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2007 Annual Operational Review
SAINT KITTS AND NEVIS

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Document 1: Joint Annual Report (final draft) taking into account
 NAO's written comments



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

**COOPERATION
BETWEEN
THE EUROPEAN UNION
AND
ST. KITTS AND NEVIS**

JOINT ANNUAL REPORT 2006

In conformity with Article 81 of
The Cotonou Agreement

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1. Update on the political, economic and social situation

1.1 Update of the political situation

Synopsis

In 2006, the government continued its programme of restructuring of the economy, after closure of the sugar industry in 2005 and in the context of already high levels of public debt.

• Overview

The most significant challenges that the Government and people of St. Kitts and Nevis faced in 2006 was that of simultaneously charting the way forward while adjusting to the loss of the 350 year old sugar industry.

Thus although the sugar industry was a major contributor to the fiscal deficit, with annual losses equivalent to 4% of GDP there is no doubt that its loss has put further pressure on central Government finances through the state's assumption of the industry's debt servicing obligations, and the payment of negotiated severance packages for workers as well as the provision of health and other social services that had previously been a charge on the industry. Central Government has now also to assume responsibility for the extensive environmental services provided by the industry, which controlled the majority of arable land on the island of St. Kitts.

In the first quarter of 2006 the Government of St. Kitts and Nevis completed its comprehensive multi annual 2006-2013 Adaptation Strategy in keeping with "Action plan for accompanying measures for Sugar Protocol countries affected by the reform of the EU sugar regime" (document SEC(2005)61 of 17 January 2005) and Regulation (EC) No. 266/2006 of 15 February 2006 establishing accompanying measures. The Strategy addressed economic/fiscal and structural issues and outlined economic diversification programmes and activities relating to non-sugar agricultural diversification, social protection, poverty reduction, environmental protection, investment in new enterprises and overall production. In addition to the extensive stocktaking and planning consequent on this work, 2006 was therefore a period during which St. Kitts and Nevis began to lay the foundation for more sustainable economic growth by focussing on developing and putting in place the social and economic infrastructure necessary to operationalise the Adaptation Strategy with an emphasis on the services sectors of the economy. Projects initiated or completed during the year therefore included those in the areas of transport and communications such as the airport expansion project and the further development of Port Zante. St. Kitts and Nevis, also continued to implement various ICT initiatives, including those funded under the 9th EDF

With regard to governance issues, Parliament approved the Government's consultative plans for electoral reform. These included the establishment of a national advisory election reform committee; an electoral reform consultative committee; and a parliamentary constitutional and electoral reform committee. The reforms should result in an updated voters list, new voter ID cards and revised electoral boundaries. These reforms follow some of the issues and recommendations made by the Commonwealth Election Observation Mission for the 2004 general elections in St. Kitts and Nevis. Their report had concluded that "Despite the many concerns expressed to us prior to Polling Day (...), we found no evidence that on Polling Day itself there were actions by any election official or otherwise that prevented voters from exercising their franchise peacefully, freely and unhindered(...). It is clear that there are very important issues that need to be addressed to ensure that voter registration and the processes leading up to general elections are above question."

Elections in Nevis in July 2006 ended in defeat for the incumbent Concerned Citizens Movement of Premier Vance Amory and victory for Joseph Parry's Nevis Reformation Party.

• Regional Integration developments

At a meeting of the CARICOM Council for Trade and Economic Development (COTED) following the entering into force of the CSM on 1 January, St. Kitts and Nevis along with other members of the

Organisation of Eastern Caribbean States vowed to fully accede to the CSM as a block by 31 March. This deadline was later pushed back to 30 June. Their participation was linked to the finalisation of necessary legislative and administrative arrangements and the resolution of outstanding issues related to the Regional development Fund and Special and Differential Treatment for CARICOM's Less Developed Countries.

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

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

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

- International Relations

St. Kitts and Nevis has articulated an approach to foreign policy and international relations that is rooted in strong ethical values “guided by acceptable moral standards, one that supports dialogue, cooperation and collaboration to resolve problems and assists with the growth and development of (the) country.¹” To this end, therefore, in 2006 the country continued to strengthen its traditional bilateral and multilateral ties with countries such as the USA, Japan, The Republic of China on Taiwan and with the EU as a whole as well as with individual EU states, in addition to promoting solidarity and technical cooperation with hemispheric neighbours like Puerto Rico, Venezuela, Mexico and Chile.

Of the EU states, the strong historical ties with the UK were most in evidence in terms of direct technical assistance and support throughout 2006, as through DFID the UK provided expertise to assist SKN as it took on the technical challenge of winding down the sugar industry. However, St. Kitts and Nevis also benefited from bilateral assistance from other EU states like France, Germany Austria and Spain.

United States of America

CARICOM Foreign Ministers met with United States Secretary of State in the Bahamas on 21 and 22 March. Issues discussed included: Haiti; CARICOM integration, including the establishment of the CSME; the link between development and democracy; trade cooperation issues as well as security and law enforcement. It was the first substantive session the United States had had with all CARICOM Foreign Ministers in four years.

On 4 October, the US law on Western Hemisphere Travel Initiative was adopted, which requires all United States Citizens returning to the US by air after 8 January 2007 to have a valid passport.

Taiwan

In 2006, St. Kitts and Nevis received assistance from the Republic of China (Taiwan) particularly for preparations for the Cricket World Cup.

Venezuela

St. Kitts and Nevis has signed up to the Petro Caribe initiative under which Venezuela offers some CARICOM members petroleum products on preferential terms. Petroleos de Venezuela SA in 2006 formed

¹ The Honourable Dr. Denzil Douglas, Prime Minister St. Kitts and Nevis

a joint venture with the St. Kitts Energy Company Ltd. to oversee the distribution of petroleum products and also explore the possibility of setting up a supply depot on the island.

1.2 Update of the economic situation²

- Overview

Economic growth in St Kitts and Nevis (SKN) accelerated in 2006 - to 4.4% from 4.1% in 2005 – driven mainly by a surge in construction, strong gains in agricultural and manufacturing output, and continued growth in tourism and related services. SKN's stronger economic activity in 2006 occurred within the context of higher domestic price levels. Inflation rose during the year, to 8.5% in 2006 from 3.6% in 2005. Price increases were recorded for all categories of goods and services.

Fiscal performance strengthened significantly in 2006 owing mainly to strong revenue performance. Continued administrative improvements at both the Customs and Inland Revenue Departments together with policy measures that included the introduction of the electricity surcharge, a higher rate for the social services levy and new excises on alcohol and tobacco, accounted for higher revenue collections. In addition, the Government's current policy stance is to restrict new borrowing to finance the capital programme. This relative containment of current expenditures accounted for a small current account surplus in 2006 relative to a deficit in 2005. Thus, lower capital expenditure and higher levels of capital revenue and grants resulted in a smaller overall deficit in 2006 relative to 2005.

- Macroeconomic changes and structural reforms

The rate of inflation, as measured by the change in the CPI, rose on average by an estimated 8.5% in 2006, compared with 3.6% in 2005. Inflation was driven by increases in the domestic retail price for fuel and the impact of the implementation of increased tariffs and the electricity surcharge, which were due to externally generated high oil prices. The higher fuel prices also led to increases in transportation charges and together with higher electricity prices affected all other price categories, including food. Price increases were recorded for all the major categories of items during the year. Food, the most heavily weighted sub-category, rose by an estimated 8.2%; transportation and communication (18.5%); fuel and light (2.8%); accommodations (5.8%); clothing and footwear (4.7%); alcoholic drinks and beverages (2.7%); education (11.3%); medical services (8.9%); and household supplies and operations (2.1%).

In the labour market, wages and salaries in the public sector remained unchanged in 2006. Complete data on employment in SKN was not available for the year. Employment in the civil service was restricted by the relative freeze in employment - except in critical positions; by attrition and tighter control of the wage bill through computerisation of non-established workers. Public sector wage restraint is a core element in the fiscal stabilisation programme currently pursued by the Government to achieve fiscal stability.

- Good governance in tax issues

St. Kitts and Nevis is a participating partner in the OECD Global Forum on Taxation, which aims at eliminating harmful tax regimes and implementing the principles of transparency and exchange of information for tax purposes. The last meeting St. Kitts and Nevis participated was in November 2005, where the country contributed to factual assessment of its tax regimes.

² This section is based on the 2006 CDB Annual Economic Review and the Public Financial Management Performance Report for St. Kitts and Nevis, completed in 2007

- Integration into the world economy

St. Kitts and Nevis is a middle-income country in the eastern Caribbean, it a small open economy vulnerable to both external shocks and natural disasters. St. Kitts and Nevis is a member of the Eastern Caribbean Currency Union (ECCU) and uses, therefore, the EC\$ as its currency. The Eastern Caribbean Central Bank (ECCB) also manages monetary policy, and regulates and supervises commercial banking activities in its member countries.

- Negotiation positions with regard to the EPA

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

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

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

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

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

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

- Quality management in public finances and budgetary expenses

As a consequence of previous expenditure patterns, the GoSCN is faced now with a number of significant challenges, the most pressing being the reduction in the debt stock (currently at 180% of GDP) to more sustainable levels. The Eastern Caribbean Central Bank (ECCB) Monetary Council has set a target for all Organisation of Eastern Caribbean States (OECS) of a ratio of 60% of GDP.

Whilst there have been improvements in overall budget management, particularly the orderliness of the process and improved revenue collections (tax), there remain a number of issues that need to be urgently addressed in order to ensure that aggregate fiscal discipline is achieved, resource allocation accurately reflects government policy and services are provided in an efficient way. Proposed revisions to financial legislation including improved monitoring of statutory bodies and improved control on the use of advances

and deposits will address some of the issues. Other technical assistance is also addressing a number of the following issues.

There is also a recognised need for improved capacity at the line ministry level to formulate, prepare and manage their budgets and projects to ensure the cost efficient delivery of agreed services. GoSCN has an ambitious public sector investment programme (PSIP), the relevance, affordability and recurrent cost implications of which have to be continuously challenged by the Planning Unit of the Ministry of Finance, Sustainable Development and Information Technology (MoFSD&IT). Over optimistic assumptions on the availability and timing of possible external funding combined with delays in both procurement and disbursements (and the accounting thereof) of committed funds has led to slow implementation rates. Lack of a medium term framework also hampers effective decision making. Recurrent revenue forecasting has however been good.

The frequent use of advances, the delays in bank reconciliations, the non disclosure of accounting standards used and concerns raised by the accountant general's office and the internal audit on the lack of response to the latter's reports undermine the quality of the data produced. Outdated purchasing regulations and lack of specialised procurement legislation also impact negatively on value for money obtained.

As in other Caribbean countries, another major area of weakness is in terms of detailed legislative scrutiny, both of budgets and audited accounts. This undermines the overall accountability of Parliament for ensuring that the budget and actual expenditure reflects agreed policy priorities. Oversight by the public and other interested stakeholders is limited both by the supply of user friendly information and public demand for such information.

Ongoing reforms have started to address many of these and other related issues, for example, the introduction of an expenditure commitment control facility in the upgraded accounting system is helping to ensure that significant arrears are not generated. As noted above, the new financial administration bill will also update accounting and purchasing regulations, limit the use of advances and improve reporting of statutory bodies. The modernisation and improvement of tax administration is already showing improved collection rates.

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

The key economic data on St. Kitts and Nevis is represented in the Annex I, "Country at a glance".

1.3 Update of the social situation

According to the UNDP 2005 Human Development Index, St. Kitts and Nevis is ranked highest among member countries of the OECS and listed at number 2 in the entire Caribbean and Latin American region. The 2001 St. Kitts and Nevis Poverty Assessment Report produced a range of indicators of poverty and vulnerability in St. Kitts and Nevis (a new Poverty Assessment is currently being conducted and should be completed by end 2007). The estimated poverty incidence was similar in St. Kitts and Nevis at around one in three individuals. The calculated average percentage of individuals living below the poverty line in both St. Kitts and Nevis was estimated to be 31.2% (2001 Poverty Assessment). These individuals have expenditure levels below those needed to purchase a basic basket of food and non-food items. The incidence of indigence, on the other hand, measures the proportion of individuals and households who have levels of expenditure below those required to purchase a basic food basket. According to the figures above, just over four percent of households in St. Kitts and 8.1 percent of households in Nevis find themselves in this desperate situation.

A key vulnerable group includes women heads of household employed in elementary occupations. Poverty is substantially higher among women than among men in Nevis, but the differences are minimal in St. Kitts. Poverty is highest among larger households with children. The Poverty Assessment finds strong evidence

that the poor are in work, as they show higher employment rates than the non-poor. The working poor owe their condition to low and irregular earnings on the one hand, and larger number of dependants on the other. Poverty incidence is higher among households whose heads of household are in elementary occupations. A key vulnerable group therefore consists of women heads of household employed in elementary occupations. In addition to income deficits, the poor also have deficits in their living conditions as measured by the provision of basic sanitation services and cooking facilities. There was consensus among those interviewed for this review that, since the data for the Poverty Assessment were collected in 1999, some poverty reduction has ensued, but in the view of the majority of respondents those groups identified as vulnerable in 1999 remain the key vulnerable groups today. The 2001 Poverty Assessment pointed to a high incidence of poverty among youth.

In 2005 St. Kitts and Nevis discontinued the export of sugar and closed the industry for such purposes. The effects of the closure of the industry was expected to be felt more directly by the displaced sugar workers and their dependants (both within and outside their households), through losses in income, well-being, and protection. However, the effects would also extend to their communities, through multiplier effects on the local economy and the social impact thereof.

St. Kitts and Nevis is developing a National Poverty Reduction Strategy and Action Plan to be finalised after the completion of the 2007 Country Poverty Assessment (which includes a Survey of Living Conditions).

1.4 Update of the environmental situation

The current environmental strategy for St. Kitts and Nevis has been articulated through a variety of significant actions and in all of the country's major policy documents and development plans. The country's environmental strategy has also been considerably influenced by both regional and multilateral environmental agreements. In 2004 the change to a more focussed sustainable development agenda was signalled with the establishment of the Ministry of Sustainable Development at the very centre of the government service and encompassing central planning, statistics, and economic development functions. The Department of the environment, which had previously been a part of the Ministry of Health and Environment, now became a part of the new Department of Physical Planning and Environment within the Ministry of Sustainable Development.

The "*National Environmental Management Strategy and Action Plan (NEMS) 2005 – 2009*", as the instrument for operationalizing the 2001 St. George's Declaration of Principles for Environmental Sustainability in the OECS is currently one of the main strategy documents informing the implementation of best practice approaches to environmental sustainability in St. Kitts and Nevis. There are 21 Principles prescribed in the Declaration, which SKN as an OECS member state and signatory has agreed to. The Principles reinforce the multilateral environmental agreements and integrates these into a system that describes their interconnection with local and regional socio-economic issues. Ultimately, however, the NEMS, derives its legitimacy from the process of multi-layered national consultations through which it was developed, involving civil society, public awareness activities, public meetings and district and sectoral consultations.

The "*National Physical Development Plan 2006*" (NPDP), and the NEMS are different sides of the same coin with the NPDP taking a more in depth look at the environment from a geo spatial perspective. In elaborating on the strategic focus and policy framework for land use and physical development generally over the next fifteen years, its main policy matrix prioritises regional and international environmental agreements, coastal area management, watershed management, management of protected areas and disaster mitigation. In the plan the indivisibility of the natural and built environments is explicitly acknowledged. This is done through the conceptual presentation of a whole country system that sees the natural and the built environment as being developed with the same considerations and safeguards for integrity and sustainability.

The centrality of the environment to development and economic transformation in SKN is emphasised in the *“The Adaptation Strategy in Response to the New EU Sugar Regime 2006 – 2013.”* In this document, which outlines the economy wide transformation process necessary for the country to adjust to the loss of the sugar industry, one of the five themes identified as a strategic focus for that process is “ensuring an environmentally sustainable development agenda.” While the document has a specific chapter on Environmental Protection, Land Management and Disaster Mitigation, environmental issues are a thread running through the entire document, with highlights in sections dealing with tourism, agriculture and social development.

The Government’s current *“Medium Term Economic Strategy Paper 2005 - 2007”* in its environment section identifies coastal zone management, and energy and water conservation as key priorities for that period. However, once again environmental concerns are highlighted throughout the paper. In the tourism action plan of the strategy, for example, one of the objectives is to protect the environment while the fisheries sub-sector highlights co-management of marine resources as a priority with actions such as protecting marine turtles and their habitat.

Finally, two of the key sectoral plans in terms of SKNs future development now being finalised are the *“Tourism Sector Strategy”* and the *“Agricultural Development Strategy”*, which both underscore the predominating importance of the environment to the successful implementation of the outlined strategies. In the tourism strategy the environment is described as one of the three pillars supporting current and future development of the industry. In the case of agriculture, natural and environmental resources is one of four priorities and one of the stated objectives within this area is to “Strengthen management of environmentally fragile areas including watershed management, protected areas and (the) development of tourism designated areas.”

2. Overview of past and ongoing EC co-operation

The Country Support Strategy Paper and National Indicative Programme (NIP) under the 9th EDF for St. Kitts and Nevis was signed in 2003. The 9th EDF amounted originally to € 3.4 M for the A envelope, increased to € 6.4 M following the MTR after the transfer of previous EDFs. The focal sector, with 85% of the A envelope and all the additional funds, is Education, with particular emphasis in the promotion of the use of ICTs and continued education for adults.

Although the draft conclusions of the end of term review in 2006 for the 9th EDF proposed to maintain the focal sector, the allocation from the A-envelope was inexplicably cut by over half a million euros. The amount remaining for the B-envelope was also transferred to the long-term development reserve.

The focal sector in the 10th EDF will be safety and security with a proposed allocation of € 4.08 M. In addition, St. Kitts and Nevis benefits from the Accompanying Measures for Sugar Protocol Countries (AMSP)- support scheme as of 2007.

2.1 European Development Fund – Focal Sectors

2.1.1 Focal sectors

The 9th EDF amounted originally to € 3.4 M for the A envelope, increased to € 6.4 M following the MTR after the transfer of previous EDFs. The indicative allocation after the ETR was € 6.2 M. The focal sector, with 85% of the A envelope and all the additional funds, is Education, with particular emphasis in the promotion of the use of ICTs and continued education for adults. The Financing Agreement for the current Information Technology-based Training and Management Project (ITTMP, 9ACP SCN001) was signed in December 2003 and launch of the tender for international technical assistance followed in the first months of 2004. A Financing Proposal for new Information and Communication Technology for Education,

Diversification and Competitiveness (ICT4EDC) project was prepared at the end of 2006 and is expected to be approved in the second quarter of 2007.

a) Results

b) Progress in activities

Project implementation was significantly improved in 2006 with the mobilisation of an International Project Manager. Moreover all major contractual arrangements were concluded for project activities ahead of the N + 3 deadline. Specifically, a service contract to facilitate undergraduate and post graduate training as well as three major supplies contracts were concluded in December 2006. A third and final programme estimate (PE) was prepared and endorsed in the last quarter of 2006. Several training activities will be undertaken during this 18 month PE.

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

The overarching theme of Information Technology and Human Resource Development which are the major foundations of the project allow for broad-based participation by several stakeholders. The structure of the project with its clearly defined beneficiaries takes into account underprivileged youth, unemployed citizens, those threatened with redundancy, the physically handicapped and those otherwise challenged. The project Steering Committee also allows for broad-based representation.

2.1.2 Macroeconomic support

In order to explore the possibilities of using resources arising under the accompanying measures for the sugar protocol countries through budget support from 2007 and also in order to prepare the 10th EDF, the EC has conducted in the last quarter 2006 an assessment of St Kitts and Nevis Public Financial Management (PFM) systems using the PEFA methodology. The final report should be ready in the first quarter 2007. Given the absence of an IMF programme, the EC has also conducted a macro-economic assessment (financed by DFID) in August 2006. The final report has been presented in December 2006 and it is expected to be approved in January 2007.

2.2 Projects and Programmes outside focal sectors

9th EDF: About 15% of the A-allocation (€ 0.5 m) is to be used for studies, audits and technical support under the Technical Cooperation Facility (TCF). The Financing Agreement was signed in April 2004. Approximately 35% of these funds have been used up to date.

2.3 Utilisation of resources for NSAs

In May 2006 the Government of Saint Kitts and Nevis agreed with the European Commission to establish a NSA Advisory Panel, which has subsequently met. The NAO has earmarked resources under the 9th EDF Technical Cooperation Facility to support the NSA Panel in its initial phase and appropriate support for institutional strengthening of NSAs will be made available under the 10th EDF and any other subsequent NIP.

2.4 Utilisation of B-envelope

Following the Mid-Term Review exercise, and by taking into account both the physical and economic vulnerability of St. Kitts and Nevis it was agreed to maintain the original 9th EDF Country Strategy Paper/National Indicative Programme €0.6 million allocation of the B-Envelope, reserved for ECHO activities.

St. Kitts and Nevis has not received any FLEX allocations or other allocations from the B-Envelope.

2.3 Other Instruments

2.3.1 Accompanying Measures for Sugar Protocol (AMSP)

St. Kitts and Nevis benefits from the Accompanying Measures for Sugar Protocol Countries (AMSP). The Government of St. Kitts and Nevis prepared its own National Adaptation Strategy in response to reform of EU sugar regime and this was submitted at the end of April 2006. The Strategy addresses economic/fiscal and structural issues and maps out economic diversification programmes and activities relating to non-sugar agricultural diversification, social protection, poverty reduction, environmental protection, investment in new enterprises and overall production.

Following discussion with CDB and other development partners on Adaptation Strategy, the Delegation prepared the EC Support Strategy 2007-13 in response to SKN Adaptation Strategy. The main focus of the Support Strategy is to promote fiscal sustainability, private sector development, market liberalisation, skills development and institutional strengthening, and thus generally to help St Kitts and Nevis implement its long-term development strategy for sustained growth and poverty reduction. EC support strategies under the accompanying measures for Sugar Protocol countries were adopted in December 2006.

The multi-annual EC Support Strategy will form the basis for the 8 years (2006-2013) accompanying measures for Sugar Protocol countries (AMSP). The financial amount for St. Kitts and Nevis for 2007-13 is still unknown at this time. The accompanying measures have been integrated into the general "Development Cooperation Instrument" (DCI) for 2007-13.

2.3.2 Regional budget lines

St. Kitts and Nevis, a member of CARICOM/Cariforum, is a beneficiary of the many regional programmes funded through the EDF. The 7th EDF RIP has a global envelope of €105 million, while the 8th EDF RIP has €90 million available. The focal sector for the 9th EDF RIP support is regional economic integration and integration into the world economy, for which an envelope of €57 million is available.

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

2.3.3 Support from all ACP funds

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

In 2001 a €70 million project was approved by the EU to support the Caribbean rum sector in facing the challenges determined by the liberalisation of the spirits market. The programme aims at supporting the modernisation of distilleries, helping them in facing the environmental impact, providing technical

assistance to strengthen competitiveness and targeting in an effective way the European markets. Barbados being the location of some important distilleries is likely to benefit substantially from this programme.

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

2.3.4 European Investment Bank (EIB)

The programmes of the European Investment Bank in the Eastern Caribbean region are summarized in the Annex IV.

2.3.5 ECHO

The European Commission's Humanitarian Aid department (ECHO) launched its first Disaster Preparedness (DIPECHO) Programme for the Caribbean in 1998, making available some €12 million for the activities to prepare the most vulnerable communities for and mitigate against disaster and also, to a lesser degree, for disaster prevention. The 4th DIPECHO plan for the Caribbean was approved by the EC in 2003 and its projects were completed during the year 2004-2005. The launched its 5th DIPECHO Action for an amount of €3.5 million and it covers activities in the whole Caribbean region, but most particularly in Haiti, Cuba, Dominican Republic, Jamaica, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines. The projects to be implemented during this 5th DIPECHO Action Plan started to be implemented in 2005 for a duration of 15 months. The 6th DIPECHO Action Plan will be launched in 2007.

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

2.4 Assessment of performance indicators

ANNEX I - Intervention Framework

Intervention framework 9th EDF St Kitts and Nevis							
Sector: Information and Communication Technology	Performance Indicators	Status 2006	Target 2007	Target 2008	Target 2009	Sources of Information	Assumptions
<p>National Sector Target: To foster the development of a vibrant and sustainable IT sector</p>	Number of IT sector graduates and trainees	IT Graduates at Secondary Education Level 594 (2003-2006) 25 IT Trainees	150 More IT Graduates 5 More IT Trainees	150 More IT Graduates 5 More IT Trainees	150 More IT Graduates 5 More IT Trainees	Ministry of Education Reports	GoSKN continues to support the development of the IT sector through attracting IT based industries to invest in SKN and through the liberalisation of the telecommunications industry
	Amount of new investment in the sector	No statistics are available at this point.	Baseline statistics will be developed as part of the implementation of the 2006 sugar facility project.	Statistics available	Statistics available	Ministry of Finance and Commerce	
	New IT companies registered	56 IT companies are registered	10 New IT companies registered	10 New IT companies registered	10 New IT companies registered	Statistics Division, Ministry of Finance, Sustainable Development, Information and Technology	
	Number of people employed in the IT Sector	371 Persons are employed in the IT sector	50 More persons working in the IT sector	50 More persons working in the IT sector	50 More persons working in the IT sector	Statistics Division, Ministry of Finance , Sustainable Development, Information and Technology	
	Completion by 2003 of the study on the needs in Information Technology (IT) within the education sector and development of the appropriate curriculum.	Feasibility Study completed	Achieved yes	Achieved Yes	Achieved Yes	Study assessing the IT needs in education sector available	
	Computer equipment and IT facilities available in schools.	Primary & Secondary St. Kitts and Nevis - 357 Computers 23 Computer Labs	Primary and Secondary St. Kitts and Nevis - 457 Computers 25 Computer Labs	Number of computers and IT facilities available in schools: 500 Computers 30 Labs	Computer equipment etc - target – 500 Computers	Ministry of Education Reports on amount and type of equipment and IT facilities provided	

Intervention framework 9th EDF St Kitts and Nevis							
Sector: Information and Communication Technology	Performance Indicators	Status 2006	Target 2007	Target 2008	Target 2009	Sources of Information	Assumptions
	Liberalisation of the telecommunications sector and adoption of the relevant legislation.	Legislation in place and full liberalisation from April 01, 2002 Nine Companies are in possession of individual/ class licences	Two more companies granted licences	Two more companies granted licences.	Liberalisation underway	Reports from the National Telecommunications Regulatory Commission (NTRC)	
	Appropriate curriculum and curriculum development approaches provided	CXC curriculum only available for 4 th and 5 th forms and a draft curriculum has been prepared by the ECU for 1 st , 2 nd and 3 rd form students	Appropriate curriculum ready for Secondary Schools. Development of curriculum for tertiary institutions (EU Project)	Piloting of IT curriculum in secondary schools. A draft curriculum is available for tertiary institutions	Achieved Yes Appropriate curriculum available for tertiary institutions	Reports from the Curriculum Development Unit, Ministry of Education and the Project Steering Committee for the IT Based Project	GoSKN continues to support and facilitate adult and continuing education in the IT sector
	Provision of essential training for tutors	Achieved No	200 Teachers trained in basic computer skills EU Project	200 Teachers trained in basic computer skills EU Project	Will be further developed and elaborated within EU/ IT Project	Ministry of Education and PSC Reports	
Results							
Pool of adults and women skilled in IT related fields, who will be employed or become entrepreneurs in the IT sector	Training courses established for train trainers, administrators, maintenance personnel and IT technicians in St Kitts and Nevis	7 IT Associate Degree scholarships awarded by the WB Project	15 Scholarships financed by the EU-IT Project	Achieved yes	Achieved yes	Project Progress reports / Annual Report of the EC Delegation/NAO	GoSKN will secure seed and other incubatory funds to initiate special projects intended to sustain the IT education sector
IT Equipment (hardware and software) procured for St Kitts and Nevis	Computer labs equipped with IT equipment	World Bank Project has financed the procurement of IT equipment for school labs	EU Project will finance the procurement of IT Equipment for computer labs at CAPs and Tertiary Institutions	Achieved yes	Achieved yes	Reports of the Project Steering Committee for the EU Project and the Project Management Unit for the World Bank Project	GoSKN will encourage the construction of related physical plants such as smart buildings to provide infrastructure for businesses based on new technologies and the equipping of all schools with computer labs (which can also serve as computer learning centres for adults in the community).
Electronic lab and workshop facilities refurbished and retooled in St Kitts	Well equipped electronics labs and workshops available to offer initial and refresher training for technicians who will become	Achieved no	EU will finance the procurement of workshop equipment	Achieved yes	Achieved yes	Report of Project Steering Committee	

Intervention framework 9th EDF St Kitts and Nevis							
Sector: Information and Communication Technology	Performance Indicators	Status 2006	Target 2007	Target 2008	Target 2009	Sources of Information	Assumptions
	involved in installation and maintenance of IT equipment						
Expanded physical capacity of the education sector to respond to the demand for ongoing training and retraining for individuals and corporations	Computer labs upgraded in St Kitts and two centres expanded and outfitted in Nevis	Achieved no	Achieved under EU Project	Achieved under EU Project	Achieved under EU Project	Reports of tertiary institutions involved in the project and the Project Steering Committee	
Implementation of ICT strategic plans and establishment of e-service portals online	Fifteen strategic implementation or use plans prepared and three portals online addressing information and communication needs	Achieved no	Achieved no	Achieved no	EU Projects	Progress reports and Annual Report of the EC Delegation/NAO	All relevant stakeholders (NGOs, Ministries, SMEs etc) will collaborate in the preparation of the ICT strategic Plans and in providing information for the portals online.
* IT resource centre established and staff provided							

* This activity would no longer be implemented under the 9th EDF.

Awaiting information from SKN.

2.5 Donor coordination and harmonisation

Although bilateral assistance is not provided by the majority of bilateral donors, St. Kitts and Nevis does benefit from technical assistance and some other support through various regional initiatives e.g. the multi – donor funded Caribbean Regional Technical Assistance Centre (CARTAC). UN agencies provide technical assistance on a national and regional basis. The Caribbean Development Bank (CDB) and the International Bank for Reconstruction and Development (IBRD) provide loan financing. The Organisation of American States (OAS) provides grant funding to national and regional projects.

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

2.6 Dialogue in country with the NAO and NSAs

During 2006, a NSA Panel was established in St. Kitts and Nevis. The Panel subsequently met with GSKN and the EC Delegation regarding 10th EDF programming matters. The NAO has earmarked resources under the 9th EDF Technical Cooperation Facility to support the NSA Panel in its initial phase and appropriate support for institutional strengthening of NSAs will be made available under the 10th EDF and any other subsequent NIP.

2.8 Dialogue in country with the NAO and NSAs

During the MTR "in-country-meeting" of December 2004 and with the aim of strengthening civil society involvement in the EU/St. Kitts & Nevis development partnership, it was agreed that a non state actor (NSA) advisory panel, representative of St. Kitts & Nevis' civil society, will be established by the Government of St. Kitts & Nevis after close consultation between the EC Delegation in Barbados and the National Authorising Officer. The panel will provide a forum for tripartite dialogue, information and consultation on development cooperation between the EU and St. Kitts & Nevis.

In May 2006 the Government of St. Kitts and Nevis decided to establish an NSA Advisory Panel along the lines agreed with the EC Delegation in Barbados. The Panel, although not formally constituted yet, has since met and was part of the tripartite (EC Delegation, GOSKN and NSA) discussion regarding the choice of the focal sector for the 10th EDF. The Government's proposed focal sector, Safety and Security, was unanimously supported by the NSA Panel.

3. Conclusions

In 2006, the government continued its programme of restructuring of the economy, after closure of the sugar industry in 2005 and in the context of already high levels of public debt. Economic growth in St Kitts and Nevis (SKN) accelerated in 2006 - to 4.4% from 4.1% in 2005 – driven mainly by a surge in construction, strong gains in agricultural and manufacturing output, and continued growth in tourism and related services. SKN's stronger economic activity in 2006 occurred within the context of higher domestic price levels.

Inflation rose during the year, to 8.5% in 2006 from 3.6% in 2005. Price increases were recorded for all categories of goods and services.

With regard to poverty, according to the UNDP 2005 Human Development Index, St. Kitts and Nevis is ranked highest among member countries of the OECS and is listed at number 2 in the entire Caribbean and Latin American region. However, The calculated average percentage of individuals living below the poverty line in both St. Kitts and Nevis was estimated to be 31.2% (2001 Poverty Assessment). St. Kitts and Nevis is developing a National Poverty Reduction Strategy and Action Plan to be finalised after the completion of the 2007 Country Poverty Assessment (which includes a Survey of Living Conditions).

In the end of term review in 2006, it was concluded that in light of the present analysis, and taking into account special considerations like the national post-sugar adaptation strategy, it is proposed to maintain support to the education and human resources development and to define where else EU support can contribute to improve competitiveness in order to facilitate the necessary wider economic diversification. The allocation from the A-envelope was adjusted to € 6.68M. In the 10th EDF, the focal sector is safety and security with an allocation of € 4.08 M. In addition, St. Kitts and Nevis benefits from the Accompanying Measures for Sugar Protocol Countries (AMSP)- support scheme.

In St. Kitts and Nevis, the Government decided in May 2006 that it did not wish to establish an NSA Advisory Panel. The NAO proposed to use instead the so-called "Economic and Social Partners Forum". No consultation took place between the NAO, Delegation and civil society during 2006. The donor organizations present in the Eastern Caribbean Region meet regularly in Barbados for sharing information on their activities.

ANNEX I General Annex "Country at a glance"-table

A. TABLE OF MACROECONOMIC INDICATORS

Source: World Bank OECs Country Assistance Strategy 2007-2011

Indicator	Actual			Estimate			Projected			
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
stock of net imputed official reserves	49	60	70	68	74	78	81	81	82	82
capital expenditures	10,3	8,4	13,9	6,9	8,2	8,6	8,2	6,2	5,6	5,6
grants	0,8	0,5	3,0	0,6	1,6	0,9	2,6	1,7	0,0	0,0
cap revenues	0,3	0,4	0,7	0,2	0,2	0,2	0,2	0,2	0,2	0,2
tot reven			35	33	35	40	39	37	37	37
current revenues			31,1	32,3	33,6	38,5	35,8	34,9	36,5	36,6
Tot expenditur			53	42	44	45	42	39	38	38
net lending			5,4	1,4	1,4	0,7	0,0	0,0	0,0	0,0
capital expenditure			13,9	6,9	8,2	8,6	8,2	6,2	5,6	5,6
current expenditure			33,7	33,6	34,3	35,4	34,0	33,0	32,6	32,5
National accounts (as % of GDP)										
Gross domestic product ^b	100	100	100	100	100	100	100	100	100	100
Agriculture	2,7	3,1	3,4	3,0	3,0	2,9	2,6	2,5	2,4	2,4
Industry	26,8	28,5	26,8	25,4	26,9	26,4	26,2	26,5	26,4	26,4
Services	70,5	68,4	69,8	71,6	70,1	70,7	71,2	71,0	71,2	71,2
Total Consumption	80	69	81	75	68	71	71	70	70	71
Gross domestic fixed investment	50	54	48	47	48	43	42	41	40	38
Government investment	10,3	8,4	13,9	6,9	8,2	8,6	8,2	6,2	5,6	5,6
Private investment	39,2	45,4	33,8	40,2	39,7	34,4	33,8	34,8	33,9	32,4
Exports (GNFS) ^b	46	46	44	47	52	54	53	54	55	56
Imports (GNFS)	75	69	72	69	68	67	66	65	64	64
Gross domestic savings	21	31	19	25	32	29	29	30	30	30
Gross national savings ^d	30	25	11	18	24	23	22	21	20	20
<i>Memorandum items</i>										
Gross domestic product (US\$ million at current prices)	330	345	355	369	397	421	442	467	492	516
GNI per capita (US\$, Atlas method)	6610	6420	6370	6860	7600					
Real annual growth rates (%)										
Gross domestic product at factor cost	6,5	1,7	-0,3	0,6	4,0	3,6	1,9	3,4	3,9	4,0
Real annual per capita growth rates (% , calculated from 1977 prices)										
Gross domestic product at market prices	5,7	0,9	-1,1	-0,2	3,2	2,8	1,1	2,6	3,1	3,2
Balance of Payments (US\$ millions)										
Trade Balance	-121	-112	-113	-118	-127	-130	-137	-140	-146	-151
Exports (GNFS) ^c	150	160	155	174	207	225	233	251	269	288
Merchandise Exports FOB	52	55	64	63	68	72	68	73	77	82
Imports (GNFS) ^c	247	238	257	256	271	283	290	302	317	332
Merchandise Imports FOB	173	167	178	180	195	202	206	213	223	233
Services Balance	24	34	10	36	63	73	80	89	98	107
Tourism receipts	58	62	56	73	91	102	111	121	131	141
Resource balance	-97	-78	-103	-82	-64	-57	-57	-51	-48	-44
Net current transfers	63	18	16	17	18	18	18	17	17	17
Current account balance	-65	-100	-131	-109	-95	-92	-95	-94	-94	-93
Net private foreign direct investment	96	88	80	51	54	56	63	59	62	65
Long-term loans (net)	10	62	44	43	22	6	9	6	4	3
Other capital (net, incl. errors & omissions)	-34	-73	-110	-83	-89	-74	-81	-73	-73	-75
Change in reserves ^e	-7	23	117	98	109	105	104	101	100	100
<i>Memorandum items</i>										
Resource balance (% of GDP)	-29,5	-22,7	-29,0	-22,2	-16,0	-13,6	-12,9	-11,0	-9,7	-8,5
Public finance (as % of GDP at market prices)^f										
Total revenue and grants	29,9	29,0	34,8	33,1	35,4	39,6	38,6	36,8	36,7	36,8
Total expenditure and net-lending	44,3	41,4	53,0	41,9	43,9	44,7	42,2	39,2	38,2	38,1
Central government overall balance	-14,4	-12,4	-18,2	-8,9	-8,5	-5,1	-3,6	-2,4	-1,5	-1,4
Capital expenditure	10,3	8,4	13,9	6,9	8,2	8,6	8,2	6,2	5,6	5,6
Primary balance	-9,5	-6,7	-11,2	-1,2	-0,5	3,3	5,4	6,8	7,7	7,8
Monetary indicators										
M2/GDP	87,4	85,4	87,8	90,6	98,1	..	..	..	..	..
Growth of M2 (%)	27,9	2,3	6,4	6,9	16,4	..	..	..	..	..
Consumer price index (% change, eop)	3,1	2,6	1,8	2,3	2,3	2,0	2,0	2,0	2,0	2,0

a. Projections for 2005-09 are based on an adjustment scenario including the closure of the St. Kitts Sugar Manufacturing Company and the transfer of sugar lands to its creditors in 2006.

b. GDP at factor cost

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

d. Includes net unrequited transfers excluding official capital grants.

e. Includes use of IMF resources.

f. Combined accounts of the Federal government of St. Kitts and Nevis and the Nevis Island Administration.

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

St. Kitts and Nevis - Key Exposure Indicators

Indicator	Actual			Estimate		Projected				
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total debt outstanding and disbursed (TDO) (US\$m) ^a	401,1	483,3	570,2	625,5	676,7	713,1	592,7	598,9	601,3	603,4
Debt and debt service indicators (%)										
TDO/XGS ^b	267,5	302,8	369,0	359,7	326,6	316,4	254,3	238,3	223,4	209,3
TDO/GDP	121,7	140,2	160,5	169,4	170,5	169,3	134,0	128,2	122,2	117,0
IBRD exposure indicators (%)										
IBRD TDO (US\$m) ^d	4,51	6,59	8,67	11,89	13,20	16,3	17,7	18,6	18,6	17,5
IDA TDO (US\$m) ^d	1,44	1,36	1,43	1,53	1,55	1,31	0,95	0,59	0,17	0,00
IFC (US\$m)										
Loans	..	..	..	..	..	..	..	..	..	..
Equity and quasi-equity /c	..	..	..	..	..	..	..	..	..	..
MIGA										
MIGA guarantees (US\$m)	..	..	..	..	..	..	..	..	..	..

a. Includes public and publicly guaranteed debt, private nonguaranteed, use of IMF credits and net short-term capital.

b. "XGS" denotes exports of goods and services, including workers' remittances.

c. Preferred creditors are defined as IBRD, IDA, the regional multilateral development banks, the IMF, and the Bank for International Settlements.

d. Includes present value of guarantees.

e. Includes equity and quasi-equity types of both loan and equity instruments.

B. TABLE OF INDICATORS FOR THE MDGS

	1990	1994	1997	2000	2003	2004
Goal 1: Eradicate extreme poverty and hunger						
Income share held by lowest 20%	..	..	..	..	..	..
Malnutrition prevalence, weight for age (% of children under 5)	..	..	..	..	..	..
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)	..	..	19	..	11	11
Goal 2: Achieve universal primary education						
Literacy rate, youth total (% of people ages 15-24)	..	..	..	..	..	..
Persistence to grade 5, total (% of cohort)	..	..	..	87	..	..
Primary completion rate, total (% of relevant age group)	..	..	..	119.0	107.5	114.3
School enrollment, primary (% net)	..	..	..	..	..	..
Goal 3: Promote gender equality and empower women						
Proportion of seats held by women in national parliament (%)	7.0	..	13.0	13.0	13.0	13.0
Ratio of girls to boys in primary and secondary education (%)	..	..	..	..	..	..
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)	99.0	99.0	97.0	99.0	98.0	98.0
Mortality rate, infant (per 1,000 live births)	..	..	..	..	..	..
Mortality rate, under-5 (per 1,000)	..	..	..	..	..	..
Goal 5: Improve maternal health						
Births attended by skilled health staff (% of total)	..	..	..	..	..	..
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)	13.6	..	..	..	..	10.7
Prevalence of HIV, female (% ages 15-24)	..	..	..	..	..	..
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	..	..	..
Tuberculosis cases detected under DOTS (%)	..	..	..	0.0	48.6	..
Goal 7: Ensure environmental sustainability						
CO2 emissions (metric tons per capita)	1.6	2.1	2.5	2.3	2.4	..
Forest area (% of land area)	14	..	..	14	..	..
GDP per unit of energy use (constant 2000 PPP \$ per kg of oil equivalent)	..	..	..	..	..	..
Improved sanitation facilities (% of population with access)	96	..	..	..	96	..
Improved water source (% of population with access)	99	..	..	..	99	..
Nationally protected areas (% of total land area)	..	..	..	..	..	..
Goal 8: Develop a global partnership for development						
Aid per capita (current US\$)	193.5	114.1	177.5	88.3	-2.4	-2.3
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	3	5	5	13	24	..
Fixed line and mobile phone subscribers (per 1,000 people)	231.1	..	426.8	521.8	610.1	744.9
Internet users (per 1,000 people)	0.0	..	24.5	61.0	214.1	..
Personal computers (per 1,000 people)	..	..	..	158.1	214.1	234.1
Total debt service (% of exports of goods, services and income)	3	5	5	13	24	..
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)	2.7	..	2.4	2.2	2.1	2.1
GNI per capita, Atlas method (current US\$)	3610.0	5010.0	6000.0	6530.0	6980.0	6980.0
GNI, Atlas method (current US\$) (billions)	0.2	0.2	0.2	0.3	0.3	0.3
Gross capital formation (% of GDP)	55.4	38.1	44.0	49.5	54.5	54.5
Life expectancy at birth, total (years)	67.2	..	70.0	70.8	71.3	..
Literacy rate, adult total (% of people ages 15 and above)	..	..	..	..	..	..
Population, total (millions)	0.0	0.0	0.0	0.0	0.0	0.0
Trade (% of GDP)	134.9	119.2	124.1	121.0	113.4	112.4

Source: World Development Indicators database, April 2006

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

Number Global Commitment	Ind. Comm.	New Ind. Comm.	Date Fin	Global Comm.	Individual Comm.	Amount Paid	Title	Global Comm.	Ind. Comm.	Paid	R.A.P	Date closure	Country in charge	Operational in charge	Global Comm.	Ind. Comm.	Paid	Glob decomm.	Ind. Decomm.	reimb.	
6	ACP SCN	6	0	20031001	411,763	411,763	411,763	0	0	0	0	20060715	ZACHAAN	ZACHAAN	0	0	0	0	0	0	
6	ACP SCN	6	1	20020531	0	411,763	411,763	0	0	0	0	20060622	ZACHAAN	ZACHAAN	0	0	0	0	0	0	
7	ACP SCN	7	0		2,455,569	2,449,911	2,449,911	0	0	0	0		ZACHAAN	ZACHAAN	0	0	0	0	0	0	
7	ACP SCN	7	1	19990228	0	262,738	262,738	0	0	0	0		ZACHAAN	ZACHAAN	0	0	0	0	0	0	
7	ACP SCN	7	3	20020531	0	2,173,764	2,173,764	0	0	0	0		ZACHAAN	ZACHAAN	0	0	0	0	0	0	
7	ACP SCN	8	0		43,931	43,931	40,179	0	0	0	0		ZACHAAN	ZACHAAN	0	0	0	0	0	0	
7	ACP SCN	8	1	20020531	0	0	0	0	0	0	0		ZACHAAN	ZACHAAN	0	0	0	0	0	0	
7	ACP SCN	8	2	20021231	0	43,931	40,179	0	0	0	3752				0	0	0	0	0	0	
7	ACP SCN	10	0	20031001	5,237	5,237	5,237	0	0	0	0		ZACHAAN	ZACHAAN	0	0	0	0	0	0	
7	ACP SCN	10	1	20020531	0	5,237	5,237	0	0	0	0				0	0	0	0	0	0	
8	ACP SCN	1	0	20031001	2,700,000	2,700,000	2,700,000	0	0	0	0		ZACHAAN	ZACHAAN	0	0	0	0	0	0	
8	ACP SCN	1	1	20020531	0	2,700,000	2,700,000	0	0	0	0		ZACHAAN	ZACHAAN	0	0	0	0	0	0	
9	ACP SCN	1	0	20111231	3,180,000	596,000	197,947	0	0	0	0		KIHLBMA	KIHLBMA	0	0	0	0	0	0	
9	ACP SCN	1	1	20070107	0	204,000	79,180	0	0	12,862	111,958		POLYCSP	POLYCSP	0	0	12,862	0	0	0	
9	ACP SCN	1	2	20060614	0	392,000	118,767	0	-155,000	0	118,233		POLYCSP	POLYCSP	0	-155,000	0	0	0	0	
9	ACP SCN	1	3	20060521	0	0	0	0	198,660	119,196	79,464		POLYCSP	POLYCSP	0	198,660	119,196	0	0	0	
9	ACP SCN	1	4	2006061128	0	0	0	0	97,700	0	97,700		POLYCSP	POLYCSP	0	97,700	0	0	0	0	
9	ACP SCN	1	5	2006080531	0	0	0	0	1385000	0	1385000		POLYCSP	POLYCSP	0	1,385,000	0	0	0	0	
9	ACP SCN	1	6	2006070331	0	0	0	0	157,758	0	157,758		POLYCSP	POLYCSP	0	157,758	0	0	0	0	
9	ACP SCN	1	7	2006070331	0	0	0	0	323,445	0	323,445		POLYCSP	POLYCSP	0	323,445	0	0	0	0	
9	ACP SCN	1	8	2006070331	0	0	0	0	96900	0	96900		POLYCSP	POLYCSP	0	0	0	0	96,900	0	
9	ACP SCN	1	9	2006091213	0	0	0	0	448000	0	448000		POLYCSP	POLYCSP	0	0	0	0	448,000	0	
9	ACP SCN	1	10	2006080831	0	0	0	0	0	0	0		POLYCSP	POLYCSP	0	0	0	0	0	0	
9	ACP SCN	2	0	20101031	500,000	167,404	100,442	0	0	0	0		IOANNSO	IOANNSO	0	0	0	0	0	0	
9	ACP SCN	2	1	20051231	0	30,000	18,000	0	0	10,504	1,496		POLYCSP	POLYCSP	0	0	0	0	0	10,504	
9	ACP SCN	2	2	20060106	0	137,404	82,442	0	0	0	54,962		POLYCSP	POLYCSP	0	0	0	0	0	0	
9	ACP SCN	2	3	2006060731	0	0	0	0	15000	14636	364		TASSICE	TASSICE	0	15,000	14,636	0	0	0	
9	ACP SCN	2	4	2006060709	0	0	0	0	99,810	59,886	39,924		POLYCSP	POLYCSP	0	99,810	59,886	0	0	0	
9	ACP SCN	2	5	2006060912	0	0	0	0	54600	32760	21840		POLYCSP	POLYCSP	0	54,600	32,760	0	0	0	
9	ACP SCN	2	6	2006071110	0	0	0	0	38,672	23,203	15,469		POLYCSP	POLYCSP	0	38,672	23,203	0	0	0	
9	ACP SCN	2	7	20081024	0	0	0	0	0	0	0		POLYCSP	POLYCSP	0	0	0	0	0	0	
9	ACP SCN	3	0	20130630	0	0	0	0	0	0	0		PALLATO	PALLATO	0	0	0	0	0	0	
7	ACP RPR	580	18	20030414	0	548,000	451,378	0	0	0	96622		ACP BAR	ACP BAR	0	0	0	0	0	0	
0		0	0	0	0	0	0	0	0	0	0				0	0	0	0	0	0	
									0	2,760,545	273,047	3,052,887				0	2,215,645	262,543	0	544,900	10,504

ANNEX III Regional Projects

ANNEX : CARIBBEAN REGIONAL INDICATIVE PROGRAMMES

9TH EDF

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

8TH EDF (MANAGED BY BARBADOS DELEGATION)

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

	Programme for Fisheries	44.86
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6&7TH EDF (MANAGED BY BARBADOS DELEGATION)

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

ANNEX IV EIB Projects

Country	Project Name	Status	Convention	Contract number	Amount signed (m)		Date of Signature	Amount outstanding (m)		Beginning repayment
					OR	RC		OR	RC	
Saint Kitts and Nevis	DEVELOPMENT BANK OF ST.KITTS-NEVIS	Disbursed	Lome - 2	70366		350,000.00	07/21/1983		24,010.00	03/10/1992
	NEVIS AIRPORT EXTENSION	Disbursed	Lome - 4	71017		2,000,000	10/10/1995		1,270,400	10/05/2001
	DBSKN GL III	Disbursed	Lome - 4 - Bis	20692		4,000,000	07/31/2000		2,985,963	07/15/2004
	Total					6,350,000			4,280,373	

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

	FORECASTS 2007										
	1st SEMESTER	LOW	MEDIUM	HIGH	Target 100%L+50%M	2nd SEMESTER	LOW	MEDIUM	HIGH	Target 100%L+50%M	TARGET ANNEE
New Global Commitments	2,500,000					0					2,500,000
New Individual Commitments	0	0	0	0	0	0	0	0	0	0	0
Payments	1,611,836	1,219,336	392,500	0	1,415,586	955,964	563,464	392,500	0	759,714	2,175,300
Decommitments back to the NIP	3,752										3,752
Decommitments to recommit	294,582										0
Reduction of Old RAL	1,615,588	1,223,088	392,500	0	1,419,338	955,964	563,464	392,500	0	759,714	2,179,052

	FORECASTS 2008										
	1st SEMESTER	LOW	MEDIUM	HIGH	Target 100%L+50%M	2nd SEMESTER	LOW	MEDIUM	HIGH	Target 100%L+50%M	TARGET ANNEE
Engagements Individuels	1,000,000	0	1,000,000	0	500,000	0	0	0	0	0	500,000
Payments	250,000	0	250,000	0	125,000	250,000	0	250,000	0	125,000	250,000

R A L	SITUATION on 01/01/2007		SITUATION on 31/12/2007		Amount	Nbr
	ALL PROJECTS	PROJETS decided before YEAR 2002	ALL PROJECTS	PROJETS decided before YEAR 2002		
Σ Ongoing GLOBAL COMMITMENTS	8,884,737	5,204,737	11,384,737	5,204,737	0	0
R A C	161,708	5,658	2,661,708	5,658		0
R A P	2,921,096	3,752	742,044	0		0
R A L	3,082,804	9,410	3,403,752	5,658		0
% RAL / Σ GLOBAL COMMIT.	35%	0%	30%	0%		0
Nbr of years to absorbe RAL	1		2			0

GLOBAL COMMITMENTS ON AVAILABLE EDF ALLOCATIONS UNTIL END 2007

SUMMARY of	AMOUNT
CUMULATED TOTAL GLOBAL COMMITMENTS on 31/12/2006	3,680,000
TOTAL NEW GLOBAL COMMITMENTS FORSEEN in 2007	2,500,000
TOTAL GLOBAL COMMITMENTS	6,180,000

SUMMARY of	
COUNTRY ENVELOPE A & B AT 31-12-2006 avant ETR	7,294,216
DECOMMITMENTS OVER THE PERIOD OF 2007	3,752
TOTAL EDF AVAILABLE COUNTRY RESOURCES	7,290,464
USE OF AVAILABLE RESSOURCES in %	84.77%
EDF COUNTRY RESSOURCES THAT COULD BE LOST	1,110,464

ANNEX VI Intervention Framework

Intervention framework 9th EDF St Kitts and Nevis							
Sector: Information and Communication Technology	Performance Indicators	Status 2002	Target 2003	Target 2004	Target 2005	Sources of Information	Assumptions
National Sector Target: To foster the development of a vibrant and sustainable IT sector	Number of IT sector graduates and trainees	194	400	600	1,200	Ministry of Education Reports	GoSKN continues to support the development of the IT sector through attracting IT based industries to invest in SKN and through the liberalisation of the telecommunications industry
	Amount of new investment in the sector	No statistics available at this point.	Need for info. identified business register planned	Work on business register to be completed by mid-2004	Amount of new investment in the sector X+Y+Z	Ministry of Finance and Commerce	
	New IT companies registered	No past statistics available as benchmarks	Business register will capture this info from 2004	Number of new IT companies registered X+Y	Number of new IT companies registered X+Y+Z		
	Number of people employed in the IT Sector	Last labour Force Survey done in 1994. Extrapolations not relevant	Labour Force Survey to capture such info. designed	Labour Force Survey being done presently by Planning Unit	Number of people employed in the IT Sector X+Y+Z	Statistics Division, Ministry of Finance, Development and Planning	
	Completion by 2003 of the study on the needs in Information Technology (IT) within the education sector and development of the appropriate curriculum.	Procedures for carrying out Feasibility Study completed and consultants identified.	Achieved yes	Achieved YES	Achieved YES	Study assessing the IT needs in education sector available	
	Computer equipment and IT facilities available in schools.	Primary & Secondary St. Kitts and Nevis - 357 Computers	Primary and Secondary St. Kitts and Nevis - 455 Computers	Number of computer equipment and IT facilities available in schools: 455	Number of computer equipment etc - target - 1500 Achieved no	Ministry of Planning Ministry of Education Reports on amount and type of equipment and IT facilities provided	
	Liberalisation of the telecommunications sector and adoption of the relevant legislation by the end of 2004.	Legislation in place and full liberalisation in theory from 01:04:02	2 companies granted licenses- interconnection agreement signed end 2003	2 more companies licensed. Liberalisation underway	Achieved no	Ministry of Planning reports on legislative changes	
Intervention objective: Upgrade and Expand the computer lab and training office facilities	Appropriate curriculum and curriculum development approaches provided	no.	Achieved no but being developed through NCEC and CXC	Achieved no but being developed through NCEC and CXC	Piloting of IT curriculum in lower secondary schools Achieved no	Ministry of Education Reports	GoSKN continues to support and facilitate adult and continuing education in the IT sector

	Provision of essential training for tutors	Teachers trained annually in basic computer maintenance	Teachers trained annually in basic computer maintenance	Teachers trained annually in basic computer maintenance	Will be further developed and elaborated within EU/ IT Project	Ministry of Education Reports	
Results							
Pool of adults and women skilled in IT related fields, who will be employed or become entrepreneurs in the IT sector	Training courses established to train trainers, administrators and maintenance personnel in St Kitts and Nevis	one trained maintenance technician	no	10-17 fellowships being financed by World Bank Project	Further training fellowships to be provided by World Bank & EU Projects	Project Progress reports / Annual Report of the EC Delegation/NAO	GoSKN will secure seed and other incubatory funds to initiate special projects intended to sustain the IT education sector
Hardware and software upgraded in St Kitts and Nevis	Well equipped electronics labs and workshops available to offer initial and refresher training for technicians who will become involved in installation and maintenance of IT equipment	Achieved no	Achieved no	World Bank Project will finance the procurement of essential equipment for IT labs	World Bank Project Will finance the procurement of essential equipment for IT labs	End of Project Report	GoSKN will encourage the construction of related physical plants such as smart buildings to provide infrastructure for businesses based on new technologies and the equipping of all schools with computer labs (which can also serve as computer learning centers for adults in the community).
Electronic lab and workshop facilities refurbished and retooled in St Kitts	60 persons trained to deliver and sustain a range of IT programmes	Achieved no	Achieved no	WB and EU Pj - 25% identified & being trained	WB & EU Pj 50% identified & being trained	Report of Supervisor	
Expanded capacity of the education sector to respond to the demand for ongoing training and retraining for individuals and corporations	Four computer labs constructed in St Kitts and two centres expanded in Nevis	Achieved no	Achieved no	WB and EU Projects.	WB and EU Projects	Reports of Colleges involved in the project	
IT Equipment procured for St Kitts and Nevis		Achieved no	Achieved no	WB and EU Projects	WB and EU Projects		
IT resource centre established and staff provided		Achieved no	Achieved no	WB and EU Projects	WB and EU Projects		