



European Community - Antigua and Barbuda
Country Strategy Paper
and
National Indicative Programme
for the period 2008-2013
(10th EDF)

The Government of Antigua and Barbuda and the European Commission hereby agree as follows:

- (1) The Government of Antigua and Barbuda (represented by Ambassador Dr. Clarence Henry, National Authorizing Officer) and the European Commission (represented by Mr. Amos Tincani and Mr. Valeriano Diaz, Heads of Delegation to Barbados and Eastern Caribbean), hereinafter referred to as “the Parties”, held discussions in St John’s and Bridgetown from June 2006 to April 2008 with a view to determining the broad lines for cooperation for the period 2008–2013.

During these discussions, the Country Strategy Paper and an Indicative Programme of Community aid in favour of Antigua and Barbuda were drawn up in accordance with Articles 2 and 4 of Annex IV to the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000, and the revised Agreement signed in Luxembourg on 25 June 2005. These discussions complete the programming process in Antigua and Barbuda.

The Country Strategy Paper and the Indicative Programme are annexed to this document.

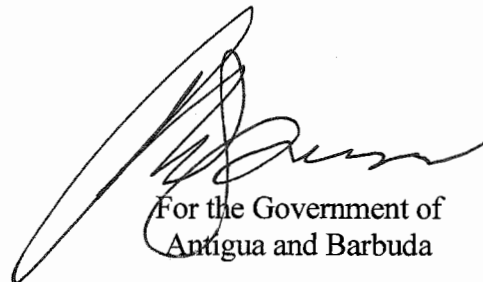
- (2) As regards the indicative programmable financial resources which the Community plans to make available to Antigua and Barbuda for the period 2008-2013, an amount of €3.4 million is scheduled for the allocation referred to in Article 3(2)(a) of Annex IV to the ACP-EC Partnership Agreement (A allocation) and of €0.2 million for the allocation referred to in Article 3(2)(b) (B allocation). These allocations are not entitlements and may be revised by the Community, following the completion of mid-term and end-of-term reviews, in accordance with Article 5(7) of Annex IV to the ACP-EC Partnership Agreement.
- (3) The A allocation is intended to cover macroeconomic support, sectoral policies, programmes and projects in support of the focal or non-focal areas of Community assistance. The Indicative Programme in Part 2 concerns the A allocation. It also takes into consideration financing from which Antigua and Barbuda benefits or could benefit under other Community resources. It does not pre-empt financing decisions by the Commission.
- (4) The B allocation is intended to cover unforeseen needs, such as emergency assistance where such support cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate adverse effects of instability in export earnings. The B allocation will be triggered in response to specific mechanisms and procedures and therefore does not yet constitute a part of the Indicative Programme.
- (5) Resources can be committed within the framework of this Country Strategy Paper and Indicative Programme upon the entry into force of the 10th EDF multiannual financial framework for the period 2008-2013 of the revised ACP-EC Partnership but not before 1 January 2008. Financing decisions for projects and programmes can be taken by the European Commission at the request of the Government of Antigua and Barbuda within the limits of the A and B allocations referred to in this document. The relevant projects and programmes will be run in accordance with the rules and procedures laid down in the 10th EDF multiannual financial framework for the period 2008-2013. Financing decisions can also be taken on the basis of Article 15(4) in conjunction with Article 4(1)(d) of Annex IV to the ACP-EC Partnership Agreement for support to non-State actors or on the basis of Article 72(6) of the ACP-EC Partnership Agreement for humanitarian and emergency assistance funded from the B allocation. Financing

decisions will be taken and implemented in accordance with the rules and procedures laid down in the EC Council Regulations on implementation of the 10th EDF and on the Financial Regulation applicable to the 10th EDF and in Annex IV to the ACP-EC Partnership Agreement.

- (6) The European Investment Bank may contribute to implementation of this Country Strategy Paper by operations financed from the Investment Facility and/or from its own resources, in accordance with paragraphs 2(c) and 3 of Annex Ib to the ACP-EC Partnership Agreement regarding the 10th EDF multiannual financial framework for the period 2008-2013.
- (7) In accordance with Article 5 of Annex IV to the ACP-EC Partnership Agreement, the National Authorising Officer and the Head of Delegation will undertake an annual operational review of the Indicative Programme and a mid-term and end-of-term review of the Country Strategy Paper and the Indicative Programme in the light of needs and performance at the time.
The mid-term review will be undertaken in 2010 and the end-of-term review in 2012. Following the completion of the mid-term and end-of-term reviews, the Community may revise the resource allocation in the light of needs and performance at the time.
Without prejudice to Article 5(7) of Annex IV concerning reviews, the allocations may be increased in accordance with Article 3(5) of Annex IV in order to take account of special needs or exceptional performance.
- (8) The agreement of the two parties on this Country Strategy Paper and the National Indicative Programme, subject to the ratification and entry into force of the revised ACP-EC Partnership Agreement and the 10th EDF multiannual financial framework for the period 2008-2013, will be regarded as definitive within eight weeks of the date of signature, unless either party communicates the contrary before the end of this period.

Done at Saint John's on ... 18.07.2009

For the European Commission



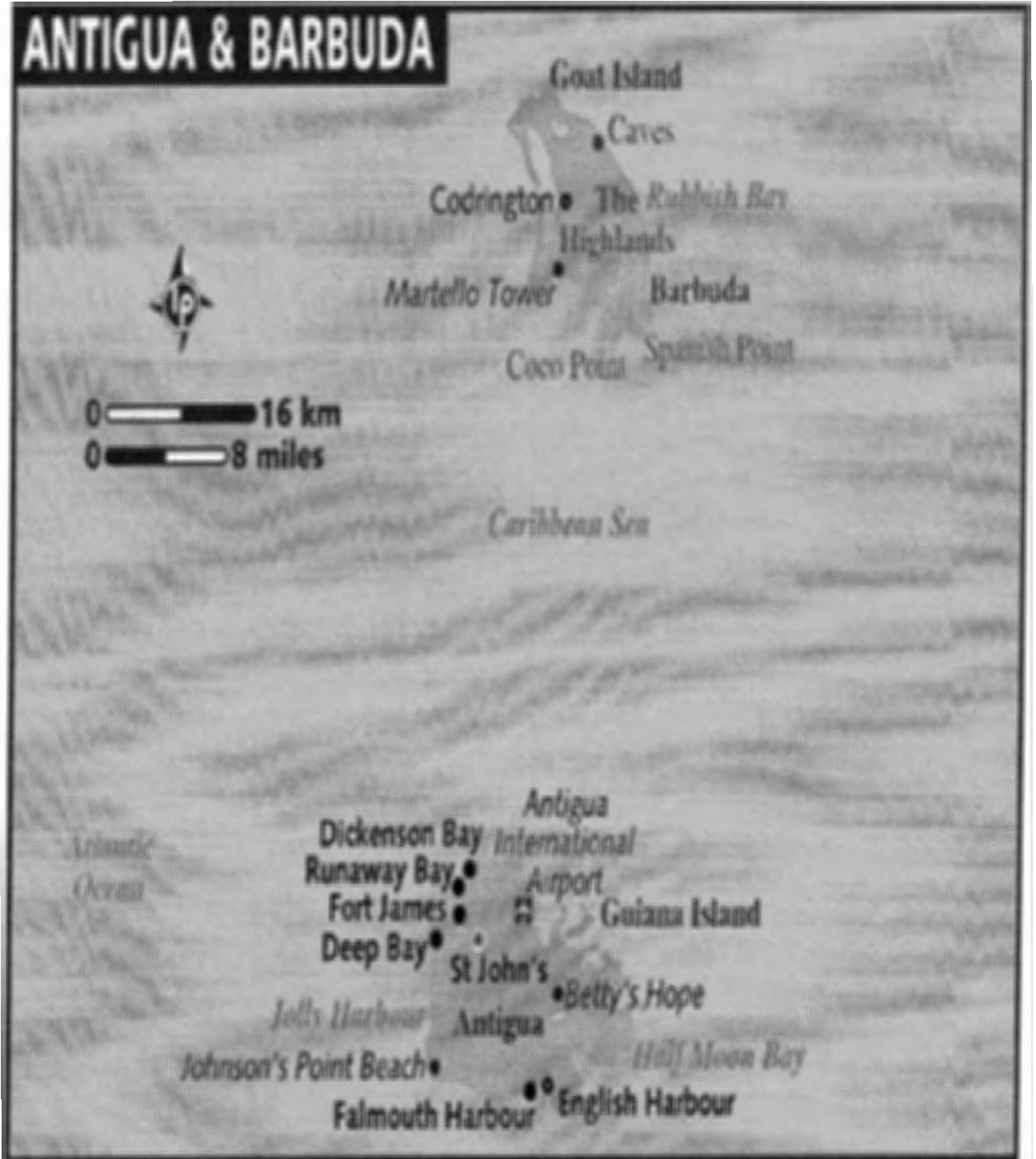
For the Government of
Antigua and Barbuda

ACRONYMS

ABHTI	Antigua and Barbuda Hospitality Training Institute
ABICE	Antigua and Barbuda Institute for Continuing Education
ABIIT	Antigua and Barbuda International Institute of Technology
ABNTA	Antigua and Barbuda National Training Agency
ACP	Africa, Caribbean, Pacific
ACS	Association of Caribbean States
ALP	Antigua Labour Party
APUA	Antigua Public Utilities Authority
CARICOM	Caribbean Community
CARIFORUM	Caribbean Forum
CARTAC	Caribbean Regional Technical Assistance Centre
CDB	Caribbean Development Bank
CDE	Centre for the Development of Enterprise
CEHI	Caribbean Environmental Health Institute
CIDA	Canadian International Development Agency
COTS	Caribbean Open Trade Support Program
CRIP	Caribbean Regional Indicative Programme
CRNM	Caribbean Regional Negotiating Machinery
CSM	CARICOM Single Market
CSME	CARICOM Single Market and Economy
CSP	Country Strategy Paper
CTA	Centre for the Development of Agriculture
DFID	Department for International Development
DIPECHO	Disaster Preparedness Programme
EC	European Commission
EC\$/XCD	Eastern Caribbean Dollars
ECCB	Eastern Caribbean Central Bank
ECHO	European Commission Humanitarian Aid Office
ECLAC	Economic Commission for Latin America and the Caribbean
EDF	European Development Fund
EIB	European Investment Bank
EPA	Economic Partnership Agreement
EPPU	Economic Policy and Planning Unit
EU	European Union
FPSR	Fiscal and Public-Sector Reform
GDP	Gross Domestic Product
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
ICC	International Criminal Court
ICT	Information and Communication Technology
IDB	Inter-American Development Bank
IFI	International Financial Institutions
ILO	International Labour Organisation
IMF	International Monetary Fund
IOM	International Organisation for Migration
IWC	International Whaling Commission
LAC	Latin America and Caribbean
MDG	Millennium Development Goal
MTR	Mid-Term Review
NAO	National Authorising Office(r)
NIP	National Indicative Programme
NRMU	Natural Resources Monitoring Unit

NSA	Non-State Actor
NSDP	National Strategic Development Plan
OAS	Organisation of American States
OCT	Overseas Countries and Territories
OECD	Organisation for Economic Cooperation and Development
OECS	Organisation of Eastern Caribbean States
PSD	Private-Sector Development
PSIP	Public-Sector Investment Programme
RIP	Regional Indicative Programme
RSS	Regional Security System
SALW	Small Arms and Light Weapons
SIA	Sustainable Impact Assessment
STAVEP	Strengthening of Technical and Vocational Education Project
TA	Technical Assistance
TCF	Technical Cooperation Facility
TRIPS	Total Revenue Integrated Processing System
TRTA	Trade-Related Technical Assistance
TVET	Technical and Vocational Education and Training
UCAB	University College of Antigua and Barbuda
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UPP	United Progressive Party
USA	United States of America
USAID	United States Agency for International Development
WB	World Bank
WMD	Weapons of Mass Destruction
WTO	World Trade Organisation
YSTP	Youth Skills Training Programme

Map of Antigua and Barbuda



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TABLE OF CONTENTS

ACRONYMS	III
MAP OF ANTIGUA AND BARBUDA	V
TABLE OF CONTENTS	I
SUMMARY	3
PART I - COUNTRY STRATEGY PAPER	
CHAPTER 1 – THE FRAMEWORK OF RELATIONS BETWEEN THE EC AND ANTIGUA AND BARBUDA	
1.1. General objectives of the EC’s external policy	5
1.2. Strategic objectives of the cooperation between the EC and Antigua and Barbuda	5
1.3. Main bilateral agreements	6
CHAPTER 2 – COUNTRY DIAGNOSIS	7
2.1. Analysis of the political, economic, social and environmental situation in Antigua and Barbuda	7
2.1.1. Political and institutional situation.....	7
2.1.2. Economic and commercial situation.....	9
2.1.3. Social situation, including decent work and employment	12
2.1.4. Environmental situation.....	14
2.1.5. Antigua and Barbuda in the international context	14
2.2. Poverty reduction analysis	15
2.3. The development strategy of Antigua and Barbuda.....	17
2.4. Analysis of the viability of current policies and the medium-term challenges	17
CHAPTER III – OVERVIEW OF PAST AND PRESENT EC COOPERATION, COMPLEMENTARITY AND CONSISTENCY	19
3.1. Overview of past and present EC cooperation (lessons learned)	19
3.1.1. Focal sectors (and macroeconomic support).....	19
3.1.2. Projects and programmes outside focal sectors	22
3.1.3. Utilisation of envelope B	22
3.1.4. Other instruments.....	23
3.2. Information on the programmes of the Member States and other donors (complementarity).....	25
3.3. Other EC policies	27
3.4. Political dialogue between the EC and Antigua and Barbuda.....	30
3.5. State of the partnership with Antigua and Barbuda and progress towards harmonisation.....	30
CHAPTER 4 – RESPONSE STRATEGY	32
4.1. Focal sector: Fiscal and public-sector modernisation	33
4.2. Non-focal sector: Technical Cooperation Facility	34
PART II - NATIONAL INDICATIVE PROGRAMME.....	
1.INDICATIVE PROGRAMME.....	
1.1. Introduction.....	37
1.2. Financial instruments	37
1.2.1. 10th EDF (A envelope) €3.4 million	37
1.2.2. 10th EDF (B envelope) €0.2 million.....	37
1.2.3. Investment Facility	37
1.2.4. Caribbean Regional Indicative Programme (CRIP).....	38
1.2.5. Other financial instruments.....	38
1.2.6. Monitoring and evaluation.....	38
1.3. Focal sector: Fiscal and public-sector modernisation	38
1.4. General budget support	40
1.5. Other programmes.....	40
1.6. Framework for action and performance indicators	42

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1.6.1. Focal sector – Fiscal and public-sector modernisation	42
1.7. Indicative timetable of commitments and disbursements	43
1.7.1. Indicative timetable of global commitments.....	43
1.7.2. Indicative timetable of disbursements	43
1.8. Schedule of activities	44
APPENDIX 1 – “COUNTRY AT A GLANCE” TABLE	46
APPENDIX 2 – DONOR MATRIX	49
APPENDIX 3 – EXECUTIVE SUMMARY OF THE COUNTRY ENVIRONMENTAL PROFILE	50
APPENDIX 4 – COUNTRY MIGRATION PROFILE	55
APPENDIX 5 – CSP DRAFTING PROCESS: PARTICULAR ATTENTION TO INVOLVEMENT OF NSA AND LOCAL AUTHORITIES	56
APPENDIX 6 – THE HARMONISATION ROAD MAP	57
APPENDIX 7 – TABLE INCLUDING PARTNER COUNTRY POSITIONS IN RELATION TO KEY INTERNATIONAL CONVENTIONS.....	58
APPENDIX 8 – DEBT SUSTAINABILITY ANALYSIS.....	61
APPENDIX 9 – LIST OF GOVERNMENT’S COMMITMENTS	65

SUMMARY

The purpose of this Country Support Strategy is to provide a framework for EU assistance programmes in Antigua and Barbuda under the 10th EDF. It outlines the current status of relations between the EU and Antigua and Barbuda, sets out a detailed country diagnosis, summarises the Government's development agenda, reviews the past and present EC cooperation and the activities of other major donors and concludes with the proposed EU response strategy and the corresponding indicative work programme.

Antigua and Barbuda gained political independence from the UK in 1981, inheriting a parliamentary system of government. A major political turnaround took place in 2004 when the opposition won elections, unseating the party that had held office for five consecutive terms since independence. Antigua and Barbuda is an upper middle-income country with a small open economy, an area of 442 sq km, a population of 80,100 (2006 estimate), a GDP of US\$818 million and GDP per capita of US\$10,213 (both figures in 2004 at current market prices). Its social indicators are relatively good. According to the 2007/2008 UNDP data, the country ranks 57th in the "High Human Development" category. However, Antigua and Barbuda's economic base is very narrow, depending mostly on tourism for foreign exchange earnings, employment and revenue. Over the years, the Government has accumulated large fiscal deficits and debt repayment arrears, which have adversely affected the country's creditworthiness and its ability to gain access to external funding for its Public-Sector Investment Programme. The Government that took office in 2004 has already introduced significant reforms, confirming its campaign pledge to return normality to fiscal and debt relations and to improve governance and transparency. Offshore financial services have been encouraged as a means of diversifying the economy. In the absence of any natural disaster or major external shock, the economy is expected to grow by 5% to 6% per annum over the medium term.

In addition to its development agenda, the Government wants to create a dynamic and efficient economy by strengthening its role in provision of social services, developing a closer relationship with the private sector and emphasising human resource development. Under the 7th, 8th and 9th EDF, EC aid has therefore been focusing on human resource development in line with Government policy to upgrade the country's intellectual capital by means of a comprehensive reform of the education system. Antigua and Barbuda is one of the few Eastern Caribbean countries where the principal source of assistance has been from the EDF NIP which, given the size of the population and the per capita GDP, has been relatively modest. Nonetheless, the EC, with grants, and the CDB, with loans, are the only two significant donors active in the country.

The EC and the Government of Antigua and Barbuda propose to allocate 90% of the 10th EDF resources available under the A envelope to ***Fiscal and Public Sector modernisation*** as the single focal sector, which is also in line with the needs for implementation of the EPA. The resources will be used to support implementation of the fiscal and public-sector reforms necessary in Antigua and Barbuda, by enhancing the policy-making and technical capacity of the Ministry of Finance, and to support establishment of a National Productivity Council as a public-private partnership. There are no plans to use budget support given the limited funds available and the fact that the majority of the programme should be implemented in the form of technical assistance. The remaining 10% of the A envelope will be allocated to the ***Technical Cooperation Facility***, notably to ***support non-State actors*** (NSAs) and to provide ***trade-related technical assistance***.

PART I - STRATEGY PAPER

CHAPTER 1 – THE FRAMEWORK OF RELATIONS BETWEEN THE EC AND ANTIGUA AND BARBUDA

1.1. General objectives of the EC’s external policy

In accordance with Article 177 of the Treaty establishing the European Community, Community policy in the sphere of development cooperation is to foster:

- the sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them;
- the smooth and gradual integration of the developing countries into the world economy;
- the campaign against poverty in the developing countries.

Europe should project a coherent role as a global partner, inspired by its core values in assuming regional responsibilities, promoting sustainable development and contributing to civilian and strategic security.

The Union has developed a broad spectrum of external relations tools in the shape of the common trade policy, cooperation under bilateral and multilateral agreements, development cooperation, humanitarian aid and financial assistance and the external aspects of internal policies (energy, environment, transport, justice and home affairs, etc.).

EU external action, including the Common Foreign and Security Policy, common trade policy and cooperation with third countries, provides a framework both for integrating all EU instruments and for developing gradually a set of common actions based on common positions in the broader sphere of political relations.

Enlargement has entrusted the EU with even greater responsibilities, as regional leader and as global partner. It will therefore strengthen its capacity to promote human rights, democracy and the rule of law as well as its capacity to focus on the fight against poverty, both in its own neighbourhood and through its multilateral and bilateral policies which are mainly aimed at sustainable development and political stability. Thus, the EU will achieve genuine coherence between its domestic and its external agendas, contributing thereby to global security and prosperity.

1.2. Strategic objectives of the cooperation between the EC and Antigua and Barbuda

The Treaty objectives are confirmed in Article 1 of the ACP-EU Partnership Agreement, signed in Cotonou on 23 June 2000 and revised in Luxembourg on 25 June 2005. The overarching objective of the Cotonou Agreement is to promote the development of a common strategic approach to poverty reduction, consistent with the objectives of sustainable development and the gradual integration of ACP countries into the world economy. Cooperation between the Community and Antigua and Barbuda is geared to pursuing these objectives, taking into account the fundamental principles set out in Article 2, in particular the encouragement of “ownership” of the strategy by the country and populations concerned, and

the essential elements and fundamental element, as defined in Articles 9 and 11b of the Agreement.

While the Treaty and the Cotonou Agreement provide the legal basis for EC cooperation with ACP countries, the recently adopted European Consensus on Development sets the general policy framework at EU level. The primary and overarching objective of EU development policy is the eradication of poverty in the context of sustainable development, in line with the international agenda and paying particular attention to the Millennium Development Goals (MDG). Human rights and good governance are recognised as other important objectives.

Better aid effectiveness is essential to achieving poverty eradication. Therefore the EU will advance coordination, harmonisation and alignment. It will promote better donor complementarity by working towards joint multiannual programming based on partner countries' strategies and processes, common implementation mechanisms, joint donor-wide missions and the use of co-financing arrangements. The EU will take a lead role in implementing the Paris Declaration commitments on improving aid delivery and it will capitalise on new Member States' experience to strengthen their role as donors.

Policy coherence for development will advance in a number of areas. The purpose is that all EU non-aid policies make a positive contribution to developing countries' efforts to attain the MDGs.

The principle of concentration will guide the Community country and regional programming. This means selecting a limited number of priority areas of action, through dialogue with partner countries, rather than spreading efforts in too many sectors. In this context the Community will be primarily active in the following nine areas, bearing in mind its comparative advantages in a number of these: trade and regional integration; the environment and the sustainable management of natural resources; infrastructure, communications and transport; water and energy; rural development, territorial planning, agriculture and food security; governance, democracy, human rights and support for economic and institutional reforms; conflict prevention and fragile States; human development; social cohesion and employment.

The mainstreaming approach will be strengthened for the following cross-cutting issues: democracy, good governance, human rights, the rights of children and indigenous peoples; gender equality; environmental sustainability; and the fight against HIV/AIDS.

The Community will promote good governance as a means to contribute to sustainable economic development in the globalised economy.

Support to tackle HIV/AIDS and other major endemic health problems in the region is a priority for the Caribbean. To this end, the EU will continue to replenish the Global Fund to Fight AIDS, Tuberculosis and Malaria and has already produced a Communication on combating HIV/AIDS (COM(2005) 654 final).

1.3. Main bilateral agreements

With the United Kingdom, Antigua and Barbuda has signed Mutual Legal Assistance Treaties in Criminal Matters (1996), a Bilateral Asset Confiscation Agreement to stem the proceeds of

crime (1997) and a Transfer of Prisoners Agreement (2003). Agreements are also in place between the two countries on investment protection and to enforce the law against money laundering and drug traffickers.

Investment Protection Agreements have also been signed with Germany, and the country is cooperating with Belgium to enforce the law against money laundering and drug traffickers. The country has also signed Tax Information Exchange Agreements with the USA (2003) and Australia (2007).

CHAPTER 2 – COUNTRY DIAGNOSIS

2.1. Analysis of the political, economic, social and environmental situation in Antigua and Barbuda

2.1.1 Political and institutional situation

Antigua and Barbuda gained political independence from the United Kingdom on 1 November 1981 and inherited the Westminster system of government with a bicameral parliamentary structure, the Senate and the House of Representatives. It is a multi-party democracy with elections every five years. Universal adult suffrage was introduced in 1951 and is enshrined in the Constitution. Exercise of the right to vote is restricted to nationals and British Commonwealth citizens aged 18 years and over who are resident in the country and duly registered. The legal system is based on the UK common law system and administered by the Eastern Caribbean Supreme Court of Justice.

A major political turnaround took place in 2004 when the opposition United Progressive Party (UPP) won the elections held in March that year. The Antigua Labour Party (ALP) Government was unseated after five consecutive terms in office stretching back to independence in 1981. An estimated 93% turnout bears out the importance most voters attached to that election. The polls resulted in a 12-4 UPP majority in Parliament. The severity of the ALP's defeat was most clearly reflected in the failure of its leader, Lester Bird, to retain his seat in Parliament. The new administration began its first term by formulating its "Agenda for Change" which would determine the philosophy and working policies of the Government. In the Throne Speech delivered on 29 March 2004, the Governor-General announced the Government's core philosophy to improve the lives of all citizens, by equitably using the resources available to the State to do the greatest good for the greatest number of citizens.

The Government has committed itself to transparency, accountability, integrity and inclusion. It has pledged to address the difficult challenges facing Antigua and Barbuda, including continuing fiscal difficulties, a complex and unsupportive environment for private-sector development and a level of, and approach to, public-service delivery that is unaffordable under current economic conditions.

A declaration of individual rights and freedoms is enshrined in the Constitution. The country is Party to numerous international human rights conventions, including the Convention on the Elimination of all Forms of Racial Discrimination, the Convention on the Elimination of all Forms of Discrimination against Women, the Convention Against Torture and Other Cruel Inhuman or Degrading Treatment or Punishment, the Convention on the Rights of the Child

and the Convention on the Prevention and Punishment of the Crime of Genocide. Protection of these rights was enhanced with the establishment of the Office of the Ombudsman by an Act of Parliament in 1994. Notwithstanding these facts, the country has not ratified the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights. The European Union will therefore promote ratification of all these instruments in the political dialogue, together with abolition of the death penalty, which still exists by law.

The crime rate in Antigua and Barbuda has been historically lower than in other Caribbean countries, although recently there has been an increase in the incidence of violent, particularly gun-related, crime. Antigua and Barbuda has been considered a minor drug transshipment centre for some years. In 2002, a total of 25 persons were institutionalised at the National Drug Rehabilitation Centre. To counteract drug trafficking and money laundering, the Government established an Office of Drug Control and Money Laundering in the late 1990s. In the 2005 Budget Statement, the Government acknowledged that the police force has been operating under unsatisfactory conditions over the years and that urgent corrective measures needed to be taken to improve working conditions and adequately equip and train police officers. In 2007 the Government recruited 43 new members of the Police Force.

Antigua and Barbuda has ratified the Rome Statute of the International Court of Justice and has concluded a bilateral “non-surrender” agreement with the United States in relation to Article 98 of the Statute.

The country is strategically situated in the Leeward Islands near shipping lanes of major importance to the United States. Antigua has long hosted a US military presence. The former US Navy support facility, handed over to the Government of Antigua and Barbuda in 1995, is now being converted into a regional coast guard training facility. The US Space Command continues to maintain a space-tracking facility in Antigua.

Antigua and Barbuda maintains diplomatic relations with the United States, Canada, the United Kingdom and the People’s Republic of China, and also with many Latin American countries and neighbouring Eastern Caribbean States. It is a member of the United Nations, the Commonwealth of Nations, the Organisation of American States (OAS), the Association of Caribbean States (ACS), the Caribbean Community (CARICOM) and the Organisation of Eastern Caribbean States (OECS).

Like the other OECS countries, Antigua and Barbuda belongs also to CARICOM and the ACS and considers that the establishment of a Regional Development Fund (RDF), finally decided upon in June 2006, combined with preferential and protective measures for them as less developed countries, are essential conditions for them to be able to participate fully and dynamically in the CSME. The OECS declaration of intent, also of June 2006, announced a new and deeper economic union which should be complementary and not contrary to the CSME project, while the new RDF will target assistance to OECS countries and Barbados. Today the region’s relations with continental American countries are particularly influenced by Venezuela’s PetroCaribe proposals – to which Antigua and Barbuda has answered positively – and implementation thereof. By strengthening its role as a major subregional transport hub with its international airport and harbour facilities, Antigua and Barbuda could become a distribution point for Venezuelan oil. China and Japan are also increasingly influential in the Caribbean.

The Government of Antigua and Barbuda signed the Economic Partnership Agreement (EPA) with the EC alongside other CARIFORUM States on 15 October 2008. During the negotiations, the country insisted that it addresses the specific vulnerabilities of the Caribbean SIDS and of Antigua and Barbuda in particular, is accompanied by adequate assistance and provides greater access to the EU market, in particular as regards services. OECS countries emphasise their need for special, differential treatment. Furthermore, even as a joint OECS group (with a total population of little more than half a million), they have limited technical and financial capacity for active participation in the different trade negotiations.

The Gender Affairs Division was established during the participation of the country in the international initiatives of the 1970s and 1980s, and has come to be seen as a critical institution in the thrust to gender equity in the society. In addition to working to empower women generally, through advocacy, it has sought to focus on the problem of violence against women in general, and on domestic violence, in particular. During the discussions that took place relative to the development of a new constitution, the Gender Affairs Division, with the assistance of the UNDP, was able to engage in advocacy to encourage affirmative action for the participation of women as parliamentarians in the national politics. Prior to this, no woman had ever been elected to Parliament in Antigua and Barbuda. Constitution Reform was an opportunity to change this and legislation was enacted in that regard.

The 2004 general elections put one female elected member in parliament. There are also women in the Upper House of Parliament and both the Speaker of the House and the President of the Upper House are females. Women are also well represented in the upper levels of the public service and dominate the teaching service.

2.1.2 Economic and commercial situation

Regional context

The six countries of the Eastern Caribbean (OECS) are at a critical juncture in their development. After three decades as independent States, they are struggling to find new sources of growth to reduce their vulnerability in a climate of increasing competition at global level, ending of trade preferences and declining donor resources. These challenges are coupled with internal fiscal imbalances and high debt ratios and their inherent weakness as small island States. At the start of the second half of the first decade of the 21st century, all the OECS countries are in the top 15 of the world's most indebted emerging markets (relative to GDP). There is a risk that the impressive gains in terms of social development achieved over the last 30 years could be eroded by the fiscal and debt circumstances and by the economic transformation that may be required to adapt to the changing external environment.

In addition, as small States, the six OECS countries are highly vulnerable to external shocks, including natural disasters, because of their limited opportunities for economic diversification and heavy dependence on external trade, the high cost of public-service provision due to diseconomies of scale and their limited capacity in the public and private sectors. However, in a few areas, these shortcomings are being successfully overcome by regional initiatives and projects.

In this context, five areas of policy response are emerging as the most prominent priorities for all OECS countries in the medium term. These are: fiscal consolidation/public-sector reform;

the regulatory environment for private-sector development (PSD); establishment of a wider market and level playing-field; skills development; and security enhancement (especially against natural disasters).

Antigua and Barbuda is a participating partner in the OECD Global Forum on Taxation, aiming at establishing a level playing-field for regulating the global economy by implementing agreed principles of transparency and exchanges of information for tax administration.

The Commission welcomes the commitments made by Antigua and Barbuda to the OECD standards of transparency and exchange of information for tax purposes.

The Commission considers, generally speaking, that in order to maintain and improve global financial stability, offshore financial services should be developed within regulatory frameworks based on the principles of good governance, including in the financial and tax area, and in cooperation with other regulatory authorities. Although it agrees with the general principle expressed in the preceding sentence and has already made considerable progress in that direction, Antigua & Barbuda considers that this does not constitute a formal commitment.

Antigua and Barbuda overview

Antigua and Barbuda is a middle-income country with a small open economy. It has an area of 442 sq km, a population of 80,100 (2006 estimate), a population density of around 180 inhabitants per sq km, an estimated GDP of US\$818 million and GDP per capita of US\$10,213 (both figures in 2004 at current market prices). Its relative position within the OECS – around 12.5% of the total population, 26% of the total GDP and 16% of the total area of the grouping – and comparison with Barbados (29% of Barbados's GDP and almost the same GDP per capita at current market prices) show that, after Barbados, it has the highest income per capita in the Eastern Caribbean.

Antigua and Barbuda's economic base is very narrow. The economy is heavily dependent on tourism for foreign exchange earnings, employment and revenue. Offshore financial services have been encouraged as a means of diversifying the economy. Following strong growth in 2003-04, key macroeconomic indicators pointed to a worsening economic situation in 2005. The fiscal deficit and the balance of payments deteriorated further. The total indebtedness of Antigua and Barbuda increased to 105.7% of its GDP. Although the economy recorded positive growth in 2004 and 2005 (5.3% each year) and exceptional growth of around 12% in 2006 (EIU Country Report, September 2007), it was not enough to reverse the debt-to-GDP ratio. There are encouraging signs that the Government is aware of the dangers posed by the magnitude of the twin deficits and is taking action to reverse the situation in cooperation with the IMF. Growth was going to rebound in connection with the 2007 Cricket World Cup and to slow down afterwards.

Recent economic performance

Over the period 2004 to 2007, real economic growth averaged over 7% per annum, whereas in the period 2000 to 2003, after a slowdown related to the impact of hurricanes and of the 11 September 2001 attacks, real GDP, had grown at an average annual rate of only about 3%.

Tourism, construction, banking and insurance, communications and wholesale and retail trade were the main contributors to economic growth.

The tourism and hospitality sector is the central plank in the economy of Antigua and Barbuda. In 2005 it accounted for over 50% of GDP. Since 1982, the Government of Antigua and Barbuda has been encouraging development of offshore financial services as a means of diversifying the economy. Following the WTO-arbitrated dispute settlement over the offshore gaming sector which ruled in favour of Antigua and Barbuda and against the USA, the interest in this sector and in Antigua and Barbuda as a prime location has revived. Between April 2004 and November 2005, 14 new offshore gaming licences were approved, of which 11 were for new companies. New offshore gaming enterprises are set to start operations in Antigua and Barbuda.

Inflation was kept low in 2005 and 2006, at around 2% per year, and is projected to remain modest despite increases in fuel prices and the introduction of the Antigua and Barbuda Sales Tax (ABST). Meanwhile, on the external account, the overall deficit widened following an increase in merchandise imports, particularly of construction materials. The current account deficit on the external account was estimated at 11.4% of GDP in 2005 and at around 20% in 2006 as a consequence of the construction boom related to the Cricket World Cup. Preliminary estimates of the balance of payments for 2006 indicate that the current account deficit widened to US\$282.7 million from US\$139.3 million in 2004.

Structure and management of public finances

Over the years, the Government of Antigua and Barbuda has accumulated large fiscal deficits and debt repayment arrears, which have adversely affected the country's creditworthiness and its ability to gain access to external funding for its Public-Sector Investment Programme. The new Government that took office in 2004 has already introduced significant reforms, confirming its campaign pledge to return normality to fiscal and debt relations and to improve governance and transparency. The authorities are cooperating with the IMF to address the macroeconomic and fiscal imbalances and have made active efforts to raise public awareness of the need for sustained implementation of further reforms.

Fiscal balances improved in 2006 thanks to tax reforms and collection of tax arrears. However, capital spending, mainly related to the Cricket World Cup, more than doubled. For 2006 as a whole the primary balance has improved but the overall budget remains in substantial deficit.

As part of the ongoing fiscal reform and public sector transformation programme, the Government has deployed the Integrated Financial Management System (IFMS) which facilitates public expenditure management across all Ministries and Departments in the Government of Antigua and Barbuda.

Medium-term economic prospects and assessment of the reform process

Antigua and Barbuda's medium-term economic prospects are improving. In the absence of any natural disaster or major external shock, the economy is expected to grow by 5% to 6% per annum over the medium term. Tourism activity in Antigua and Barbuda expanded strongly in the first ten months of 2007. Total visitor arrivals grew by 38.3% compared with the corresponding period of 2006. The construction sector is expected to continue to play a

major role in driving economic growth. Following growth of 35% in 2006, this sector was projected to grow by 10% in 2007. This expansion will be driven by private and public-sector projects, including construction of the new American University of Antigua campus, construction of housing and apartment complexes, residential construction and construction of new tourist accommodation. Inflation is projected to remain moderate throughout the next few years, despite increases in fuel prices, reflecting the low inflationary climate in most of the country's major trading partners.

On the external account, exports of goods and services are projected to increase at a rate in excess of growth in nominal GDP. However, imports of goods and services also grew faster than nominal GDP in 2006 and 2007. As a result, the current account deficit on the external account was expected to widen from 2005 to 2007 before starting to narrow in 2008.

Over the medium term, Antigua and Barbuda's fiscal performance will be of particular concern. The Government needs to raise additional revenue if it is to service its debts and increase its PSIP. The new tax-raising measures are expected to increase Central Government revenue significantly over the medium term. At the same time, the Government will be reducing its recurrent expenditure by undertaking a comprehensive public-sector reform programme, which is expected to result in a 20% reduction in Central Government employment. Capital expenditure will be contingent on the country's ability to obtain additional funding to finance implementation of the PSIP. Given the impact of the major revenue-raising initiatives taken in 2005 and 2006, recurrent revenue should improve. Coupled with a projected reduction in recurrent expenditure, particularly on wages and salaries, this should put Antigua and Barbuda in a much better position to service its debt.

2.1.3 Social situation, including decent work and employment

On the whole, Antigua and Barbuda's social indicators are relatively good. According to the 2007/2008 UNDP Human Development Report, Antigua and Barbuda ranks 57th out of 177 countries on adult literacy, school enrolment, life expectancy at birth and per capita gross domestic product (GDP). This places the country in the "High Human Development" category and compares with its ranking of 60th out of 177 in 2005.

Education

Antigua and Barbuda has a system of free compulsory education for children aged between 5 and 16. In view of globalisation and the CARICOM Single Market and Economy (CSME), Caribbean educational institutions, such as those in Antigua and Barbuda, must aim at developing "thinker workers" who are creative, resourceful and adaptive and who can help to improve the country's position in the community of nations. In response to this challenge, the Ministry of Education is working towards introducing tests of standards and universal secondary education by September 2007. At the same time, there has been some degree of consolidation of adult and continuing education in the form of establishment of the Antigua and Barbuda Institute for Continuing Education (ABICE). In 2006 the process of amalgamation of the three main tertiary institutions was also due to take place. The National Training Agency (ABNTA) was also to become a reality in 2006. In 2005 the Government committed itself to spending EC\$64,000,000 on education from its recurrent budget.

Health

Antigua and Barbuda's health policy is designed to attain and maintain the highest quality health care for everyone in the country. Over the years, Antigua and Barbuda's health profile has improved, but there is still some cause for concern about lifestyle-related illnesses. Non-communicable diseases are the leading cause of death. The Government has constructed several polyclinics all over the country with assistance from the DFID. Under the previous administration, maintenance of Holberton Hospital was neglected as resources were directed towards developing the New General Hospital.

During the 1990s the number of persons infected with HIV/AIDS increased significantly. The Government recognised that provision of information on HIV/AIDS and antiretroviral drugs to those infected is crucial to reducing the rate of infection. In 1992, the Government established an AIDS Secretariat responsible for disseminating information and developing specialised public awareness and assistance programmes.

Social protection

Despite the budgetary pressures, social indicators have remained strong as steps have been taken to protect social spending and to prevent unemployment. Off-budget entities – such as the Board of Education which provides free school textbooks and university scholarships and the Medical Benefits Scheme which provides free pharmaceuticals – have been set up and are being funded by special levies. Under the previous administration, the public sector was used as employer of last resort – Central Government employment reached 40% of the labour force – and ensuring timely wage and pension payments was the highest priority. This proved unsustainable and the new Government has embarked on a public-sector reform with a view to containing the public-sector wage bill. The Government recognises the need to continue improving the level of social protection. As a consequence, in 2006 the Government discussed the need for reform at a public symposium and decided to prepare a white paper on reforms. The Government has also announced that it will be holding discussions with the Social Security Board (SSB), Medical Benefits Scheme (MBS), Board of Education (BOE) and all stakeholders to formulate an adequate plan to resolve the long outstanding arrears to these institutions.

Employment

Official employment and wage data were not available. However, indicators suggest that the rate of unemployment has declined modestly in recent years due to creation of a substantial number of new jobs in the construction and offshore gaming sectors. Incomplete data obtained from the Labour Department suggest that private-sector wage increases remained moderate, averaging about 3%. In the public sector, wage increases were modest. In 2006, the Government commenced the implementation of a Voluntary Separation and Early Retirement Programme (VSEP) in 2006. The objective of the VSEP is to generate a reduction in the Government's wage bill through the severance and early retirement of public servants. This programme should be completed in the course of 2008. In addition, the Ministry of Labour, Public Administration and Empowerment is undertaking a Man Power Audit which is intended to assess the skills and expertise within the civil service.

Rural and agricultural development

The agriculture and fisheries sector is small and accounts for about 3% of GDP. Fishing is the largest subsector, accounting for about 50% of the sector's output. Crops and livestock

account for approximately 27% and 21.5% of output respectively, with forestry generating just over 1%. Agricultural output increased by 2.6% in 2005 and 3.3% in 2006. Several factors constrain the ability of the agriculture sector to increase its contribution to GDP, including inadequate water resources for irrigation, ineffective credit, an unattractive investment climate and high labour and other operating costs.

2.1.4 Environmental situation

In a small country like Antigua and Barbuda, it is a major challenge to maintain a balance between economic growth and environmental sustainability because of the limited natural, technical and financial resources and the urgent need to expand the economy to create productive employment opportunities. There are very strong indications that coastal degradation is taking place. If left unchecked, this is likely to have an adverse impact on tourism, which is the lifeblood of the economy. While there are laws and regulations in place, enforcement is a major deficiency because of institutional weaknesses. Water management – a major concern because of limited natural freshwater resources – is further hampered by the clearing of trees to increase crop production, causing rainfall to run off faster.

Climate change is already having serious impacts on developing countries. These impacts will increase over years and decades to come and are projected to include wide-scale flooding, increased risk of epidemics and famine due to water contamination and loss of arable land and, significantly for island nations such as Antigua and Barbuda, an increase in extreme weather events like cyclones and hurricanes. Projected sea level rise will affect coastal areas. Climate change is a threat to development and diminishes the chances of achieving the Millennium Development Goals. In this context, adaptation to climate change becomes a pre-condition for sustainable development.

2.1.5 Antigua and Barbuda in the international context

Antigua and Barbuda enjoys close relations with its neighbours. It is an active member of the Organisation of Eastern Caribbean States (OECS) and shares a common currency and common judiciary system with the six other full OECS members and Anguilla (Eastern Caribbean Currency Union). On 21 June 2006, the Heads of Government signed a Declaration of Intent to submit an Economic Union Treaty for ratification after one year of public debate. The new Economic Union Treaty will replace the Treaty of Basseterre which established the OECS in 1981. The new Treaty provides for supranational powers for an Executive Commission and a full single market, with the four freedoms.

Antigua and Barbuda is also a member of the Caribbean Community (CARICOM) which is in the process of establishing a single market and economy. It coordinates its foreign policy with the member states of CARICOM. Within the Commonwealth, Antigua and Barbuda promotes the agenda of small States in the international community.

The country is also a member of CARIFORUM (CARICOM plus Dominican Republic), which has initialled in December 2007 an Economic Partnership Agreement with the EU.

It is also a member of the Association of Caribbean States (ACS), which was established as a mechanism for consultation, cooperation and concerted action and brings together all the countries of the Caribbean Basin (the sovereign States of Central America, CARICOM, Cuba, the Dominican Republic, Colombia, Mexico and Venezuela) with a combined population of

some 200 million. Together they have pledged to strengthen cooperation on trade, tourism, transport, natural disasters, the environment, language training and cultural cooperation. At the beginning of 2008, Antigua and Barbuda assumed the chairmanship of the Group of 77 Developing Countries and China, the largest group of countries at the United Nations.

Antigua and Barbuda is also a member of the OAS, the IWC, the ACP group and the UN. In the IWC the country tends to vote for the resumption of commercial whaling. At their 58th Annual Meeting the IWC countries adopted the "St Kitts Declaration" against the moratorium on whale hunting and in favour of restoring the IWC to its original mandate of whale stocks management. The Declaration was supported by all OECS countries. Because of its fiscal situation, Antigua is in arrears with payment of its membership fees to some organisations, including the ACP Group.

Migration is the main driving force behind population change in Antigua and Barbuda, which has reached the final stages of demographic transition, with low fertility and low mortality rates. Antigua and Barbuda is the Caribbean country with the third largest concentration of immigrants (7.9%). Establishment of the OECS Economic Union is expected to have further influence on intra-regional migration flows.

2.2. Poverty reduction analysis

On the whole, Antigua and Barbuda's social indicators are relatively good. According to the 2007/2008 UNDP Human Development Report, Antigua and Barbuda ranks 57th out of 177 countries.

In 2007 a Country Poverty Assessment (CPA) was carried out which consisted of four main components:

- A Macro Socio-economic Analysis;
- • A composite survey comprised of a Survey of Living Conditions (SLC) and a Household Budgetary Survey (HBS);
- • A Participatory Poverty Assessment (PPA), and
- • An Institutional Analysis (IA).

The CPA described the characteristics of poverty in Antigua and Barbuda. It revealed that 18.4% were classified as poor, with an indigent population of 3.7%. The indigence line was estimated to be US\$917.23 per annum or US\$2.51 per day in 2005/06. The percentage of the population considered to be vulnerable was estimated to be 10%. Poverty in the country is not associated with high unemployment as the majority of the population of working age are employed. However, a large number of these individuals receive low levels of pay. The phenomenon of the working poor is a significant factor in the poverty assessment, with large numbers of women depending for employment on the hotel and restaurant sectors, where the jobs are heavily weighted in favour of low-skilled employment and are seasonal, with all the attendant disadvantages. This sector is also under pressure from incoming migrants, with the result that wages are in all likelihood close to market clearing levels.

One of the key findings of the CPA was the high level of inequality prevalent in Antigua and Barbuda. The Gini coefficient of inequality was estimated at 0.48, which is relatively high, even by Caribbean standards. The results of the CPA show the poorest 20% enjoyed just

4.5% of the expenditures compared to 56.3% enjoyed by the richest 20%. The higher Gini coefficient might be due to the fact that past Governments of Antigua and Barbuda have steadfastly eschewed direct taxes almost on ideological grounds. Reliance on indirect taxes usually results in tax regimes that are not inherently conducive to enhancing equity.

According to the CPA, as many as 52.3% of the poor within the workforce possessed no educational certificate. Despite sustained investment in education over the years, it is clear that a significant proportion of the workforce have not benefited from the advances made in education and training.

The geographical distribution of poverty shows that former sugar-producing areas such as St Philip and areas with a high concentration of migrants are experiencing higher levels of poverty. The crisis in the banana industry in Dominica, the effect of a WTO ruling, and the volcanic eruption in Montserrat have had a ripple effect on Antigua and Barbuda with migrants facing economic decline in these two countries migrating to Antigua and Barbuda.

The Government is committed to achieving the Millennium Development Goals and is working on the Millennium Development Goals Report 1990-2007.

As with its neighbours, there is official acceptance that the MDGs should be interpreted in the context of the Caribbean which had a relatively successful track record in respect of some of the indicators of social development in the latter part of the 20th century. Initiatives to reduce and alleviate poverty in Antigua and Barbuda have had to be managed against the backdrop of a major fiscal crisis in public finances. The country is one of the most heavily indebted in the developing world. The Government has set itself five primary objectives:

- correct the fiscal imbalances;
- control the high level of Central Government debt;
- strengthen governance and transparency;
- expand social programmes; and
- encourage private-sector development.

Because of the fiscal crisis, the source for job creation has to be the private sector. However, the global economic environment dictates competitiveness on the part of private economic operators. Society has to be geared to the requirements of competitiveness, and much depends on the knowledge base of the workforce, given that knowledge is the prime basis for competitiveness in the 21st century. The workforce of the country is deficient in that regard, in spite of the considerable investment in recent years in education and other areas relating to human capital.

In the short term, the Government has taken a number of pro-poor measures which seek to manage the impact of the crisis. It is establishing a more transparent and facilitative environment for private-sector growth by setting up an Investment Authority. Credit is to be made available to SMEs from the Development Bank. The raising of the non-contributory pensions, the reduction of customs duties on essential food and other requirements of the poor, the introduction of the School Meals Programme and the School Uniform Programme are meant to give relief to the poor. Primary health care has been maintained and expanded. Housing of people on low incomes is being addressed by the Affordable Homes Programme, which may have to be expanded considerably in the light of the conditions found in some

communities. Provision of adult education, and of post-school education and training generally, is being addressed as a key mechanism for upgrading the workforce and enlisting marginalised youth: access is increasing, but the challenge lies in encouraging such youths to show commitment to take full advantage of the programmes.

2.3. The development strategy of Antigua and Barbuda

Although the draft National Strategic Development Plan (NSDP) was initially intended to cover the period 2001-2004, the Government is currently working on updating the strategy. The Government wants to create a dynamic and efficient economy by strengthening its role in provision of social services, developing a closer relationship with the private sector and emphasising human resource development. The main strategic objectives are:

1. ensure sustainable development;
2. increase the efficiency, productivity and output of all sectors;
3. develop shared values to improve performance and service quality;
4. develop a strong, effective strategic planning culture;
5. diversify the economy;
6. encourage private enterprise, separately or in partnership with Government;
7. achieve equitable distribution of resources and benefits;
8. improve networking between ministries;
9. engage civil society in consultations during the development planning process to ensure optimum national input in the process.

The last point reveals the Government's strong commitment to improved governance and increased transparency in the decision-making process. This is linked to its current efforts drastically to lighten the burden created by the width of the public service.

Over the medium term, the Government expects to reform the public sector, reduce the debt-to-GDP ratio to sustainable levels, introduce measures to alleviate poverty and reduce vulnerability to natural disasters. Specifically, as described in the 2008 Budget Statement, the Government, having completed the major elements of its tax reform initiative in 2007, will seek to intensify activities on the expenditure component of the fiscal reform programme. Particular emphasis will be placed on enhancing efficiency in the public sector and ensuring more effective expenditure management. The attainment of these objectives will be dependent on a successful combination of legislative reforms, institutional reorganization and modernization of public service procedures. On the revenue side, the Government intends to introduce continue to strengthen the revenue collecting agencies with a view to creating a more efficient tax administration and raising the level of compliance. The Government is also committed to advance the implementation of the debt management strategy in an effort to reduce the debt burden and to facilitate the achievement of debt sustainability.

2.4. Analysis of the viability of current policies and the medium-term challenges

Recent IMF assessments¹ recognise that macroeconomic outcomes in Antigua and Barbuda have strengthened significantly in recent years, with growth reaching over 12% in 2006. Major tax reforms have been implemented – notably the introduction of the ABST in January 2007 – and efforts are being made to control expenditure. The authorities are continuing their endeavours to introduce reforms to place public debt firmly on a downward path, while maintaining macroeconomic stability and strengthening growth.

The debt management strategy includes the establishment of a comprehensive inventory of all public sector liabilities, reconciling each debt individually, moving to resolve accumulated arrears, and building technical capacity within Government.

The Government is committed to addressing the economic challenges, but realises the complexity of balancing economic prerogatives with social concerns and the difficulty of containing expenditure. While expressing their determination to achieve a fundamental transformation of the public sector – including streamlining the civil service – the authorities stress the need to ensure that reforms are achieved with minimum social dislocation. Medium-term challenges include the shortage of labour and improving competitiveness via productivity.

Growth prospects for the years ahead are strong, potentially generating labour shortages. The combination of initiation of construction of a new cricket stadium (funded by a grant from the People's Republic of China) and a series of tourism projects already under discussion is likely to underpin growth for the next few years. Indeed, the authorities consider that growth could be significantly stronger than the 4% average projected for the medium term, depending on how rapidly the projects currently in preparation are implemented. If growth does accelerate, it is likely that, as elsewhere in the region, it will be necessary to import labour for the construction industry. This growth induced by the Cricket World Cup could create problems with overheating of the economy and recession later on.

Available indicators suggest an improvement in competitiveness. The real depreciation of the US dollar since the end of 2001 has resulted in substantial depreciation of the real effective exchange rate and Antigua and Barbuda's share of the tourism market has increased. However, competitiveness issues would best be addressed by structural reforms to raise productivity rather than by a change in the regional exchange rate peg.

¹ IMF - Antigua and Barbuda: 2006 Article IV Consultation – Staff Report, July 2007 and 2007 Mission on ECCU Policies, October 2007.

CHAPTER III – OVERVIEW OF PAST AND PRESENT EC COOPERATION, COMPLEMENTARITY AND CONSISTENCY

3.1. Overview of past and present EC cooperation (lessons learned)

Antigua and Barbuda is one of the few Eastern Caribbean countries where the principal source of assistance has been from the EDF NIP which, given the size of the population and the per capita GDP, has been relatively modest. Historically there have been significant delays with implementation due, in particular, to poor interdepartmental coordination. However, aid management has recently improved and many of the objectives have been attained, even surpassed.

Under the 7th, 8th and 9th EDF, EC aid has been focusing on human resource development in line with Government policy to upgrade the country's intellectual capital by means of a comprehensive reform of the education system.

Antigua and Barbuda originally benefited from an allocation of €6.5 million under the A envelope and €0.3 million under the B envelope under the 9th EDF. Following transfers from funds left over from previous EDF allocations, the total under the A envelope is €12.9 million.

The capacity of Antigua and Barbuda to participate effectively in trade negotiations was considered weak. This is being taken into account, *inter alia*, under the 10th EDF in the form of a proposal to allocate funds to trade-related technical assistance.

The history of fiscal instability in the public finances and of the country being one of the most heavily indebted in the developing world has been taken into account under the 10th EDF proposal to support the Government via a Fiscal and Public Sector Modernisation Programme, which would support implementation of fiscal and public-sector reforms and build capacity at the Ministry of Finance.

3.1.1. Focal sectors (and macroeconomic support)

9th EDF (€2.6 million) – Focal sector: Human resources development

Under the 9th EDF, 85% of the A envelope totalling €2.2 million, plus funds left over from previous EDFs, targeted the education sector at tertiary level. The overall objective of the EC aid was to upgrade the level of trained human resources on the labour market in a changing economic, social and cultural environment.

To this end, the EC funded a €4.3m Strengthening of Technical and Vocational Education Project (STAVEP) (9 ACP AB01). STAVEP seeks to improve technical and vocational training capacity in line with market and social demand, by enhancing its relevance and ownership, access and equity, quality and efficiency. This will be achieved by means of enhancing facilities, capacity building, professional development and improving the curriculum of the Youth Skills Training Programme (YSTP) and the Engineering Department of Antigua State College.

Despite a slow start in 2004, due to project management and coordination constraints, STAVEP gained momentum in 2005 with the active participation of the various stakeholders involved in the working groups and the Project Steering Committee. One major initiative was a well designed and implemented public-awareness programme on technical and vocational education and training (TVET), which helped to raise awareness and improve perception of TVET as a viable training and career path. This resulted in increased enrolment in a TVET-related course in the new academic year in September 2005, effectively doubling the number of persons enrolled in TVET activities in Antigua and Barbuda.

At the same time, one of the major institutional beneficiaries of EU aid – the Youth Skills Training Programme (YSTP) – was merged with two other existing non-formal training programmes – Evening Institute and Golden Opportunity – to form a new institution, the Antigua and Barbuda Institute of Continuing Education (ABICE). The institute is intended to enable persons who have left school to complete their formal education (where necessary) and/or to acquire the skills required to enter the workplace and also to provide opportunities for upward mobility in individual career options. A unified curriculum will be offered across the three campuses of this new institute and a fourth campus will be put in place in Barbuda. Additional training has also been organised for instructors, both in the country itself and in the form of study tours to similar institutions in other Caribbean States.

The end-result of these various initiatives has been improved access and quality of TVET education, increased enrolment and a reduced dropout rate. In particular, demand for training at ABICE far exceeded the number of places available at the three campuses, resulting in overall reorganisation and extension of the programme.

In 2006 the programme at ABICE was further strengthened by the input from a Technical Assistance Team, improved curriculum and accreditation and establishment of the Antigua and Barbuda National Training Agency (ABNTA). Physical improvement of the main ABICE campus at Tomlinson also commenced in 2006.

Antigua State College (ASC), the premier tertiary-level institution in Antigua, is to be the beneficiary under project 9 ACP AB 05 (€2.34m) on construction of a Learning Resource Centre and related facilities (approved in late 2005). This facility will be critical for improving both the quality of and access to formal tertiary education in Antigua and Barbuda. ASC is set to become the main campus of the amalgamated University College of Antigua and Barbuda (UCAB) which will result from the merger of ASC with the Antigua and Barbuda International Institute of Technology (ABIIT) and the Antigua and Barbuda Hospitality Training Institute (ABHTI). The works started in 2007.

8th EDF NIP (€4.5 million) – Focal sector: Human resources development

The human resources development programme focused on vocational training, in particular expansion of the Technical Vocational Centre at Tomlinson and provision of the equipment. This project is being undertaken as part of the above-mentioned 9th EDF programme.

7th EDF NIP (€3.5 million) – Focal sector: Human resources development

Funds under this focal sector were allocated to upgrading and expanding the Hotel Training Centre (€2.64 million). The objective of the programme was to improve the level of service

and increase the levels of incomes for the growing number of persons employed in hotels, restaurants and hospitality enterprises. The project consisted of constructing and equipping the Hotel Training Centre and of developing the curriculum by training existing staff in managerial and teaching skills and recruiting new staff. The works have been completed and the building is furnished. The formal opening took place on 30 October 2003.

Effectiveness in implementation of current operations

The central focus is on improving the quality and effectiveness of tertiary education in Antigua and Barbuda. In this context, the framework seeks to address both formal tertiary education and non-formal adult and continuing education. Four major strategies have been put in place: (i) consolidation and rationalisation of adult and continuing education; (ii) improved access to and quality of tertiary education at Antigua State College; (iii) amalgamation of the formal tertiary education institutions; and (iv) establishment of the National Training Agency.

In 2005 the three main non-formal adult and continuing education institutions were amalgamated to form the Antigua and Barbuda Institute for Continuing Education (ABICE). This development, a direct consequence of the EU-funded Strengthening of Technical and Vocational Education Project (STAVEP), has already surpassed the goal of increased participation in TVET-related activities as a result of higher enrolment, a lower drop-out rate and higher quality TVET instructors. Accredited curricula will be developed in 2006. An allied activity was establishment of the Antigua and Barbuda National Training Agency (ABNTA) which will become the premier accreditation body for TVET in the country.

At the same time, the Government of Antigua and Barbuda has started a thorough review of the education sector with particular emphasis on the amalgamation of the three tertiary education institutions – Antigua State College (ASC), the Antigua and Barbuda International Institute of Technology (ABIIT) and the Antigua and Barbuda Hospitality Training Institute (ABHTI) – to form the University College of Antigua and Barbuda (UCAB).

Despite an initial slow start, the various strategies gained momentum in 2006-2007 as a result of the continued commitment of the Government and of the various stakeholders in the education sector, with appropriate technical support. These inputs are now expected to meet and in some cases exceed the objectives set in the framework.

Use of resources set aside for non-State actors

No resources were set aside for NSAs under the 9th EDF. However, during the MTR “in-country meeting” in December 2004, with the aim of strengthening civil society involvement in the EU/Antigua and Barbuda development partnership, it was agreed that a Non-State Actors (NSA) Advisory Panel, representing civil society in Antigua and Barbuda, would be established by the Government. The Panel would allow tripartite dialogue, information and consultation on development cooperation between the EU and Antigua and Barbuda.

In the second half of 2005 a team of international consultants assisted the Government and the Delegation with mapping NSAs in Antigua and Barbuda and selecting the members of the Panel. The Panel was actually launched in June 2006 and provided an opportunity to discuss Antigua and Barbuda’s Programming Guidelines for the 10th EDF with NSAs. The NSA Panel Executive (Chairperson and Secretary) were appointed immediately thereafter. NSAs will benefit from resources under the 10th EDF, notably for capacity-building.

3.1.2. Projects and programmes outside focal sectors

9th EDF: 15% of the indicative programme (€0.4 million) was earmarked for the Technical Cooperation Facility (TCF), which aims at facilitating implementation of the CSP, by providing support for studies, audits, seminars/conferences and technical support. Under this Facility a macroeconomist was hired for one year (starting in May 2005) to provide expertise and technical support to the Ministry of Finance and the Economy in general and to the Economic Policy and Planning Unit (EPPU) in particular. The recommendations emerging from this technical assistance will be taken into account when designing the 10th EDF Fiscal and Public-Sector Reform Programme.

8th EDF: The Drug Demand Reduction Project (€360.000) is looking specifically at demand reduction targeting young persons. The Multi-Country Drug Demand Reduction Project includes four countries (Antigua and Barbuda, Dominica, St Lucia and St Vincent and the Grenadines) in a single programme, with the EC Delegation playing the role of coordinator and each country implementing its own individual Work Programme. The relevant Financing Agreement was signed in early 2003. The programme initially began under the umbrella of the Ministry of Health and Social Improvement but, when the Government changed following the general election in 2004, the DDR Programme was shifted to the newly established Ministry of Social Transformation which is providing better participation in the programme. Activities fall into the categories of institutional development, training, research, awareness and education, community activities and workshops. This project is particularly strong on awareness and education, with well designed and implemented programmes in schools across the country. The programme is progressing well and no significant problems are expected.

Nelson's Dockyard restoration (€1.99m): This project on rehabilitation of the Nelson's Dockyard seawall received funding from the 8th EDF CRIP. The Financing Agreement was signed in October 2002 and expired in December 2004, with the works completed within the deadline. Final acceptance took place on 31 May 2005 and the final payments to the supervisor and the contractor were made afterwards. There were substantial delays in the closure phase due to the need to establish the "legal entity form" for the contractor (Theo Tug & Barge) which, in the mean time, had changed ownership. This project, in the non-focal sector of tourism, sets an example of scientific/archaeological restoration for works worldwide. The EC is proud of its association with this project. Tourism continues to be the main engine of economic growth in Antigua and Barbuda.

3.1.3. Utilisation of envelope B

Following the mid-term review, it was decided to maintain the €0.4 million allocation from the B envelope (intended to cover unforeseen needs such as emergency assistance where such support cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate the adverse effects of instability in export earnings), as established in the original 9th EDF Country Strategy Paper and the National Indicative Programme.

Antigua and Barbuda has received no FLEX allocations or other allocations from the B envelope.

3.1.4. Other instruments

Caribbean Regional Indicative Programmes (EDF)

Antigua and Barbuda, as a member of CARICOM/CARIFORUM, is a beneficiary of the many regional programmes funded from the EDF. The 7th EDF RIP has a total envelope of €105 million, while the 8th EDF RIP has €90 million available. Discussions on the programming of the 9th EDF RIP led to the decision that the focal sector for support would be regional economic integration and integration into the world economy, for which €57 million is available.

Under the Caribbean Regional Indicative Programme (CRIP), Antigua is benefiting from the construction of a three-storey Science Block at Antigua State College as part of the OECS Human Resources Development – Tertiary-level Programme. It has also benefited from CRIP funds for rehabilitation of the Nelson's Dockyard seawall (see above).

Support from all ACP funds (EDF)

The EC approved the €50 million All ACP Trade.Com Programme in August 2003, which is aimed at reinforcing the analytical and research capacity for trade policy formulation, providing immediate assistance for ongoing negotiations and promoting activities for institutional support in the area of trade-support services in ACP countries. Under this programme, the OECS secretariat was benefitting from advice to improve legislative drafting, trade negotiations and policy formulation capacity. A specific project ("Hubs and Spokes") designed for the Caribbean region was initiated in 2004. Under this project the OECS Secretariat is benefiting from the services of a Trade Policy Adviser, assisted by a Trade Policy Analyst.

The OECS has received funding (€280.000) for establishment of an OECS Representation Facility in Geneva to follow-up WTO matters, under the €10 million WTO Support Facility, and also for capacity-building to support preparation of the EPA (€350.000) under the €20 million EPA Support Facility. The Caribbean Regional Negotiating Machinery (CRNM) has also received support (€857.652) from the EPA Support Facility. The NAO in turn benefited from a 9th EDF training course on financial and contractual procedures held in Barbados in January 2005, under an All ACP Programme started in 2004.

Thematic budget lines (EC budget)

In May 2003 the EC approved a Caribbean regional programme from budget line B7-701 (Human Rights Development) to further restrict implementation of the death penalty in the Commonwealth Caribbean, with a view to its eventual abolition.

European Commission Directorate-General for Humanitarian Aid (DG ECHO)

The European Commission Directorate-General for Humanitarian Aid (DG ECHO) launched its first Disaster Preparedness (DIPECHO) Programme for the Caribbean in 1998 to prepare the most vulnerable communities for and mitigate disasters 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 2004-2005.

During 2005, an external evaluation was carried out to assess the impact and relevance of the DIPECHO programme in the region. Its main conclusions were that this programme had a significant impact in the region, particularly in the most vulnerable communities, and should be further supported. DG ECHO took into account most of the conclusions and launched its 5th DIPECHO Action Plan totalling €3.5 million and covering activities in the whole Caribbean region, but particularly in Haiti, Cuba, the Dominican Republic, Jamaica, St Kitts and Nevis, St Lucia and St Vincent and the Grenadines. Implementation of the projects under this 5th DIPECHO Action Plan started in 2005 and lasted 15 months.

Projects under the Sixth DIPECHO Action Plan for the Caribbean (totalling € 4 million) started in the second semester of 2007 and finished in early 2009. The Seventh DIPECHO Action Plan for the Caribbean (totalling € 5 million) was adopted in May 2009 and projects will start from September 2009 onwards.

European Investment Bank (EIB)

The EIB has provided Antigua and Barbuda with a total of €9.45 million in financial assistance since 1979. EIB loans have been used for a road rehabilitation programme, an airport navigational system at V.C. Bird Airport, improvement of the North Shore water distribution system and a livestock development programme. The EIB is also participating in funding the Antigua and Barbuda component of the OECS waste management project. Antigua and Barbuda is in arrears with debt servicing of Lomé III special loans managed by the EIB. The Bank's activity in new projects in Antigua and Barbuda is currently on hold until the arrears situation has been resolved. The Government is in dialogue with the EIB to explore ways to address this issue.

One of the many projects that the Bank is currently pursuing is development of global loan structures with financial intermediaries in the commercial sector that have a broad reach throughout the Eastern Caribbean. Three projects under this heading were signed in 2005: the Caribbean Development Bank Global Loan III (€40m), the Clico Investment Bank Global Loan (€20m) and DFL IX (€7m). All these facilities can be used throughout the Caribbean ACPs. In addition, the Bank is supporting the micro-finance sector via Caribbean Microfinance Limited, which has subsidiaries in Grenada and St Lucia. Antigua and Barbuda will explore the possibility of establishing a similar subsidiary in the country, with a view to promoting private-sector development in Antigua and Barbuda, St Kitts and Nevis and Montserrat.

The outstanding EIB loan portfolio for operations in Antigua and Barbuda amounted to € 6.2m by the end of 2007, on signatures of € 9.5m. These were all operations under the Lomé agreement and include a road rehabilitation programme, an airport navigational system at V.C. Bird Airport, the improvement of the North Shore Water Distribution System and a livestock development programme. The EIB has also participates in the funding of the Antigua and Barbuda component of the OECS waste management project. Antigua and Barbuda is in arrears with debt servicing of Lomé III special Loans managed by the EIB. The Bank's activity regarding new projects in Antigua and Barbuda is currently put on hold until the arrears situation has been solved. The Government is in dialogue with the EIB to explore ways to address this issue.

Amongst the various projects that the Bank is currently pursuing is the development of global loan structures with financial intermediaries in the commercial sector that have a broad reach

throughout the Eastern Caribbean. Three projects under this heading were signed in 2005: Caribbean Development Bank Global Loan III € 40m, Clico Investment Bank Global Loan € 20m and DFL IX € 7m. All these facilities can be used throughout the Caribbean ACPs. Additionally the Bank supports the micro finance sector through Caribbean Microfinance Limited, which has subsidiaries in Grenada and Saint Lucia. Consideration is being given to extending regional financing for SMEs with further global loans, and support for a dedicated SME financing facility promoted by the ECCB.

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 from the Community and from the ACP States. In the OECS region the CDE is supporting private-sector development by means of sectoral programmes on construction and mining, agro-processing, wood, herbal medicines and tourism. Over the period 1999-2005, the CDE assisted a total of 69 projects in the OECS region. Out of 103 payments worth a total of €719.035, €517.376 were contributed by the CDE. Antigua and Barbuda benefited from four contributions totalling €36.759.

The PROINVEST programme, funded from EDF All-ACP funds and managed by the CDE, aims at increasing investments between the Caribbean and Europe. PROINVEST has a fund of €110 million over five years to support private-sector development in the African, Caribbean and Pacific countries. By the end of 2005, the Programme had committed €5.373.679 to activities in the Caribbean region; of this, €2.212.817 was committed during the course of 2005 to support individual company business plans, public-private sector dialogue, company matchmaking activities and institutional business development services.

Centre for the Development of Agriculture (CTA)

The CTA supports policy and institutional capacity development and the information and communication management capacity of agricultural and rural development organisations in ACP countries. CTA assists organisations with formulating and implementing policies and programmes to reduce poverty, promote sustainable food security and preserve natural resources. In 2005, the Eastern Caribbean States benefited from CTA support for agricultural and rural development in the Caribbean at regional and national levels. The activities at regional level were implemented in collaboration with CARDI (CTA's Regional Branch Office for the Caribbean) and the IICA. At national level, the activities were targeted at the public and non-public sectors and implemented by means of direct partnership arrangements between the CTA and the relevant institutions.

3.2. Information on the programmes of the Member States and other donors (complementarity)

The EC, with grants, and the CDB, mainly with loans, are the only two significant donors in Antigua and Barbuda. All other bilateral and multilateral donors and institutions tend to have small programmes, generally at regional or sub-regional (OECS) level. ODA accounts for about 2% of GDP. Donor coordination plays an important role in programming activities for

Antigua and Barbuda in the drugs, education, environment, governance and disaster management sectors, while consultations are held in other areas of common interest.

Member States active in Antigua and Barbuda include France and the UK (DFID). The UK continues to provide significant support to the Commonwealth Caribbean (£10.5 million for 2005-06). The DFID's current strategy in the region emphasises working with and through regional institutions. The DFID's programmes in the region are focusing on three broad themes – economic management and public service delivery; trade, competitiveness and economic integration; and HIV/AIDS, crime and violence. In addition, the UK has provided significant levels of bilateral debt relief to the Caribbean over recent years via the Commonwealth Debt Initiative.

In recent years, the DFID has provided Antigua and Barbuda with EC\$5.398 million to build four new health clinics across the country. Assistance was also provided for education in the wake of the volcanic eruptions in Montserrat which resulted in thousands of displaced citizens seeking safety in Antigua and Barbuda. The country has also benefited from the DFID-funded OECS/UWI Primary Teacher Education Programme.

The Caribbean Development Bank provides significant financial resources to Antigua and Barbuda and is currently providing support in the fields of education and public service reform. The Government of Cuba is providing technical assistance in the areas of health, agriculture and sports, including doctors, nurses and radiologists, agricultural specialists along with several trainers specialising in boxing, athletics and sports medicine. The People's Republic of China has provided the Antigua Public Utilities Authority (APUA) with an electricity generator and has also been involved in infrastructure development. The Government of Japan has built three new fisheries complexes, and the Kuwait Development Fund has provided a loan for infrastructure development. The Organisation of American States (OAS) is conducting a six-month Drug Use Prevalence Survey to obtain baseline data to assist in social policy formulation, and the new Mount St John's hospital is being funded by a consortium of financial institutions with the Bank of Antigua Limited as agent.

The activities of the CIDA, DFID, UN agencies, USAID and the World Bank in the Eastern Caribbean are largely based on sub-regional strategies. The principal areas receiving support from these agencies are regional strategic objectives such as institutional support to regional institutions, HIV/AIDS programmes, environment programmes, social recovery by means of economic diversification and job creation, emergency reconstruction and disaster mitigation, fairer, more efficient legal systems, telecommunications reform and development of primary and secondary education.

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

Antigua and Barbuda is one of the two countries (with Dominica) benefiting from the Caribbean Open Trade Support (COTS) Program funded by USAID and designed to help facilitate the transition of countries in the Eastern Caribbean from traditional trading arrangements based on preferences to open trade and to enable them to compete more successfully and sustainably in the global economy. The programme also supports the countries' efforts to adopt and participate in the CARICOM Single Market and Economy

(CSME), thereby collectively strengthening the region's framework for global competition. The goal of COTS is to support development of country models in the region that are competitive in regional and global trade. A focused agenda of activities is planned over the four-year period from 2005 to 2009 and will be initiated on the following five themes: private-sector development, governance, public-private interface, resilience to natural disasters and public awareness.

The WB and UNDP have introduced an on-line tool to support donor coordination: the Red Book On-line (www.redbookonline.net). This database contains details of projects funded by donors in the Eastern Caribbean, plus relevant documents (Strategy Papers, Article IV consultations, studies, etc.). Once this tool has been finalised it will be widened to the whole Caribbean.

While the EC Delegation has good relationships with all donors and works particularly closely with the DFID, WB and IMF, especially on scheduling budget support programmes (including co-financing with the WB and DFID in this area), donor coordination so far has been *ad hoc* and there is therefore a need for more systematic policy and operational coordination in the Eastern Caribbean. Coordination of policy-based assistance is a major challenge, given the relatively limited role of the WB and IMF in OECS countries. It is hoped that operational cooperation will be launched with the CDB under a memorandum of understanding and a contribution agreement (subject to an institutional and financial audit).

The EIB opened its Regional Office in Martinique in May 2007 to help develop stronger links with Caribbean government authorities and multilaterals such as the World Bank group and to support the strengthening of synergies with the other actors of European development cooperation in the Caribbean region: the European Commission through its local delegations, and also the Bank's partners in the European Development Financing Institutions (EDFIs) group.

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

- upgrading/scaling up viable, small pilot projects implemented by some donors;
- systematic sharing of the significant analytical work;
- harmonising individual donor CSPs;
- taking complementary action between grant donors (EC) and lenders (the IDB, CDB and EIB) with co-financing, where feasible;
- developing a working method, yet to be found, based on donor cooperation on budget support.

3.3 Other EC policies

The political dialogue between the EU and the Caribbean takes place notably via the joint ACP-EC institutions. The annual dialogue between CARIFORUM and the European Commission provides a further opportunity to discuss a wide range of issues of mutual interest. The bi-annual EU-LAC Summit is another major opportunity to advance EU-Caribbean political dialogue at the highest level and address the evolving relationship between the Caribbean, its geographical neighbours and the EU.

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

The Commission's *Communication on an EU-Caribbean Partnership for Growth, Stability and Development* (March 2006) outlines the future policy for EU-Caribbean relations. With the aim of enhancing the Caribbean's own reform and development agenda, the EU approach is based on shaping a political partnership built on shared values, addressing economic and environmental opportunities and vulnerabilities, promoting social cohesion and combating poverty. An EU-CARIFORUM sub-regional meeting following the EU-LAC Summit (13 May 2006) produced a commitment to deepening cooperation in support of regional integration, social cohesion and development of human resources and to addressing the impact of migration, terrorist threats, drug-trafficking, organised crime, HIV/AIDS and economic and environmental challenges. Specifically, the EU and the Caribbean States have agreed to fostering cooperation to address security threats, including non-proliferation of weapons of mass destruction (WMD), illicit small arms and light weapons (SALW) and combating terrorism. The EU also committed itself to consider supporting establishment of a Regional Development Fund for the Caribbean as a critical commitment to the restructuring and adjustment required by the forthcoming establishment of the CARICOM Single Market and Economy (CSME).

The EU policy objective of *strengthening regional cooperation between the ACP States and its overseas countries and territories (OCT) and outermost regions* is particularly important in the Caribbean given the presence of several UK and Netherlands OCTs and three French Departments (DOMs). In recent years, the DOMs have considerably strengthened their relationship with OECS countries, in particular within the framework of the EU Interreg III-B Caribbean Programme and the Association of Caribbean States (ACS), although joint cooperation activities are still at an early stage of development. The Clovis Beaugregard Conference (Martinique, 17-18 November 2005), which gathered together for the first time the Caribbean DOMs and OCTs, CARIFORUM Member States, EU Member States (France, the Netherlands and the UK) and the European Commission, paved the way for strengthening regional cooperation between the DOMs, OCTs and the neighbouring Caribbean countries and produced a commitment to work in the areas of trade and investment, interconnections, HIV/AIDS and natural disasters.

In the light of their close relationship, the UK and the Caribbean meet every two years to discuss key causes of concern between the region and the UK. The 5th UK-Caribbean Forum (Barbados, 26-28 April 2006) discussed the impact of the reform of the EU sugar regime on the Caribbean, the need for human resource development, capacity-building for legal drafting, further debt relief and support to the CSME-RDF and national and regional security issues ahead of the 2007 ICC Cricket World Cup.

In an increasingly interdependent and globalised world, one major objective of EU development policy is to help developing countries to tie together the globalisation process better. EU cooperation was geared primarily to ensuring that the full CSME and the development-oriented EU-CARIFORUM Economic Partnership Agreement (EPA) entered into force by January 2008. With the establishment of the EPA, the EU is seeking to help the Caribbean ACP partners to seize the opportunities presented by the new global challenges and to address transitional costs, by combining trade relations with very substantial support for economic and development cooperation.

Antigua and Barbuda is a member of the OECS, CARICOM and the Association of Caribbean States (ACS). The country's main trading partners are the OECS and CARICOM, the United States, Japan and the European Union countries and the main items traded are commodities, agricultural produce and beverages. Antigua and Barbuda has concluded the CARIFORUM-EU EPA negotiations which were launched in 2004 and is engaged in FTAA and WTO negotiations (DDR) in particular.

The OECS countries have already achieved a high level of integration with a common judiciary, a common currency and a central bank (together with Anguilla they have formed the Eastern Caribbean Currency Union), joint foreign representation, a common Directorate of Civil Aviation, pharmaceutical procurement, telecommunications regulation, banking regulation and close collaboration on health, education and security matters. On 21 June 2006, the Heads of Government signed a Declaration of Intent to submit for ratification an Economic Union Treaty after one year of public debate.

OECS countries joined the CARICOM Single Market and Economy (CSME) in July 2006 (Barbados, Belize, Guyana, Jamaica, Suriname and Trinidad and Tobago signed the CSM Agreement in February 2006). OECS countries see establishment of a Regional Development Fund and of preferential and concessionary measures as an essential condition to allow them to participate meaningfully in the CSME.

The EU and the African, Caribbean and Pacific countries (ACP) had been working to put in place new Economic Partnership Agreements (EPAs) by the start of 2008. The EPAs aim at progressively and asymmetrically removing barriers to trade and enhancing cooperation in all areas related to trade. They also aim at providing an open, transparent and predictable framework for goods and services to circulate freely and at promoting incoming investment, thus increasing the competitiveness of the ACP countries.

The first comprehensive Economic Partnership Agreement (EPA) was signed in October 2008, by all partners except Haiti, and is provisionally applied since 1 January 2009 between the European Commission (EC) and the CARIFORUM States (the Caribbean Community and the Dominican Republic). The EPA replaces the Cotonou trade arrangements covered by a World Trade Organization (WTO) waiver until the end of 2007. The EPA allows Caribbean goods to enter the European Union duty-free and quota-free (with transition periods for rice and sugar), while there is a phasing-in period of between three and 25 years for European goods to enter CARIFORUM markets duty-free along with a large number of exclusions for sensitive products. This is a sign of the asymmetrical nature of the agreement, reflecting the different levels of development between the two sides.

The general approach is to build on and reinforce regional integration in the Caribbean (market-building) and, in subsequent market opening, to use asymmetric flexibility for the benefit of the Caribbean in terms of product coverage and periods for tariff elimination,

thereby helping to promote sustained wealth creation and development. For market access in goods, on 1 April 2007 the EC made an offer to give all ACP countries, including the 15 CARIFORUM countries (Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Suriname, Trinidad and Tobago) duty-free and quota-free access to the EU markets for all goods except sugar and rice for which there will be a short transitional arrangement. The CARIFORUM side was able to make an offer which meets the WTO requirement of liberalisation of 80% of imports from the EU within 15 years, with transitional periods of up to 25 years for some particularly sensitive products.

Development cooperation will therefore be an integral part of the EPA to make sure that the Caribbean States are able to adjust to the new challenges and to gain maximum benefit from the opportunities offered by this agreement. The European Union Aid for Trade strategy and cooperation under the Cotonou Agreement offer many opportunities to develop programmes to support implementation of this agreement. Special programmes have also been put in place for sugar, bananas, rice and rum with a view to helping Caribbean States become more competitive and to diversifying their economies.

This was the first time that Caribbean countries, including the Dominican Republic, had negotiated as a single group a forward-looking free trade area with a large group of developed countries.

3.4 Political dialogue between the EC and Antigua and Barbuda

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

Under Article 8 of the Cotonou Partnership Agreement, the first political dialogue between representatives of the EC and the EU Member States and of the Antigua and Barbuda Government was conducted during the MTR in December 2004. Topics discussed included developments on an EU foreign policy, drugs and drug-related crime, regional security and the role of the Regional Security System (RSS), regional integration, the CSME and the ICC.

A further opportunity for political dialogue was during the EU-Caribbean Programming Seminar held in Santo Domingo in April 2006 and attended by Commissioner L. Michel. A new round of political dialogue took place in the context of the end-of-term review of the 9th EDF cooperation in 2006-2007.

3.5 State of the partnership with Antigua and Barbuda and progress towards harmonisation

In Barbados and OECS countries, only two Member States are present on the ground and have cooperation programmes, namely the UK (DFID) and France. Most DFID programmes

are of a regional nature (CARICOM-wide). The DFID has very few bilateral programmes in the OECS (Dominica and Grenada) and they are limited to addressing strategic issues such as fiscal and public-sector reform. France has a rather limited cooperation programme, since the OECS countries are no longer part of the *Zone de Solidarité Prioritaire*, and therefore funds small *ad hoc* activities in these countries.

There are regular consultations, sharing of information and very good cooperation with these Member States, for instance with the DFID on the Sugar Adaptation Strategies and Country Macroeconomic Assessments.

An opportunity for consultation was offered to all EU Member States represented in the region. Also on 20 June 2006, in St Kitts, the Delegation held a major consultation session on the 10th EDF programming in Barbados and OECS countries, attended by the seven NAOs and all major donors and agencies, in which the UK and France participated.



CHAPTER 4 – RESPONSE STRATEGY

Based on the analyses in the previous chapters, the EC response strategy formulated takes into consideration the following aspects:

- the challenges and opportunities presented by globalisation and trade liberalisation, especially by establishment of the Caribbean Single Market and Economy (CSME) and the Economic Union of the Organisation of Eastern Caribbean States (OECS), and the need to adapt a country of limited resources to these new realities;
- the main challenges that need to be addressed in OECS countries, namely: fiscal consolidation/public-sector reform; private-sector development; trade and regional integration; skills development; and security enhancement (especially natural disasters);
- conclusion of an Economic Partnership Agreement;
- drafting by the Government of a National Strategic Development Plan (NSDP), which aims at strengthening the Government's role in provision of social services, developing a closer relationship with the private sector and emphasising human resource development;
- the commitment by the Government to improve governance and increase transparency in the decision-making process, which are linked to current efforts drastically to lighten the burden created by the width of the public service;
- growth prospects for the years ahead, which are strong enough to generate potential labour shortages and induce improvements in competitiveness, hence the need to advance the structural reform agenda to enhance productivity;
- the sectors already covered by past and ongoing EC cooperation and by cooperation from other development partners;
- the need to ensure complementarity between the action envisaged under the NIP and the support provided under the Caribbean Regional Indicative Programme (focusing on regional integration and TRTA, ICT and transport, tertiary education, HIV/AIDS, the environment/natural disasters and security, crime and drugs) and therefore that the NIP is "integration-friendly";
- the objectives of the new EU development policy, as defined in the EU Consensus for Development and in the Communication on an EU-Caribbean Partnership for Growth, Stability and Development, and the comparative advantages of the EC as a provider of foreign aid;
- the need for a more effective donors' policy and operational coordination around the countries' home-grown policies and strategies to ensure full ownership of the action funded by donors.

4.1. Focal sector: Fiscal and public-sector modernisation

The proposal is to concentrate the A envelope on Fiscal and Public Sector Modernisation as the single focal sector of the EC country strategy for Antigua and Barbuda, in order to support the Government's continued efforts to implement relevant fiscal and public reforms.

The reasons for this strategic choice are as follows:

- (i) IMF assessments recognise that although wide-ranging structural reforms have been implemented, these have yet to produce improved growth or fiscal outcomes. During 2005, an ambitious legislative agenda contributed to improving the governance framework, enhancing transparency in the provision of investment incentives and modernising the tax system.
- (ii) The Government of Antigua and Barbuda has been working intensively with the Caribbean Regional Technical Assistance Centre (CARTAC) to achieve macroeconomic, fiscal and monetary policy objectives. Specifically, CARTAC recently provided assistance with public-sector investment programme (PSIP) reforms and all the relevant recommendations have been accepted by the Cabinet. Further assistance was provided to the Ministry of Finance with preparing the 2005 accounts, three-year projections based on the budget for 2006 and a menu of medium-term macroeconomic policies. An action plan for key reforms was agreed between authorities and the Eastern Caribbean Central Bank.
- (iii) Growth, however, has slowed as private-sector investment has yet to respond to the improved business climate. While fiscal revenue has increased, the impact has been more than offset by the lack of expenditure control.
- (iv) The Government is committed to addressing the economic challenges, but realises the complexity of balancing economic prerogatives with social concerns, noting that containment of expenditure is a difficult undertaking.
- (v) The Fiscal and Public-Sector Reform Programme embraces issues such as enhancing sound fiscal policy and fiscal institutions, capacity-building in public administration, including improvements in human resource, expenditure and debt management, public enterprise reform aiming at improving performance and efficiency and financial and organisational restructuring.
- (vi) Tri-partite arrangements (Government, employers and workers) in the form of public-private partnerships have proved to be an adequate tool to promote and monitor all aspects of productivity growth in other countries and are a key component of modernisation of the public sector.
- (vii) The EC, as the only major grant donor in Antigua and Barbuda, is in a good position to provide advice and technical assistance to accompany a comprehensive financial contribution that would supplement Government efforts funded from own resources. Specifically, the EC assistance will build on the lessons learned from the technical assistance provided to the Ministry

of Finance from the 9th TCF and the €500 000 9th EDF project planned to support customs reform, mainly by means of technical assistance to the Ministry of Finance.

The proposal is, therefore, to earmark 90% of the €3.4 million allocation under the 10th EDF to a Fiscal and Public Sector Modernisation Programme, which would support implementation of fiscal and public-sector reforms and build capacity at the Ministry of Finance (including the NAO) and also support establishment of a National Productivity Council as a public-private partnership.

The overall objective of the programme is to contribute to macroeconomic stability and sustainable growth by addressing necessary fiscal and public reforms. The specific objective is to support implementation of the necessary fiscal and public-sector reforms in Antigua and Barbuda, by enhancing the policy-making and technical capacity of the Ministry of Finance. The programme should consist of three main components (fiscal reforms, public-sector reforms and establishment of a National Productivity Council) to be implemented mainly by means of technical assistance to the Ministry of Finance (including the NAO).

The consistency of this strategic choice with the current policies sustained by the Government is evident. Specifically, as described in the 2006 Budget Statement, the Government will continue to improve revenue and expenditure management and simplicity and efficiency in tax administration and to advance with the plan to streamline the public sector. The Government's efforts in this direction have been acknowledged and encouraged by the international community.

As regards the method for delivering the EC assistance under the 10th EDF, the project-based approach will be adopted for implementation of the programme. Given the limited funds available and the fact that the majority of the programme should be implemented in the form of technical assistance, there are no plans to use budget support as the method of delivery.

As regards complementarity with other donors, the proposed programme will take into account ongoing negotiations between the Government and the IMF, the technical assistance activities carried out by CARTAC, the cooperation with the ECCB and the activities carried out by the Caribbean Open Trade Support (COTS) Program funded by USAID. The programme will be designed in close consultation with the above-mentioned agencies and with the CDB, the only other major player in the country, to ensure policy and operational complementarity.

Possible risks are primarily related to any changes in Government priorities and commitments over the five years that the programme is expected to last and to any deterioration of the macroeconomic policy environment prevailing at the time of writing this proposal.

4.2. Non-focal sector: Technical Cooperation Facility

The remaining 10% of the A envelope will be allocated to the Technical Cooperation Facility, notably to support non-State actors and to provide trade-related technical assistance.

The overall objective of the TCF is to support implementation of the NIP and other relevant *ad hoc* activities as needs emerge. The specific objective is to provide rapid financing for (i) technical assistance; (ii) training and capacity-building; and (iii) conferences and seminars.

There are already plans to allocate part of the funds under the TCF to support non-State actors, notably for consolidation of the NSA National Advisory Panel, as a key instrument for enhancing the dialogue between the Government, the EU, the private sector and civil society organisations. NSAs can benefit from the three main areas of activity of the TCF. Participation by NSAs at every level in a country's development is one of the fundamental principles of the Cotonou Agreement. NSAs are to be encouraged to take part in designing, implementing and reviewing national development strategies.

Similarly, TCF funds may be allocated to trade-related technical assistance. As mentioned earlier, organisational capacity and resources in OECS countries are inadequate to cover the different trade negotiating theatres in which they are involved, as many of the ministries are very small with limited technical capacity. The Government would therefore benefit from technical assistance in this area.

PART II - NATIONAL INDICATIVE PROGRAMME



1. Indicative Programme

1.1. Introduction

On the basis of the cooperation strategy presented in Part I and in accordance with Article 4 of Annex IV to the Cotonou Agreement, the Indicative Programme has been drawn up as a set of tables showing the framework for action in each sector, the financing timetable and a detailed schedule of activities for all programmes listed over a rolling three-year period.

The amounts mentioned in this chapter indicate the overall breakdown of funds between the focal sector, macroeconomic support and other programmes. The breakdown may be adjusted in the light of the operational, mid-term, final or *ad hoc* reviews. However, any adjustment resulting in a substantial change to the structure of the response strategy will require a formal decision in the form of an addendum to the strategy paper.

1.2. Financial instruments

Implementation of the EC's cooperation strategy with Antigua and Barbuda will be financed from several financial instruments. The following is an indication of the mobilisation currently envisaged.

1.2.1. 10th EDF (A envelope) €3.4 million

This envelope will cover long-term programmable development operations under the strategy, in particular:

Focal sector: Fiscal and Public Sector Modernisation. This allocation is intended to cover the long-term development activities identified in the response strategy. It will absorb €3.1 million, which is approximately 90% of the total funds made available by the EC.

Non-focal sector: Technical Cooperation Facility (TCF), notably to support non-State actors and to provide trade-related technical assistance, will take up €300.000, which is approximately 10% of the total.

1.2.2. 10th EDF (B envelope) €0.2 million

This envelope will cover unforeseen needs, such as emergency assistance which cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate the adverse effects of instability in export earnings. In accordance with Article 3(5) of Annex IV to the Cotonou Agreement, this amount may, if necessary, be increased in the light of operational or *ad hoc* reviews.

1.2.3. Investment Facility

In addition to the above-mentioned financial instruments, of which the A envelope is the main programmable basis for the NIP, the 10th EDF also includes an Investment Facility managed by the European Investment Bank. The Investment Facility is not part of the NIP. Some specific activities may be supported by the Centre for the Development of Enterprise (CDE) and the Centre for the Development of Agriculture (CTA).

1.2.4. Caribbean Regional Indicative Programme (CRIP)

The 10th EDF Caribbean Regional Indicative Programme allocation will cover long-term programmable development operations under the regional strategy for CARIFORUM. The allocation is not part of the Indicative Programme but will clearly have repercussions at national level since the main area of activity under the CRIP will focus on support for regional integration.

1.2.5. Other financial instruments

Specific activities may be supported by external action funded by the general budget of the European Community under the financial framework for 2007-2013, subject to a special procedure and availability of funds, and out of the own resources of the EIB. Action funded by the general budget includes, among others, programmes funded under the Development Cooperation Instrument such as the thematic programmes on “Investing in people”, “Non-State Actors in development”, “Migration and asylum”, “Environment and sustainable management of natural resources” and “Food security”, along with action funded from other instruments, such as the stability instrument, the European Instrument for Democracy and Human Rights or the instrument for humanitarian and emergency assistance. Disaster Risk Reduction constitute always an important aspect of EC cooperation with the countries of the region, as they are particularly vulnerable to disasters like hurricanes which sometimes cause enormous human sufferings and economic damage. Calls for proposals are made for these programmes and instruments since 2007. In the field of science and technology, legal entities from Antigua and Barbuda can also participate in international scientific and technological cooperation across the entire 7th Research Framework Programme (2007-2013). Antigua and Barbuda Government and other actors could also consider using more systematically research results in the public domain, etc

1.2.6. Monitoring and evaluation

Monitoring of the results and evaluation of the impact of individual activities (programmes, projects and sectors) under this CSP will be undertaken in line with the technical and administrative provisions attached to each individual Financial Agreement prepared to implement this CSP.

The results and impact of the Community’s cooperation with Antigua and Barbuda under the NIP and other external action funded by the general budget of the European Community will be assessed by means of an independent external evaluation. This country-level evaluation may be undertaken jointly with EU Member States and possibly also with other donor agencies.

1.3. Focal sector: Fiscal and public-sector modernisation

An indicative amount of €3.100.000 will be set aside for the action in this focal sector.

The overall objective of the programme is to contribute to macroeconomic stability and sustainable growth by addressing necessary fiscal and public reforms. The specific objective is to support implementation of the necessary fiscal and public-sector reforms in Antigua and Barbuda, by enhancing the policy-making and technical capacity of the Ministry of Finance. The programme should consist of three main components (fiscal reforms, public-sector reforms and establishment of a National Productivity Council) to be implemented mainly in the form of technical assistance to the Ministry of Finance (including the NAO).

The programme should consist of three main components:

- Fiscal reform: this will aim specifically at fostering sound fiscal policy and fiscal institutions and could include: improvement of budgetary procedures and discipline in spending; introduction of active tax and expenditure measures; modernisation and capacity-building of the revenue administration; and customs reform. Complementarity with the technical assistance activities carried out by CARTAC and with the activities carried out by the Caribbean Open Trade Support (COTS) Program funded by USAID will be ensured.
- Public-sector reform: this could include mainly administrative reforms linked to salary and pension liabilities; preparation of restructuring plans aimed at rationalising public-sector human capital; economic policy and planning; and improvements in collecting statistics.
- Establishment of a National Productivity Council to be organised in the form of a public-private partnership. The Productivity Council will comprise representatives of employees and employers' organisations and of the Government. Among other activities, this Council will devise and develop methods for productivity measurement, management and improvement in the public and private sectors; provide technical advice and assistance for devising productivity-related payment schemes; promote and monitor all aspects of productivity growth; assist with the development of improved methods of work organisation geared to raising productivity levels; and disseminate information to stimulate public awareness and promote understanding of the need to improve the quality of work performance both nationally and in the context of international trends and standards.

On 18 July 2006, the Government organised a National Economic Symposium to engage Antigua and Barbuda's citizens in a public debate with the Government and donors on the necessary public reforms. The action envisaged under the 10th EDF will build on this and facilitate further national consultations in this area.

The programme will mainly take the form of technical assistance to the Ministry of Finance, including specific technical assistance to support the NAO in managing EU funds efficiently.

The method of delivery will be based on the project approach, given the limited funds made available and the fact that the majority of the programme should be implemented by means of technical assistance.

The main sectoral policy measures to be taken by the Government as a contribution to the response strategy in this field are:

- (a) achieve a small recurrent account surplus in 2006 and generate significant surpluses thereafter;
- (b) curtail discretionary tax waivers and increase the efficiency of tax administration by the main revenue collection agencies;
- (c) downsize the Central Government's workforce and tighten expenditure controls in line ministries and departments;
- (d) implement cash management and commitment controls in line ministries;
- (e) strengthen its institutional capacity to collect, record and analyse economic and financial data;
- (f) establish the National Productivity Council as a public-private partnership;
- (g) reinforce current institutional mechanisms within the NAO to allow a higher implementation rate in the future and more efficient management of EC (not only EDF) funds.

Commitments made by the Government to mainstream the cross-cutting issues include:

- *Environmental measures*: If left unchecked, the coastal degradation is likely to have an adverse impact on tourism, which is the lifeblood of the economy. Enforcement of laws and regulations is a major deficiency because of institutional weaknesses. The Government will therefore reinforce institutional mechanisms to improve compliance with environmental regulations as part of its efforts to improve governance. The National Productivity Council will give appropriate priority to environmental protection in its agenda.
- *Gender equality*: As part of the programme to downsize the Central Government's workforce and tighten expenditure controls in line ministries and departments, equal opportunities for women will be guaranteed.

1.4. General budget support

The indicative programme provides for no general budget support. However, in the light of changing needs, it may be decided to reallocate funds from other points in the NIP to this type of support. Any such decision can take the form of a specific agreement between the Chief Authorising Officer and the National Authorising Officer or be taken within the context of an operational, mid-term, final or *ad hoc* review.

1.5. Other programmes

An indicative amount of €300.000 will be set aside for the Technical Cooperation Facility (TCF), notably to support non-State actors (NSAs) and to provide trade-related technical assistance.

The overall objective of the TCF is to support implementation of the NIP and other relevant *ad hoc* activities as needs emerge. The specific objective is to provide rapid financing for (i) technical assistance; (ii) training and capacity-building; (iii) conferences and seminars; and iv) to promote the use of results from scientific and technological cooperation as well as other relevant Community programmes to increase the synergies across the entire range of cooperation possibilities.

There are already plans to allocate part of the funds under the TCF to support non-State actors, notably for consolidation of the NSA National Advisory Panel, as a key instrument for enhancing the dialogue between the Government, the EU, the private sector and civil society

organisations. NSAs can benefit from the three main areas of activity of the TCF. Participation by NSAs at every level in a country's development is one of the fundamental principles of the Cotonou Agreement. NSAs are to be encouraged to take part in designing, implementing and reviewing national development strategies. The action would aim at strengthening the capacity of NSAs in order to support their involvement in the policy dialogue within the country, especially of small organisations with the capacity to reach and represent vulnerable or isolated groups of the population, and to allow them to play a more meaningful role on the national scene. This would focus mainly on strengthening the NSAs' internal structure and organisation, broadening their networks, improving their management and setting up sustainable fund-raising mechanisms. Monitoring mechanisms to assess the quality of involvement will also be introduced.

Similarly, TCF funds may be allocated to trade-related technical assistance. Organisational capacity and resources in OECS countries are inadequate to cover the different trade negotiating theatres in which they are involved, as many of the ministries are very small with limited technical capacity. The Government would therefore benefit from technical assistance in this area. Furthermore Antigua and Barbuda will undoubtedly require some support in the area of trade and regional integration in the light of establishment of the Caribbean Single Market and the OECS Economic Union.

The main measures to be taken by the Government as a contribution to the response strategy in the non-focal areas are:

- *NSAs*: Encourage the operations of the recently established NSA Advisory Panel, widely representative of civil society, which should become the legitimate partner in the tri-partite dialogue with the Government and the EU. Facilitate establishment and operation of an institutional framework for consulting civil society on national issues.
- *TRTA*: Ensure adequate staffing to cover implementation of trade agreements, in particular in the EU-CARIFORUM EPA. Remain committed to regional integration and the conclusion of international trade negotiations.

1.6. Framework for action and performance indicators

Focal sector – Fiscal and public-sector modernisation

	Reasons for Action	Objectively Verifiable Indicators	Means of Verification	Assumptions
Overall Objectives	To contribute to macroeconomic stability and sustainable growth by addressing necessary fiscal and public reforms	% economic growth % debt to GDP Improvement in productivity of the private sector as a result of National Productivity Council support	Further success in improving public finances National Productivity Council operating properly	
Purpose of Programme	To support implementation of the necessary fiscal and public-sector reforms in Antigua and Barbuda, by enhancing the policy-making and technical capacity of the Ministry of Finance	% primary deficit % employed in Government More cost-effective and efficient public services	IMF reports Ministry of Finance reports	
Results	Administrative reforms introduced (salary and pension liabilities; public-sector human capital; budgetary procedures and discipline in spending; tax and expenditure measures; revenue administration; and customs) Ministry of Finance capacity improved (statistics, treasury, policy and planning) National Productivity Council established NAO strengthened	Implementation of tax measures Rationalisation of expenditure Increase in revenue collection Customs reform Training of civil servants Downsizing of civil service New organisational structure at the Ministry of Finance by the end of the TA Establishment of National Productivity Council Reduction of the time between commitment and disbursement at the NAO	Government/IMF reports	

1.7. Indicative timetable of commitments and disbursements

1.7.1. Indicative timetable of global commitments

	Indicative allocation	2008		2009		2010→	
		1	2	1	2	1	2
FOCAL SECTOR – Fiscal and public-sector modernisation	3.1 M€						
- Fiscal and Public- Sector Reform Programme	3.1 M€		3.1				
NON-FOCAL SECTORS	0.3 M€						
- Technical Cooperation Facility	0.3 M€		0.3				
Total Commitments:	3.4 M€	0	3.4				
Total Cumulative Commitments:	3.4 M€	0	3.4				

1.7.2. Indicative timetable of disbursements

	Indicative allocation	2008		2009		2010→	
		1	2	1	2	1	2
FOCAL SECTOR – Fiscal and public-sector modernisation	3.1 M€			0.6	0.5	0.6	0.6
- Fiscal and Public-Sector Reform Programme	3.1 M€						
NON-FOCAL SECTORS	M€						
- Technical Cooperation Facility	0.3 M€			0.1		0.1	
Total Commitments:	3.4 M€			0.7	0.5	0.7	0.6
Total Cumulative Commitments:	3.4 M€			0.7	1.2	1.9	2.5

1.8. Schedule of activities

FOCAL SECTOR (3.09 M€)	Indicative allocation	2008				2009				2010→			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
- FPSR Programme	3.1 M€	FS	FS	FP	FD	■	■	■	■	■	■	■	■
NON-FOCAL SECTORS (0.3 M€)		2008				2009				2010→			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
- Technical Cooperation Facility	0.3 M€	FP	FP	FD	■	■	■	■	■	■	■	■	■
-													

FS: Feasibility study
 FP: Financing proposal
 FD: Financing decision
 ■ : Project implementation

APPENDIXES

APPENDIX 1 – “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
National accounts (as % of GDP)										
Gross domestic product ^b	100	100	100	100	100	100	100	100	100	100
Agriculture	3,9	3,9	3,8	3,7	3,7	3,7	3,6	3,5	3,4	3,5
Industry	20	23	21	21	21	21	21	20	20	20
Services	76	73	75	75	75	76	76	76	77	77
<i>Memorandum items</i>										
Gross domestic product (US\$ million at current prices)	678	710	727	759	802	834	881	936	981	1043
GNI per capita (US\$, Atlas method)	8670	8800	8770	9330	9950	..	..	..	..	..
Real annual growth rates (% , calculated from 1990 prices)										
Gross domestic product at factor cost	3,3	1,5	2,2	4,9	4,1	2,5	4,1	4,6	3,2	4,9
Real annual per capita growth rates (%)										
Gross domestic product at factor cost	1,7	-0,1	0,6	3,3	2,5	0,9	2,5	3,0	1,6	3,3
Balance of Payments (US\$ millions)										
Trade Balance	-290	-281	-299	-311	-329	-354	-384	-405	-424	-451
Merchandise Exports FOB	52	41	37	42	45	47	50	53	55	59
Merchandise Imports FOB	342	321	336	353	374	401	434	457	479	510
Tourist receipts	290	272	274	300	327	357	396	441	467	507
Net current transfers	9	9	6	13	9	9	10	10	10	11
Current account balance	-65	-65	-111	-104	-106	-116	-130	-119	-121	-118
Net private foreign direct investment	28	44	37	74	59	64	70	78	85	94
Change in reserves ^e	6	-16	-8	-26	11	-2	-2	-2	-2	-2
<i>Memorandum items</i>										
Resource balance (% of GDP)	38,3	32,5	30,7	31,1	31,7	33,3	34,9	36,6	37,0	37,8
Public finance (as % of GDP at market prices)^e										
Total revenues and grants	21,7	19,2	21,5	21,0	21,4	24,4	26,4	27,4	27,4	27,4
Total expenditures and net lending	26,7	30,3	32,2	27,7	26,8	35,0	34,7	33,0	32,0	31,0
Central government overall balance	-5,0	-11,1	-10,7	-6,7	-5,4	-10,6	-8,3	-5,6	-4,6	-3,6
Capital expenditure	2,1	4,7	5,1	4,0	1,8	4,0	..	..	..	..
Primary balance	-0,3	-6,8	-6,7	-3,0	-1,9	-4,6	-1,6	1,4	2,4	3,4
Monetary indicators										
M2/GDP	75,8	75,8	78,7	91,3	91,3	91,2	..	..	..	..
Growth of M2 (%)	5,7	4,8	6,3	21,1	5,7	3,9	..	..	..	..
Consumer price index (% change, average)	-0,6	-0,4	1,8	2,8	1,5	1,5	1,5	1,5	1,5	1,5

a. Projections for 2005-09 are based on an adjustment scenario including regularizing the stock of total arrears in 2005 through issuing long-term bonds.

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. Consolidated central government.

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

Antigua and Barbuda - 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	850	878	940	1076	910	698	768	817	860	893
External Debt (US\$)	449	471	521	569	375	..	..	..	..	..
Debt and debt service indicators (%)										
External public debt/GDP	66,2	66,3	71,7	75,0	46,7	..	..	..	..	..
(of which: arrears)/GDP	12,6	13,9	17,4	21,6	18,0	..	..	..	..	..
TDO/GDP	125,4	123,6	129,3	141,8	113,4	83,7	87,2	87,3	87,7	85,6
IBRD exposure indicators (%)										
IBRD TDO (US\$m) ^d	..	..	..	..	..	..	..	..	..	..
IDA TDO (US\$m) ^d	..	..	..	..	..	..	..	..	..	..
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)	..	..	..	..	..	..
Goal 2: Achieve universal primary education						
Literacy rate, youth total (% of people ages 15-24)	..	..	..	..	..	..
Persistence to grade 5, total (% of cohort)	..	..	..	..	..	..
Primary completion rate, total (% of relevant age group)	..	..	..	..	..	..
School enrollment, primary (% net)	..	..	..	..	..	..
Goal 3: Promote gender equality and empower women						
Proportion of seats held by women in national parliament (%)	0.0	..	5.0	5.0	5.0	5.0
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						
Immunisation, measles (% of children ages 12-23 months)	89.0	91.0	93.0	95.0	99.0	97.0
Mortality rate, infant (per 1 000 live births)	..	..	..	13	..	11
Mortality rate, under-5 (per 1 000)	..	..	..	15	..	12
Goal 5: Improve maternal health						
Births attended by skilled health staff (% of total)	..	..	100.0	99.9	..	..
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)	8.4	..	..	..	..	6.6
Prevalence of HIV, female (% ages 15-24)	..	..	..	..	..	..
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	..	..	..
Tuberculosis cases detected under DOTS (%)	..	..	..	123.9	41.8	41.8
Goal 7: Ensure environmental sustainability						
CO2 emissions (metric tons per capita)	4.8	4.5	4.6	4.6	4.7	..
Forest area (% of land area)	20	..	..	20	..	..
GDP per unit of energy use (constant 2000 PPP \$ per kg of oil equivalent)	..	..	..	..	..	..
Improved sanitation facilities (% of population with access)	..	..	..	..	95	..
Improved water source (% of population with access)	..	..	..	..	91	..
Nationally protected areas (% of total land area)	..	..	..	..	..	..
Goal 8: Develop a global partnership for development						
Aid per capita (current US\$)	73.8	58.8	59.1	127.1	67.1	20.6
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	..	..	..	..	..	..
Fixed line and mobile phone subscribers (per 1 000 people)	253.7	..	445.5	783.1	974.0	1148.8
Internet users (per 1 000 people)	0.0	..	34.4	64.9	176.8	249.7
Personal computers (per 1 000 people)	..	..	..	..	..	..
Total debt service (% of exports of goods, services and income)	..	..	..	..	..	..
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)	1.8	..	1.7	1.7	1.7	..
GNI per capita, Atlas method (current US\$)	5640.0	6980.0	7200.0	8140.0	9220.0	9480.0
GNI, Atlas method (current US\$) (billions)	0.4	0.5	0.5	0.6	0.7	0.8
Gross capital formation (% of GDP)	32.4	32.4	32.8	27.6	29.9	..
Life expectancy at birth, total (years)	73.8	..	74.7	75.1	75.3	..
Literacy rate, adult total (% of people ages 15 and above)	..	..	..	..	..	..
Population, total (millions)	0.1	0.1	0.1	0.1	0.1	0.1
Trade (% of GDP)	175.9	116.1	158.9	140.8	129.4	..

Source: World Development Indicators database, April 2006

APPENDIX 2 – Donor matrix

Source: World Bank OECS Country Assistance Strategy 2007-2011

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

APPENDIX 3 – Executive summary of the Country Environmental Profile

International Conventions

Environmental conventions

- . Basel Convention, i.e. Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (entered into force on 04-JUL-93)
- . Cartagena Convention, i.e. Convention for the Protection and Development of the Marine Environment of the Wider Caribbean Region (entered into force on 11-OCT-86), and Protocol concerning Co operation in Combating Oil Spills in the Wider Caribbean Region (entered into force on 11-OCT-86), and Protocol Concerning Specially Protected Areas and Wildlife to the Convention for the Protection and Development of the Marine Environment of the Wider Caribbean Region (only signed on 18-JAN-90): administered by UNEP Wider Caribbean Regional Office, Kingston, Jamaica.
- . CITES, i.e. Convention on International Trade in Endangered Species of Wild Fauna and Flora (entered into force on 06 10 1997)
- . Convention and Statute on the Regime of Navigable Waterways of International Concern (entered into force on 25-JAN-89)
- . Convention for the Protection of the Ozone Layer (entered into force on 03-MAR-93), Montreal Protocol, i.e. Protocol on Substances that deplete the Ozone Layer (entered into force on 03-MAR-93), Amendment to the Montreal Protocol on Substances that deplete the Ozone Layer (entered into force on 24-MAY-93), Amendment to the Montreal Protocol on Substances that deplete the Ozone Layer (entered into force on 14-JUN-94)
- . Convention on Biological Diversity (entered into force on 29-DEC-93), and Cartagena Protocol on Biosafety to the Convention on Biological Diversity (ratified 11-SEP-03)
- . Framework Convention on Climate Change-21-MAR-94, and Kyoto Protocol to the United Nations Framework Convention on Climate Change (only signed on 16 03 1998)
- . International Convention for the Regulation of Whaling-21-JUL-82, and Protocol to the International Convention for the Regulation of Whaling (entered into force on 21-JUL-82)
- . International Convention to combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa-(entered into force on 26-DEC-96)
- . Stockholm Convention on Persistent Organic Pollutants (ratified September 11, 2003)
- International Whaling Convention adherence as of 21-07-82
- Ramsar Convention on Wetlands (presently going through the accession process)

Law of the Sea Conventions

- . United Nations Convention on the Law of the Sea (entered into force on 16-NOV-94)
- . Convention on the International Maritime Organization (entered into force on 13-JAN-86)
- . Convention on the International Regulations for Preventing Collisions at Sea (entered into force on 29-JAN-88)
- . Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (entered into force on 05-FEB-89), Amendments to the Annexes to the Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (entered into force on 05-FEB-89)
- . MARPOL Convention, i.e. International Convention for the Prevention of Pollution from Ships as modified by the Protocol of 1978 (entered into force on 29-APR-88), and International Convention for the Prevention of Pollution from Ships, 1973 (MARPOL) Annex III (Optional): Hazardous substances carried in packaged form (entered into force on 01-JUL-92), International Convention for the Prevention of Pollution from Ships (MARPOL) Annex IV (Optional): Sewage, and International Convention for the Prevention of Pollution from Ships (MARPOL) Annex V (Optional) = Garbage (entered into force on 31-DEC-88)
- . International Convention for the Safety of Life at Sea (SOLAS) (entered into force on 09-MAY-87), and Protocol relating to the International Convention for the Safety of Life at Sea (SOLAS Prot.) (entered into force on 09-MAY-87)
- . International Convention on Civil Liability for Oil Pollution Damage (entered into force on 21 09 1997), and Protocol to amend the International Convention on Civil Liability for Oil Pollution Damage (entered into force on 14 06 2001)
- . International Convention on Oil Pollution Preparedness, Response and Co-operation (entered into force on 05 04 1999)
- . International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (entered into force on 21 09 1997), and Protocol to amend the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (entered into force on 14 06 2001)

Other relevant Conventions

- . Charter of the United Nations (entered into force on 11 NOV '81)
- . Constitution of the Food and Agriculture Organization of the United Nations (entered into force on 07 NOV '83)
- . Constitution of the United Nations Educational, Scientific and Cultural Organization (entered into force on 15 JUL '82), and Convention concerning the Protection of the World Cultural and Natural Heritage (entered into force on 01 FEB '84)
- . Constitution of the United Nations Industrial Development Organization (entered into force on 21 JUN '85)

- . Constitution of the World Health Organization (entered into force on 12-MAR-84)
- . Convention of the World Meteorological Organization (entered into force on 16-NOV-88)
- . Convention on International Civil Aviation Annex 16 - Aircraft Noise, (entered into force on 10-12-1981)
- . Convention on the Prohibition of Military or any other Hostile Use of Environmental Modification Techniques (entered into force on 25-OCT-88)
- . General Agreement on Tariffs and Trade (entered into force on 01-NOV-81)

National Environmental Laws

- . Bush fires ordinance, 1901 (Plant species protection/management; maintenance of thickets/groups of trees)
- . Wild Birds Protection Ordinance, 1913 (Animal species protection/management; hunting/management/use of harvestable species: varies the open season for certain species of game birds)
- . Turtle Ordinance, 1927 (Animal species protection/management; fishing/management/use of harvestable fish)
- . Forestry Regulations and Forestry Ordinance, 1941 (Forest conservation/ management/ exploitation)
- . Watercourses and Waterworks Ordinance, 1945 (Water resources conservation/ management; water navigation)
- . Beach Protection Ordinance, 1957 (Soil conservation/management; marine resources conservation/management)
- . Barbuda Shooting and Fishing By-Law, 1959 (Hunting/management/use of harvestable species; fishing/management/use of harvestable fish)
- . Public Parks Ordinance, 1965 (An ordinance to make provision for public parks and the establishment of a public parks commission, to confer on the commission powers of preserving the natural beauty of certain areas and for matters connected with the purposes as aforesaid)
- . Marine Areas (Preservation and Enhancement) Act, 1972 (Protected areas; marine resources conservation/management)
- . Public Utilities Act, 1973 (An Act to provide for the establishment of a corporate body to be known as the Public Utilities Authority, for the performance by that body of functions relating to supplying electricity, providing and maintaining phone services and the supplying of water; and for purposes incidental thereto or connected therewith)
- . Pesticides Control Act, 1973 (Hazardous substances)

. Proclamation made under Section 13 of the Wild Birds Protection Ordinance, 1977 (Animal species protection/management: Varies the open season for certain species of game birds)

. Fisheries, Restriction on Methods of Salt - Water Fishing Regulations, 1978

. Fisheries (Protection of lobster) Regulations, 1978 (Prohibits the landing of berried lobsters and of lobsters from which all the swimming legs situated under the abdomen or tail have been removed; prohibits the sale or buying of such lobsters; also prohibits the landing, sale or buying of lobsters under the minimum size of ten inches or of lobsters of a length of less than three and one-half inches measured from between the base of the ocular horns to the rear margin of the carapace or cape)

. Fisheries Act, 1983 (Applies to all aquatic animals, including fish, shellfish, turtles, mollusks, crustaceans, coral, sponge, echinoderms, their young and their eggs; empowers the Minister to take measures to promote the development and management of fisheries so as to ensure the optimum utilisation of fisheries resources; provides for the appointment of a Chief Fisheries Officer; requires the Chief Fisheries Officer to prepare and keep under review a plan for the management and development of fisheries; empowers the Minister to enter into arrangements or agreements with other countries of the region or with any competent regional organization with a view to harmonizing collection of statistics, assessment of fishery resources, licencing procedures, licencing of foreign vessels , and enforcement measures; regulates fishing by foreign vessels in the waters of Antigua and Barbuda ; provides for the requirement of a licence for foreign and local fishing vessels; lays down conditions for the issuance, validity and use of fishing licences; provides for the establishment of local fisheries management areas and for the designation of local Fisheries Management Authority for such areas; empowers such Authorities to make by-laws; provides for the establishment of marine reserves ; regulates fisheries research ; prohibits the use of explosives, poison or other noxious substances for the purpose of killing , stunning , disabling or catching aquatic animals ; empowers the Minister to make regulations generally for the management and development of fisheries in Antigua and Barbuda waters; such regulations may, inter alia, provide for the management of a particular fishery, prescribe fisheries management and conservation measures, regulate incidental catches, regulate sport fishing, regulate the landing and marketing of fish, regulate the taking of coral, shells or aquarium fish, and prescribe measures for the protection of turtles, lobsters and conchs ; also provides for enforcement measures)

. National Parks Act, 1984 (An Act to provide for the establishment of National Parks and a National Parks Authority; to make provision for the preservation, protection, management and development of the natural physical and ecological resources and the historical and cultural heritage of Antigua and Barbuda; and for matters connected with those purposes)

. The Fisheries Regulations, 1990 (Fishing/management/use of harvestable fish; marine resources conservation/management)

The National Solid Waste Management Authority Act, 1995

National parks, protected areas and heritage sites

Terrestrial

. Nelson's Dockyard National Park (The first legally designated national park: sandy beaches and tropical vegetation, with various species of cactus and mangroves, established in 1984) tel. 268/460-1379

Codrington Lagoon, Barbuda (hosts one of the world's largest Frigate bird colonies. It is also the largest wetland area in Antigua and Barbuda. This site was established in 2004 and is the first proposed Ramsar site)

Marine

. Palaster Reef (Marine area, shallow patch coral reefs, established in 1973), http://www.unep-wcmc.org/protected_areas/data/sample/0221q.htm

. Salt Fish Tail Reef (Diamond Reef) (Marine area, Shallow calcium carbonate banks and extensive patch coral reefs, established in 1973),
http://www.unepwcmc.org/protected_areas/data/sample/0220q.htm

. Cades Bay Marine Reserve. (Marine and terrestrial area, shallow barrier reef, established 1999).

Also indicated as protected areas in the Antigua and Barbuda First National report to the Convention on Biological Diversity are; Wallings Conservation Area (forest reserve managed by the Forestry Department), Offshore Islands of the North Sound

APPENDIX 4 – Country migration profile

The International Organization for Migration (IOM) is in the process of implementing with the OAS a regional program on migration management in 13 Caribbean countries (Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Guyana, Haiti, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago). Results should be made available between 2006 and 2007. Availability of statistics has been identified as a serious weakness in the region and IOM and ECLAC are planning to implement a capacity building programme within this area.

Also CARICOM is currently conducting a study on migration in the Caribbean which is intended to identify trends and explain reasons why people in the region migrate. The study follows the release of a United Nations report, which shows a rapid increase in world migration. The report, which should be published by the end of 2006, is expected to pay particular attention to the migration of teachers and nurses from the region, which has left regional educational and health institutions in deep problems.

As a predominantly maritime region, migration has been a significant characteristic in Caribbean history, with a great deal of this conducted informally. Three main flows of irregular migration have been noted in the region today: illegal entry into the Caribbean from other regions, notably China and Latin America, using it as a transit point; illegal emigration from the Caribbean to North America and Europe; and the intra-regional migration within the Caribbean from poor to rich countries. Regulating migration faces several barriers in the island states. First, many of the countries are dependent upon high flows of visitors to their territories as tourism is their primary export, and it is difficult to ensure that all those entering do not overstay. Second, the vast majority of borders are coastal and spreads over a myriad of small islands. Though the US Coast Guard offers a number of Caribbean states joint interdiction services, monitoring these porous borders requires huge resources that are not available in the region.

Though there has traditionally been a considerable amount of intra-Caribbean movement, the impact of globalization has contributed to a rise in migration, and female migration in particular. Many migrants come from poor or working-class circumstances, crossing borders or moving to cities in search of opportunities that will help improve their socioeconomic status. Others may migrate due to the devastation caused by conflict or natural disasters, to join family members or friends, or to seek out better educational opportunities.

The net migration rate for Antigua and Barbuda was estimated in 2006 at -6.08 migrant(s)/1 000 population (Source: TheWorld FactBook)

APPENDIX 5 – CSP drafting process: particular attention to involvement of NSA and local authorities

A first round of consultations between the EC and the Government of Antigua and Barbuda took place in April 2006 (Seminar in Santo Domingo) with the presence of Commissioner L. Michel, who stressed the importance attached to the Public Sector Reform and Private Sector Development and to the link between the regional and national programming and to. On a bilateral basis, Commissioner Michel brought up the issue of good governance, in particular in the area of public finance and the tax system. Cooperation on tax information exchange needs to be improved. Concern on the high level of public debt was also expressed.

With specific reference to NSAs, during the MTR “in-country-meeting” of December 2004 and with the aim of strengthening civil society involvement in EU/ Antigua and Barbuda development partnership, it was agreed that a non state actor (NSA) advisory panel, representative of Antigua and Barbuda’s civil society, would be established by the Government of Antigua and Barbuda. The panel would provide a forum for tripartite dialogue, information and consultation on development cooperation between the EU and Antigua and Barbuda. In the second half of 2005, a team of international consultants assisted the Government and the Delegation with the mapping of NSAs in Antigua and Barbuda and the selection of members of the Panel.

In May 2006, a team of international consultants was recruited in order to facilitate consultations and dialogue among stakeholders in the phase of drafting the Country Strategy Paper (CSP) and the National Indicative Programme (NIP). The process has included a first round of meetings with the NAO and relevant government officials, aiming at providing the government with a comprehensive overview of the planning and main elements of the programming exercise, as well as gaining insight on the national priorities, strategies and plans as well as national orientations for the 10th EDF.

This exchange has been followed by further in-country consultations, which have involved both government and Non-State Actors, to present and discuss the 10th EDF programming exercise and launch the NSA Advisory Panel. Such an exercise aimed at ensuring the dynamic participation of all Antigua and Barbuda key stakeholders in the programming exercise and that future NSA Advisory Panel meetings will actually represent a national forum for constructive dialogue, mutual understanding and consensus building.

Within the process of drafting Antigua and Barbuda’s CSP and NIP, a Programming Regional Workshop was held at the end of June 2006, involving all NAOs of the seven Eastern Caribbean countries for which the EC Delegation in Barbados is responsible (i.e. Antigua & Barbuda, Barbados, Dominica, Grenada, St Lucia, St Kitts and Nevis, St Vincent and the Grenadines), and representatives of the donors active in the region (CIDA, CDB, CARTAC, ECCB, EIB, French Cooperation, IDB, IMF, OECS, DFID, UNDP, USAID and WB). The workshop aimed at discussing in a comprehensive forum the 10th EDF programming exercise, the main priority reforms at the regional level and for each concerned country, and the possibility for synergies and coordination between the countries in their priorities for cooperation with the EU and other Donors.

A last round of consultation with the NAOs was organised in Barbados in mid-July 2006 in order to agree on the Intervention Framework for the 10th EDF and finalise the CSPs.

APPENDIX 6 – The harmonisation road map (where there is one)

Refer to paragraph 3.5 in the main document



APPENDIX 7 – Table including partner country positions in relation to key international conventions

HUMAN RIGHTS – MAIN GLOBAL CONVENTIONS

Convention	Antigua and Barbuda status
Convention on the Prevention and Punishment of the Crime of Genocide	25 Oct 1988 d
Agreement establishing the Fund for the Development of the Indigenous Peoples of Latin America and the Caribbean	----
International Covenant on Economic, Social and Cultural Rights (CESCR)	----
International Covenant on Civil and Political Rights (CCPR)	----
Optional Protocol to the International Covenant on Civil and Political Rights (CCPR-OP1)	----
Second Optional Protocol to the International Covenant on Civil and Political Rights, aimed at the abolition of the death penalty (CCPR-OP2-DP)	----
International Convention on the Elimination of All Forms of Racial Discrimination (CERD)	24 Nov 88 d
Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)	31 Aug 89 a
Optional Protocol to the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW-OP)	05 Sep 2006 a
Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT)	18 Aug 93 a
Convention on the Rights of the Child (CRC)	04 Nov 93
Optional Protocol to the Convention on the Rights of the Child (CRC-OP-AC)	----
Optional Protocol to the Convention on the Rights of the Child (CRC-OP-SC)	30 May 02
International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (MWC)	----

The dates listed refer to the date of ratification, unless followed by an "a" which signifies accession; "d", which signifies succession; "s"

ILO CONVENTIONS (SOURCE: ILOLEX - 2. 6. 2006)

Antigua and Barbuda ratified 28 instrument(s)

Convention	Ratification date	Status
C11 Right of Association (Agriculture) Convention, 1921	02:02:1983	ratified
C12 Workmen's Compensation (Agriculture) Convention, 1921	02:02:1983	ratified
C14 Weekly Rest (Industry) Convention, 1921	02:02:1983	ratified
C17 Workmen's Compensation (Accidents) Convention, 1925	02:02:1983	ratified
C19 Equality of Treatment (Accident Compensation) Convention, 1925	02:02:1983	ratified
C29 Forced Labour Convention, 1930	02:02:1983	ratified
C81 Labour Inspection Convention, 1947	02:02:1983	ratified
C87 Freedom of Association and Protection of the Right to Organise Convention, 1948	02:02:1983	ratified
C94 Labour Clauses (Public Contracts) Convention, 1949	02:02:1983	ratified
C98 Right to Organise and Collective Bargaining Convention, 1949	02:02:1983	ratified
C100 Equal Remuneration Convention, 1951	02:05:2003	ratified
C101 Holidays with Pay (Agriculture) Convention, 1952	02:02:1983	ratified
C105 Abolition of Forced Labour Convention, 1957	02:02:1983	ratified
C108 Seafarers' Identity Documents Convention, 1958	02:02:1983	ratified
C111 Discrimination (Employment and Occupation) Convention, 1958	02:02:1983	ratified
C122 Employment Policy Convention, 1964	16:09:2002	ratified
C131 Minimum Wage Fixing Convention, 1970	16:09:2002	ratified
C135 Workers' Representatives Convention, 1971	16:09:2002	ratified
C138 Minimum Age Convention, 1973	17:03:1983	ratified
C142 Human Resources Development Convention, 1975	16:09:2002	ratified
C144 Tripartite Consultation (International Labour Standards) Convention, 1976	16:09:2002	ratified
C150 Labour Administration Convention, 1978	16:09:2002	ratified
C151 Labour Relations (Public Service) Convention, 1978	16:09:2002	ratified
C154 Collective Bargaining Convention, 1981	16:09:2002	ratified
C155 Occupational Safety and Health Convention, 1981	16:09:2002	ratified
C158 Termination of Employment Convention, 1982	16:09:2002	ratified
C161 Occupational Health Services Convention, 1985	16:09:2002	ratified
C182 Worst Forms of Child Labour Convention, 1999	16:09:2002	ratified

INTERAMERICAN CONVENTION AGAINST CORRUPTION (1996)

SIGNATORY COUNTRIES	DATE	STATUS
Antigua & Barbuda	01/13/04	RA
Barbados	04/06/01	SI
Dominica	09/14/04	AC
Grenada	11/15/01	RA
St. Kitts & Nevis	08/04/04	RA
St. Vincent & Grenadines	05/28/01	AC

RA = RATIFICATION

SI = SIGNATURE

AC = ACCESSION

ROME STATUTE OF THE INTERNATIONAL CRIMINAL COURT (1998)

Country	Signature	Ratification, Acceptance(A), Approval(AA), Accession(a)
Antigua & Barbuda	23 Oct 1998	18 Jun 2001
Barbados	8 Sep 2000	10 Dec 2002
Dominica		12 Feb 2001 a
Grenada	----	----
St. Kitts & Nevis	----	----
St. Vincent & Grenadines		3 Dec 2002 a



APPENDIX 8 – Debt Sustainability Analysis (if available from the IFIs, where appropriate)

Taken from IMF - Staff Report for the 2005 Article IV Consultation, December 2005

<http://www.imf.org/external/pubs/ft/scr/2006/cr06145.pdf>

Medium-Term Outlook and Debt Sustainability As of June 2005, Antigua's stock of external and domestic public and publicly guaranteed debt amounted to about 105 percent of GDP, of which about a half is in arrears. Thus, prospects for achieving a more manageable fiscal and debt positions over the medium term will depend critically on the growth path, sustaining a strong fiscal adjustment, and the terms at which relations with creditors are regularized and on which new financing is available.

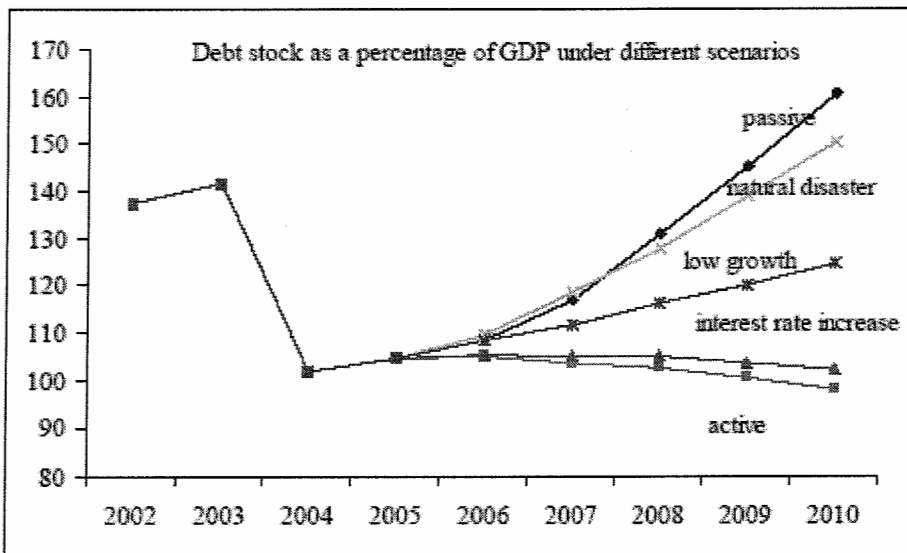
Three fiscal scenarios were considered—two active scenarios and a passive scenario. **Active scenarios.** Ongoing structural reforms to strengthen the investment climate permit growth to converge gradually over the medium term to the estimated growth potential of 5 percent a year. Fiscal measures—including strengthening tax administration, so that the legislative changes generate higher revenues, and progress with downsizing the public sector—result in a primary surplus of 4 percent of GDP over the medium term.

- In the first scenario, arrears on external as well as domestic debt are assumed to be regularized during the second half of 2006 through an exchange of both principal and interest arrears for a new bond carrying an interest rate of 10 percent with a ten-year maturity. It is assumed that remaining financing needs are met through external borrowing at the same 10 percent interest rate. On this scenario, debt declines, but only very gradually with gross financing needs remaining large.
- In the second scenario, it is assumed that the government is able to negotiate a lower interest rate on the regularization and that any necessary new financing—gross financing needs are much lower under this scenario—is available at the same 5 percent interest rate. In this case, debt declines much more rapidly.

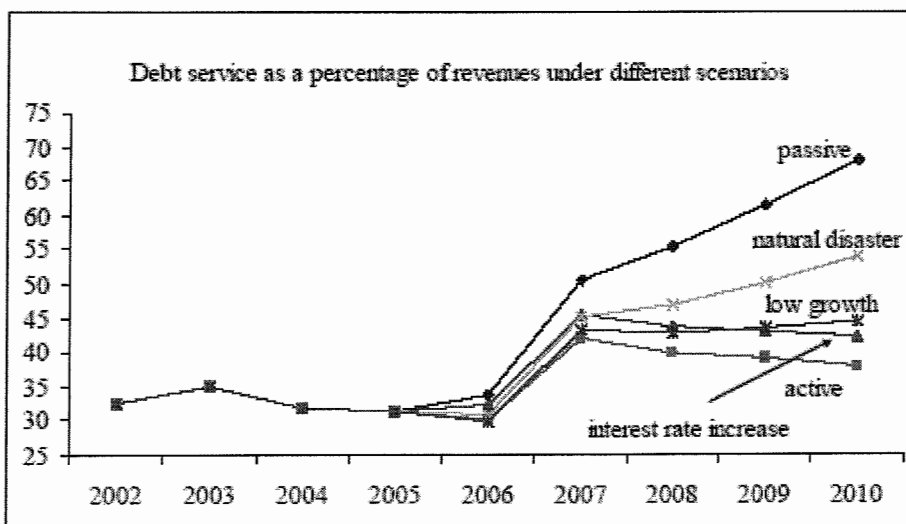
Passive scenario. No additional reforms are undertaken, resulting in the fiscal balances gradually deteriorating. Growth slows, following the temporary spike associated with the Cricket World Cup, declining to just 1 percent by the end of the decade. Regularization is assumed to occur at an interest rate of 10 percent, but large and growing financing gaps place debt on an explosive path.

Even with the fiscal adjustment programmed in the active scenario (at 10 percent interest rate), the stock of public debt declines very slowly to about 98 percent of GDP by 2010. Thus, the medium-term outlook is subject to a number of significant risks, including: (i) a natural disaster such as a hurricane; (i) a decline in growth; and (iii) an increase in interest rates.

- **A natural disaster.** A possible hurricane is one of the most significant risks to the outlook. A large but plausible shock clearly sets the debt stock on an unsustainable path. The risk is illustrated by a scenario in which Antigua experiences a strong hurricane in 2006. Growth, the current account and the fiscal deficit are set to paths consistent with median responses of these variables to the 12 largest natural disasters in ECCU countries (IMF Working Paper 04/224, *Macroeconomic Implications of Natural Disasters in the Caribbean*, by T. Rasmussen). As a result, the stock of public debt reaches 150 percent of GDP by 2010.



- **Low economic growth.** Similarly to a hurricane, low economic growth may set the public debt on an unsustainable path. Assuming a permanent reduction in the rate of growth by 2.8 percent (a half of the standard deviation of historical growth) beginning in 2006, the stock of public debt steadily increases to about 125 percent of GDP in 2010.



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Higher interest rates. An across-the-board increase in interest rates by 100 basis points starting in 2006 raises the debt service in percent of revenue and slows the decline of the debt stock.

Antigua and Barbuda: Public Sector Debt Sustainability
(in percent of GDP, unless indicated otherwise)

	2002	2003	Projections						
			2004	2005	2006	2007	2008	2009	2010
			Passive: no policy change 1/						
Real GDP growth (percent)	2.2	5.5	5.2	3.0	3.0	3.1	0.0	1.0	1.0
Central government overall balance	-11.2	-9.0	-5.4	-6.7	-9.8	-12.8	-14.9	-16.8	-18.8
Total revenue and grants	21.7	21.1	21.6	22.8	24.7	22.2	22.0	22.0	21.9
Total expenditure and net-lending	32.9	30.2	27.1	29.6	34.5	35.0	37.0	38.8	40.7
Of which: interest	4.2	4.7	3.8	3.3298	5.7	7.2	8.5	9.8	11.2
Central government primary balance	-7.0	-4.4	-1.6	-3.4	-4.1	-5.6	-6.5	-7.0	-7.5
Public sector debt stock	128.9	133.4	102.0	104.7	108.6	117.1	131.0	145.1	160.7
Debt service (in percent of revenue)	32.6	35.1	31.7	31.2	33.7	50.4	55.4	61.5	68.0
			Active scenario (5 percent)						
Real GDP growth (percent)	2.2	5.5	5.2	3.0	4.0	4.3	3.6	4.5	4.5
Central government overall balance	-11.2	-9.0	-5.4	-6.7	-6.3	-1.1	-0.4	0.2	0.6
Total revenue and grants	21.7	21.1	21.6	22.8	27.0	25.5	26.3	26.6	26.7
Total expenditure and net-lending	32.9	30.2	27.1	29.6	33.4	26.6	26.7	26.3	26.1
Of which: interest	4.2	4.7	3.8	3.3	3.0	3.9	3.8	3.6	3.4
Central government primary balance	-7.0	-4.4	-1.6	-3.4	-3.4	2.8	3.4	3.8	4.0
Public sector debt stock	128.9	133.4	102.0	104.7	103.1	99.0	95.1	90.0	84.6
Debt service (in percent of revenue)	32.6	35.1	31.7	31.2	23.5	30.5	27.8	26.2	24.5
			Active scenario (10 percent)						
Real GDP growth (percent)	2.2	5.5	5.2	3.0	4.0	4.3	3.6	4.5	4.5
Central government overall balance	-11.2	-9.0	-5.4	-6.7	-8.1	-4.0	-3.6	-3.2	-3.9
Total revenue and grants	21.7	21.1	21.6	22.8	27.0	25.5	26.3	26.6	26.7
Total expenditure and net-lending	32.9	30.2	27.1	29.6	35.3	29.5	29.9	29.7	29.7
Of which: interest	4.2	4.7	3.8	3.3	4.8	6.8	7.0	7.0	6.9
Central government primary balance	-7.0	-4.4	-1.6	-3.4	-3.4	2.8	3.4	3.8	4.0
Public sector debt stock	128.9	133.4	102.0	104.7	104.9	103.7	102.7	100.5	98.1
Debt service (in percent of revenue)	32.6	35.1	31.7	31.2	30.2	41.9	39.9	39.0	37.9
			Active scenario: (11 percent)						
Real GDP growth (percent)	2.2	5.5	5.2	3.0	4.0	4.3	3.6	4.5	4.5
Central government overall balance	-11.2	-9.0	-5.4	-6.7	-8.7	-5.0	-4.5	-4.0	-3.6
Total revenue and grants	21.7	21.1	21.6	22.8	26.9	25.4	26.2	26.5	26.6
Total expenditure and net-lending	32.9	30.2	27.1	29.6	35.6	30.3	30.8	30.5	30.2
Of which: interest	4.2	4.7	3.8	3.3	5.3	7.7	7.9	8.0	8.0
Central government primary balance	-7.0	-4.4	-1.6	-3.4	-3.5	2.7	3.4	4.0	4.4
Public sector debt stock	128.9	133.4	102.0	104.7	105.5	105.1	105.1	103.8	102.3
Debt service (in percent of revenue)	32.6	35.1	31.7	31.2	32.3	45.4	43.6	43.0	42.1
			Active scenario: Natural disaster (hurricane) in 2006 1/						
Real GDP growth (percent)	2.2	5.5	5.2	3.0	0.8	2.3	1.6	1.1	1.1
Central government overall balance	-11.2	-9.0	-5.4	-6.7	-9.5	-12.5	-12.0	-13.4	-14.4
Total revenue and grants	21.7	21.1	21.6	22.8	27.0	25.5	26.3	26.6	26.7
Total expenditure and net-lending	32.9	30.2	27.1	29.6	36.6	38.0	38.3	40.0	41.1
Of which: interest	4.2	4.7	3.8	3.3	5.1	7.6	8.5	9.3	10.3
Central government primary balance	-7.0	-4.4	-1.6	-3.4	-4.4	-4.9	-3.5	-4.0	-4.0
Public sector debt stock	128.9	133.4	102.0	104.7	109.6	118.8	128.0	138.9	150.4
Debt service (in percent of revenue)	32.6	35.1	31.7	31.2	30.7	45.2	46.9	50.0	53.8
			Active scenario: low growth 1/						
Real GDP growth (percent)	2.2	5.5	5.2	3.0	1.2	1.5	0.8	1.6	1.7
Central government overall balance	-11.2	-9.0	-5.4	-6.7	-9.1	-5.7	-6.3	-6.9	-7.8
Total revenue and grants	21.7	21.1	21.6	22.8	27.0	25.5	26.3	26.6	26.7
Total expenditure and net-lending	32.9	30.2	27.1	29.6	36.1	31.2	32.6	33.5	34.6
Of which: interest	4.2	4.7	3.8	3.3	4.9	7.3	7.8	8.1	8.5
Central government primary balance	-7.0	-4.4	-1.6	-3.4	-4.1	1.6	1.5	1.2	0.7
Public sector debt stock	128.9	133.4	102.0	104.7	108.6	111.7	116.1	120.0	124.6
Debt service (in percent of revenue)	32.6	35.1	31.7	31.2	29.8	43.1	42.6	43.5	44.4

Sources: Antigua and Barbuda authorities; and Fund staff estimates and projections.

1/ New borrowing to clear arrears at 10 percent interest rate.

APPENDIX 9 – LIST OF GOVERNMENT’S COMMITMENTS

	Governance area	Prospective commitments
1.	Political democratic governance	
	- Human rights	United Nations Declaration of Human Rights, CEDWA, CRC, ILO Convention 169 (ongoing)
	- Fundamental freedoms	The Constitution of Antigua and Barbuda (ongoing)
	- Electoral process	Establishment of Electoral Commission (ongoing)
	- Principles of constitutional democracy	
2.	Political governance - rule of law	
	- Judicial and law enforcement system	Provision of additional resources to improve performance in terms of efficiency (prospective)
3.	Control of corruption	The enactment of Integrity legislation and upgrading of the Audit Department
4.	Government effectiveness	
	- Institutional capacity	Revamping government departments and a retrenchment programme are among the initiatives aimed at improving efficiencies and workers productivity (ongoing)
	- Public finance management	Fiscal management programme to manage public sector spending, debt management, improve customs and statistics have been introduced. An enhanced framework for fiscal governance through proper and prudent management of Antigua and Barbuda’s fiscal program. The reintroduction of personal income tax, the elimination of nuisance taxes, the passage of the investment authority legislation are a few of the programs.
5.	Economic governance	
	- Private sector/market friendly policies	Undertaking reform measures, including the pursuit of prudent fiscal policy and improved delivery of public services, to enhance the climate for private investment and overall private sector development (ongoing)
	- Management of natural resources	Implementation of relevant aspects of the FAO Code of Conduct for Responsible Fisheries (ongoing)
6.	Internal and external security	
	- Internal stability / conflict	Maintenance of law and order
	- External threats and global security	Adherence to the Non-Nuclear Proliferation Treaty, UN Security Council Resolution 1373 (2001) and UN Convention on Terrorism, agreements relating to landmines and illicit arms trafficking and the Regional Security System
7.	Social governance	The creation of a Ministry of Social Transformation and the introduction of a school meals feeding programme. Reforming of local government; National Policy on Gender Equality and Equity (ongoing)
8.	International and regional context	
	- Regional integration	Membership in the CARICOM Single Market and Economy and the OECS Economic Union (ongoing)
	- Involvement in regional peer review mechanisms (e.g. APRM)	
	- Migration	
9	Quality of partnership	
	-Political dialogue	EU/Antigua and Barbuda Political Dialogue, EU/CARIFORUM, EU/LAC partnership (prospective)
	-Programming dialogue	Ongoing consultations with the EC Delegation
	-Non state actors	Establishment of the NSA Panel and the National Economic and Social Council (ongoing)