rural credit established
- A financial sector motivated to lend to rural investors
- Private sector active in rural areas providing advise and technical services in land

development, farm improvements and small businesses as services to borrowers

Progress:

Project on-going. MoAs signed with three Financing Institutions between September and October 2003. No progress report received as yet.

Grenada

Project Title:	Support Services Unit for the Office of the NAO
Accounting Number:	GRD/94/2
Implementing Agency:	NAO
Date of Financing Agreement:	18/01/03
Project Duration:	1 year
Date Financing Agreement Expires:	17/05/04
Value of Financing Agreement:	€ 350,000

Project description:

The overall objective of this project is to promote the development of greater transparency, accountability and responsibility towards EU development assistance to

Objectives:

The overall objective of this project is to promote the development of greater transparency, accountability and responsibility towards EU development assistance to Grenada. This is to be accomplished by strengthening the existing capacity of the Ministry of Finance to support the NAO, with the creation of a new unit: the European Development Fund, Support Services Unit (EDF/SSU).

Expected results:

The project consists of the following activities:

- Maintaining the services of the Stabex Programme Coordinator for an additional year. He shall assume the position of Project and Programme Coordination Officer with responsibility for overall programme coordination and agricultural sector projects.
- Maintaining the services of one Project Officer to prepare project proposals and carry out the monitoring and implementation of increased financing to Grenada.
- Maintaining the services of one Senior National Programme Policy Advisor.
- Maintaining the services of a PCM TA
- Procuring equipment in the form of LCD project, a digital camera and general office requirements.

Progress:

The office of the NAO in full operation, with project works ongoing. A review of the project was done in November- December 2003. A four months extension was granted in December 2003 in order to an internal review of all PMCUs will be completed.