

Antigua and Barbuda

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European Community

Country Strategy Paper

and Indicative Programme

for the period 2001 - 2007

19/03/2002

(Version Comité du FED)

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

(1) The Government of Antigua and Barbuda, represented by Dr. Clarence Henry, the National Authorising Officer, and the European Commission, represented by John CALOGHIROU, Head of Delegation, hereinafter referred to as the Parties, held discussions in Antigua and Barbuda and Barbados from October 2000 to August 2001 with a view to determining the general orientations for co-operation for the period 2001 - 2007. The European Investment Bank was represented at these discussions by Stephen McCARTHY, Head of Division.

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

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

(2) As regards the indicative programmable financial resources which the Community envisages to make available to Antigua and Barbuda for the period 2001-2007, an amount of € 2.6 million is foreseen for the allocation referred to in Article 3.2 (a) of Annex IV of the ACP-EC Partnership Agreement (A-allocation) and of € 0.4 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 of the ACP-EC Partnership Agreement.

(3) The A-allocation is destined to cover macroeconomic support, sectoral policies, programmes and projects in support of the focal or non-focal areas of Community Assistance. The indicative programme under chapter VI concerns the resources of the A-allocation as well as uncommitted balances of former EDFs, for which no projects and programmes have been identified under the respective National Indicative Programmes. 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 destined 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 shall be triggered according to specific mechanisms and procedures and does therefore not yet constitute a part of the indicative programme.

(5) Pending the entry into force of the Financial Protocol of the ACP-EC Partnership and within the framework of the present Country Strategy Paper and Indicative Programme, financing decisions for projects and programmes can be taken by the 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 and under the condition that sufficient resources are available under the general reserve of the eighth EDF. The respective projects and programmes shall be implemented according to the rules and procedures of the eighth EDF until entry into force of the Financial Protocol for the Ninth European Development Fund. corresponding amount shall be provided as a supplementary allocation to the eighth EDF

(6) The European Investment Bank may contribute to the implementation of the present Country Strategy Paper by operations financed from the Investment Facility and/or from its own resources, in accordance with Articles 3 (a) and 4 of the Financial Protocol of the ACP-EC Partnership Agreement.

(7) In accordance with Article 5 of Annex IV to the ACP-EC Partnership Agreement, the National Authorising Officer and the Head of Delegation shall annually undertake an operational review of the Indicative Programme and undertake a mid-term review and an end-of-term review of the Country Support Strategy and the Indicative Programme in the light of current needs and performance.

The mid-term review shall be undertaken within two years and the end-of term review shall be undertaken within four years from the date of signature of the Country Support Strategy and the National Indicative Programme. Following the completion of the mid- and end-of-term reviews, the Community may revise the resource allocation in light of current needs and 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 ACP-EC Partnership Agreement, will be regarded as definitive within six weeks of the date of the signature, unless either party communicate the contrary before the end of this period.

Signatures

For the Government of Antigua and Barbuda

For the European Commission

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ACRONYMS

ACP	-	Africa Caribbean Pacific
ACS	-	Association of Caribbean States
CARIBCAN	-	Caribbean-Canada Trade Agreement
CARICOM	-	Caribbean Community
CARIFORUM	-	Caribbean Forum of ACP States
CBI	-	Caribbean Basin Initiative
CDB	-	Caribbean Development Bank
CDE	-	Centre for the Development of Enterprise
CET	-	Common External Tariff
CGCED	-	Caribbean Group for Co-operation and Economic Development
CIDA	-	Canadian International Development Agency
CSME	-	Caribbean Single Market and Economy
CSS	-	Country Support Strategy
DFID	-	Department for International Development
ECCB	-	Eastern Caribbean Central Bank
EC	-	European Commission
EDF	-	European Development Fund
EIB	-	European Investment Bank
EPA	-	Economic Partnership Agreement
EU	-	European Union
FAO	-	Food and Agricultural Organisation
FATF	-	Financial Action Task Force
FTAA	-	Free Trade Area of the Americas
GDP	-	Gross Domestic Product
GIP	-	General Import Programme
GNP	-	Gross National Product
IFAD	-	International Fund for Agricultural Development

KFAED	-	Kuwait Fund for Arab Economic Development
MTES	-	Medium Term Economic Strategy
NAO	-	National Authorising Officer
NAFTA	-	North American Free Trade Agreement
NGO	-	Non-Governmental Organisation
OECD	-	Organisation for Economic Co-operation and Development
OECS	-	Organisation of Eastern Caribbean States
PAHO	-	Pan-American Health Organisation
PSIP	-	Public Sector Investment Programme
RNM	-	Regional Negotiating Machinery
ROC	-	Republic of China
WHO	-	World Health Organisation
WTO	-	World Trade Organisation

PART A

Country Support Strategy

Executive Summary

The purpose of this Country Support Strategy paper is to provide a framework for EU assistance programmes under the 9th EDF. The framework is based on EU/ACP co-operation objectives, Antigua and Barbuda's own policy agenda, an assessment of the situation in Antigua and Barbuda, and the activities of other major donors in Antigua and Barbuda. The framework concludes with the proposed EU response strategy and an Indicative work programme.

Antigua and Barbuda has an area of 442 square kilometres with a population of 70,737. The Prime Minister is the Honourable Lester Bird of the Antigua Labour Party (ALP) who gained power in 1994 and is serving his second five-year term. The GDP per capita for 2000 is estimated to be US\$9,390. Antigua and Barbuda (AB) is thus viewed as an upper-middle income country according to World Bank classification. AB is a small open economy, highly susceptible to exogenous shocks, in particular hurricanes, which have struck five times in the last five years. Production is focussed on a narrow range goods and services, most of which are exported. Traditionally, the economy was highly dependent on the cultivation of sugar and cotton however since the early 1970s the economy has become highly dependent on the services sector, in particular, tourism and the offshore financial services sector. The Government intends to continue to support tourism as the lead sector whilst efforts to diversify the economy shall be pursued through the offshore financial services and information technology and telecommunications based service industries.

The unemployment rate is estimated to be 7%. The poverty level, estimated to be 12%, is low, and social indicators are positive. The UNDP Human Development Index ranks the country 37 out of 174 countries, the highest in the OECS.

Fiscal imbalances and high levels of external debt are the main challenges facing the country. These issues, along with the expenditure burden of a large civil service are being addressed through the National Strategic Development Plan (NSDP) and Public Sector Modernisation Programme (PSMP) which are currently being prepared by Government.

Economic diversification and sustainable development are the tools being used by Government to prepare the country for the opportunities and challenges presented by globalisation and trade liberalisation. Government believes that in order to achieve these objectives, the country needs to improve its human resource potential. The European Commission and the Government of Antigua and Barbuda therefore propose to allocate 90% of the 9th EDF resources available under the A envelope to the education sector, and in particular, at the tertiary level. The overall objective of the EC intervention is to upgrade the level of trained human resources in the labour market in the context of the changing economic, social and cultural environment. The strategy purports to support the sustainable development of human resources through improving the quality and quantity of tertiary level education and supporting sectoral reforms. Priority sectors shall be given special attention and include business, tourism, financial services and information technology. A central part of the proposed programme shall be the upgrading of facilities at the Antigua State College, the only tertiary level institute in the country. The project shall be informed by the Antigua State College development plan, currently being prepared with assistance from the Caribbean Development Bank.

The remaining 10% of the indicative programme has been earmarked for studies, audits and technical support in the area of regional integration, technical assistance and monitoring and may include preparations for undertakings under the Economic Partnership Agreement and WTO.

1 EU/EC CO-OPERATION OBJECTIVES

In accordance with Article 177 of the Treaty Establishing the European Community, community policy in the sphere of development co-operation shall 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.

These objectives have been confirmed and reinforced in Article 1 of the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000, which puts main emphasis on the objective of reducing and eventually eradicating poverty. Co-operation between the Community and Antigua and Barbuda shall pursue these objectives, taking into account fundamental principles laid down in Article 2 of the Agreement - especially the principle of encouragement of the development strategies by the countries and populations concerned - and essential and fundamental elements as defined in Article 9.

In their Statement on the European Community's Development Policy of 10 November 2000, the Council of the European Union and the European Commission determined a limited number of areas selected on the basis of their contribution towards reducing poverty and for which Community action provides added value: link between trade and development; support for regional integration and co-operation; support for macro-economic policies; transport; food security and sustainable rural development; institutional capacity-building, particularly in the area of good governance and the rule of law. The Statement also specifies that in line with the macro-economic framework, the Community must also continue its support in the social sectors (health and education), particularly with a view to ensuring equitable access to social services.

The Treaty establishing the European Community foresees that the Community and the Member States shall co-ordinate their policies on development co-operation and shall consult each other on their aid programmes, including in international organisations and during international conferences. Efforts must be made to ensure that Community development policy objectives are taken into account in the formulation and implementation of other policies affecting the developing countries. Furthermore, as laid down in Article 20 of the Agreement, systematic account shall be taken in mainstreaming into all areas of co-operation the following thematic or cross-cutting themes: gender issues, environmental issues and institutional development and capacity building. The above objectives and principles and the national policy agenda presented in the next chapter constitute the starting point for the formulation of the present Country Strategy Paper, in accordance with the principle of national ownership of development strategies.

2 THE GOVERNMENT'S POLICY AGENDA

The Government of Antigua and Barbuda's (GAB) strategies and policies were last enunciated in its Medium Term Economic Strategy Paper for the period 1998-2000. At present the GAB, with the involvement of all the key stakeholders in the country, is working on two processes intended to enhance development. These are, A National Strategic Development Plan (NSDP) and a Public Sector Modernisation Programme (PSMP).

The primary aim of the NSDP is to establish a framework for the country's development over the 2001 - 2004 period, the objectives of which are economic diversification, productivity increases, development of a strong planning culture, rationalisation of public expenditure and equitable distribution of resources. The NSDP is also intended to introduce measures for the reduction of poverty, the creation of a healthy investment climate, a reduction in crime, the development of socio-economic infrastructure and increased global competitiveness. The PSMP will focus on improving operational efficiency within the public sector by redesigning the organisational infrastructure so as to contribute to the effective implementation of programmes and strategies arising from the NSDP. The key components of the PSMP include education, health, constitutional, electoral, administrative and financial management reform. The latter is among the reforms spanning the development of a comprehensive tax reform, programmed budgeting, cash-flow management, debt management and asset/liability management.

In order to meet the objectives of the NSDP greater emphasis has been placed on human resources development central to which is the modernisation of the education sector, both institutionally and physically, at all levels. An immediate concern of government is the training of a cadre of highly skilled professionals who will be instrumental in meeting the challenge of increased competitiveness resulting from trade liberalisation. To this end the government is focusing on the expansion and improvement of facilities available for technical, vocational and tertiary education, while a new Ministry of Economic Development, Trade, Industry and Commerce was created to provide an enabling environment for business growth and integration with world trade and capital flows. The GAB seeks to ensure the existence of sufficient capacity to take advantage of opportunities presented by the CARICOM Single Market and Economy (CSME), the Free Trade Area of the Americas (FTAA), and the ACP-EU Cotonou Agreement.

The Government intends to continue to support tourism as the lead sector whilst efforts to diversify the economy shall be pursued through the offshore financial services and information technology and telecommunications based service industries. Linkages shall be established between these lead sectors and other sectors, including agriculture and manufacturing.

The NSDP and the PSMP are expected to be finalised in 2002.

3 ASSESSMENT OF THE POLITICAL, ECONOMIC AND SOCIAL SITUATION

3.1 Political Situation

Antigua and Barbuda has an area of 442 square kilometres and has a third uninhabited island known as Redonda with an area of 1.6 square kilometres. Antigua and Barbuda gained political independence from Great Britain on 1st November, 1981, and inherited the Westminster system of Government with a bicameral parliamentary structure, Senate and House of Representatives. AB is a multi-party democracy with elections every 5 years. Universal adult suffrage was introduced in 1951 and is enshrined in the Constitution. Exercise of the franchise is restricted to nationals and British Commonwealth citizens, 18 years and over who are resident in the country and registered accordingly.

There are two main political parties, the ruling Antigua Labour Party (ALP) and the opposition, United Progressive Party (UPP). The Prime Minister is the Honourable Lester Bird of the ALP who gained power in 1994 and is serving his second five-year term. The ALP has ruled Antigua and Barbuda for 6 terms successively, since pre-independence. The most recent elections were held in March 1999 with the ALP gaining 12 seats while the UPP secured 4 seats. A Commonwealth

Observer Group witnessed the elections and although declaring it free and fair, made several recommendations for certain reforms of the electoral process. These proposals include the introduction of voter identification cards and the empanelling of a Constitutional Review Commission. A legal expert from the Commonwealth Secretariat in electoral reform is currently assisting the Ministry of Justice and Legal Affairs in carrying out a revision of the electoral process whilst a Constitutional Review Commission has commenced work with results expected in 2002.

A declaration of individual rights and freedoms is enshrined in the Constitution. The country is a signatory to numerous international conventions including the Universal declaration of Rights, the Convention on the Elimination of all Forms of Racial discrimination, the Convention on the Elimination of all Forms of Discrimination against Women, and the Convention on the Prevention and Punishment of the Crime of Genocide. The protection of these rights has been enhanced through the establishment of the Office of the Ombudsman by an Act of Parliament in 1994.

The legal system is based on the UK common law system as exercised by the Eastern Caribbean Supreme Court of Justice. Provision is made for appeal to the Privy Council in London however a Caribbean Court of Justice (CCJ) is being established which is expected to replace the function of the Privy Council. The CCJ is not expected to be operational before 2003. AB adopted a written constitution in 1981.

3.2 Economic Overview

3.2.1 Demographic Structure

In May 2001, a national Population and Housing Census was conducted with preliminary data indicating that Antigua and Barbuda's population is 70,737. Life expectancy at birth is 75 years (77 female, 73 male). Infant Mortality rate is 17 per 1,000 live births, placing AB in the same category as industrialised countries.

3.2.2 Economic Structure

Antigua and Barbuda is a small open economy, highly susceptible to exogenous shocks, in particular hurricanes, having been struck by hurricanes five times in the last five years. Production is focussed on a narrow range goods and services, most of which are exported. The value of trade as a percentage of GDP was recorded at 73% in 1998. GDP for 1999 was estimated at USD\$610 million, with GDP per capita estimated at US\$9,390 in 2000. Antigua is thus viewed as an upper-middle income country according to World Bank classification. Traditionally, the economy was highly dependent on the cultivation of sugar and cotton. The agricultural sector contributes approximately 4% to GDP, industry 18.9% and services 77.1%, of which 70% is accounted for by tourism. Gross domestic investment is approximately 43% of GDP and general government consumption about 23.4 % of GDP.

Antigua and Barbuda belongs to the Eastern Caribbean Central Bank (ECCB), which operates a fixed exchange rate regime. The Eastern Caribbean Dollar has been pegged to the United States Dollar at the rate of US\$1 = EC\$2.70 since July 1976. The country lost the co-operation of the Bretton Woods Institutions, having failed to maintain the prescribed structural adjustment programme, was given a zero-credit rating and hence since 1994 has been borrowing on the open market at commercial interest rates. Since then the GAB has begun to reschedule many of its loans with financial institutions however it is still unable to access loans from the Bretton Woods Institutions.

3.2.3 Trade

The country's main trading partners are the OECS and CARICOM, the United States, Japan, and the European Union countries, the main traded items being commodities, agricultural produce and beverages. The Statistics Division reported total exports for the year 1999 in food and live animals as EC\$1,865,311; beverages and tobacco, EC\$1,115,801; chemicals EC\$5,273,519, manufactured goods classified chiefly by material EC\$8,190,942, machinery and transport equipment EC\$16,646,118 and miscellaneous manufactured articles EC\$7,148,328.

Small scale manufacturing destined for the local and CARICOM markets include items such as T-shirts, specialised furniture and galvanise roof sheeting production while there are some agro-industries concentrating on the development of certain food industries (the bagging of herbal teas and the pineapple industry). The local brewery produces a variety of products which are sold on the local and regional markets.

3.2.4 Recent Economic performance

A period of unprecedented economic growth, fuelled by tourism and foreign direct investment, was experienced during the 1980s, with GDP growth averaging over 6% a year. However, a large decline in public sector investment and tourism related projects led to the slow growth of the economy in the 1990 - 1995 period (approx. 2%). For the 1996 - 1999 period, economic growth averaged 5% per annum. Much of the increase can be attributed to post-hurricane reconstruction work in the wake of three major hurricanes, Georges, Jose and Lenny. However the hurricanes led to a disruption in tourism revenues with GDP growth for 2000 estimated to be down to 3.5%.

3.2.5 Public Sector Finance

The fiscal position of the government has steadily deteriorated from 1995 to the present largely as a result of repeated borrowing for post-hurricane rehabilitation and reconstruction works as exacerbated by expansionary fiscal policies. The current fiscal deficit is 10% of GDP. The current account deficit increased substantially in 1999 to US\$41.5m (2.3%) of GDP from US\$21.7m (1.3%) of GDP in 1998. This performance reflected an increase in expenditure, particularly on goods and services, and a slow down in the growth of revenue. The current account grew by 1.4% to \$347.1m compared with 4.5% in 1998, and its share of GDP declined by 0.8% to 19.6%.

The crucial drain on the budget continues to be the maintenance of an inflated public service, which, with civil servants and elected officials alone, accounts for 30% of national employment and represents 56.6% of current expenditure. In 1999, government expenditure associated with employment rose by 6.6%. As a portion of the GDP, expenditure on personal emoluments moved to 12.4% from 12.3% in 1998. Capital expenditure of US\$47.5m in 1999 was 33.3 % below the amount for 1998, and as a proportion of GDP fell by 1.5% to 2.7%. The major capital projects financed by government included road rehabilitation, the new hospital and the taxiway at the airport.

Developments in the current account and capital accounts resulted in a deterioration in the overall fiscal position. The overall deficit rose by 15.2% in 1999 to US\$78.2million, and as a percentage of GDP moved to 4.4% from 4.0% in 1998. The overall deficit was partly financed by borrowing from the domestic banking system. The level of external debt, including arrears, however continues to be a significant burden on the finances of the Government and has affected the Government's access to external and domestic sources of funds. The Government succeeded in rescheduling a significant portion of its overdue obligations and restructured official bilateral debts with France in 1999 the

UK in 2000, thereby reducing external arrears to approximately 16% of GDP in 2000 from 85% in 1996.

Tax Revenue

In an effort to bring about fiscal balance, the Government is in the process of introducing new tax measures. It was revealed that a large gap existed between the rates being applied to the corporate and business sector and the actual tax collected, resulting in an uneven tax burden, whilst others were found to be outside the tax net entirely. An additional pressure for reform of the tax system has been brought about through the introduction of the CARICOM Common External Tariff (CET), an important step in the establishment of the Common Single Market and Economy, which has led to a reduction in import duties while duties for CAIRCOM internal trade have been removed entirely. An important source of revenue continues to be consumption duty and tax on tourists through hotel tax, telecommunication tax, restaurant and catering service tax, embarkation tax, travel tax and cruise passenger tax. Taxes from the tourist amounted to EC\$49.7 million, about 21% of total in 1994.

3.3 Sector Priorities

3.3.1 Tourism

Tourism is the most important economic activity in Antigua and Barbuda, employing an estimated 3,650 persons directly in the hotel sub-sector and another 3,850 indirectly in activities providing services for tourists such as local transport, retail sales, leisure, restaurants and entertainment, together amounting to 25% of the active labour force. Tourism accounts for 85% of foreign exchange earnings and 70% of the Gross Domestic Product (GDP).

The most important markets for Antigua and Barbuda are the USA and UK, accounting for 30.6% and 27.3% of stay over visitors respectively (1997). Antigua and Barbuda suffers from a lack of airline seats from important markets such as Canada and some major population areas in the USA, Europe and South America which limit opportunities to both diversify the source of visitors and to develop potential markets. The government is now attempting to attract additional air carriers to boost the airlift capacity into Antigua and Barbuda. The provision of trained human resources to the sector has been greatly enhanced by the establishment of the EDF funded Hotel Training Institute.

3.3.2 Construction

The devastation caused by hurricanes between 1995-1999 had a positive impact on the construction sector with the reconstruction of infrastructure by Government. Value added in the sector increased by 8.0% following growth of 10.0% in 1998. The sector's share of total outputs grew by 0.4 % to 13.2%. The private sector contributed to this growth through residential housing schemes, commercial buildings (banks and shopping malls), a vegetable market and a government office complex.

3.3.3 Agriculture

The agricultural sector contribution to the economy is small. Livestock, since the closure of the sugar industry in the 1980s, has traditionally occupied the largest share of agricultural production followed by fishing and crops. Fishing has been the only area in which an increase was registered (approximately 60%), while the contribution of livestock declined. While the consumption of food

products has increased generally as a result of higher incomes and an increased visitor population, the supply is being met regionally rather than domestically.

The contribution of the agricultural sector to GDP (in constant prices) declined from 8% in 1980 to 3.5% in 1999. The total value of agricultural exports in 1998 was US\$2.1 million, while the total value of agricultural imports in 1998 was US\$36.8 million. The further development of the agriculture sector has been placed high on the list of Government priorities for reasons of food security and the development of linkages to the tourism sector. In an effort to encourage long-term investment in agriculture the GAB has modified the leasehold land policy so that land can be leased for up to 25 years with a renewal option, however development of the sector is hindered by regular periods of drought and the shortage and cost of labour. Over the medium-term, the GAB intends to promote the fisheries sub-sector as it is considered to be the sector with most promise for further development. Nonetheless, the GAB has embarked on a programme of assistance to small farmers to introduce the latest techniques in crop cultivation. The assistance includes training via the Extension Department on the use of pesticides and better cultivation approaches. The Ministry of Agriculture is also experimenting with the cultivation of tobacco, melons, pepper and onions for export. Greater linkages are being encouraged with the tourism industry, focusing in particular on the purchase of local produce by hotels.

3.3.4 Manufacturing

The manufacturing sector's contribution to GDP (in constant prices) has gradually declined from 4.5% in early 1980s to 2.5% in 1997. This resulted from the loss of the enclave apparel and electrical assembly operations in the mid 1980s and with it, most of its extra-regional exports. Interest is now focused on activities aimed at the domestic market with linkages to the tourism sector. Wage rates, driven by the tourism and construction sectors, tend to be high. The consequent high production costs for the manufacturing sector is a hindrance to growth.

3.3.5 International Financial Services

Over the period 1990-1997, revenue from this sector rose from US\$0.6 million to US\$6.6 million. Revenue is generated through registration and licence fees. In 1997, GAB increased the registration fees for all types of international banking institutions. Direct employment in the off shore industry is estimated to be about 450. At the end of 1997 there were about 9,000 general International Banking Companies (IBCs) registered. There were also 53 offshore banks, of which nine had a physical presence and in some cases an affiliated domestic commercial bank. In addition, there were also four insurance companies incorporated and six international trust companies. The offshore financial services sector is governed by the International Business Corporation Act of 1982 as amended to account for the changing needs of the sector.

The financial services sector is seen as the main area of diversification in an effort to reduce the over-reliance on the tourism sector. A significant set back in the development of the sector was experienced in 2000 however, when Antigua and Barbuda was among a number of countries in the Eastern Caribbean placed on the black list of countries regarded as tax havens by the Organisation for Economic Cooperation and Development (OECD). The United States and the United Kingdom imposed financial advisories in an effort to encourage the country to amend its tax legislation which was seen as insufficient to protect against money laundering. Since then a Working Group was established which recommended appropriate changes to the legal, supervisory and enforcement regime so as to ensure compliance with Financial Action Task Force (FATF) requirements. These recommendations having being implemented, with the improvement of the legislative, supervisory

and investigative powers of the AB authorities, led to the finding by the FATF in 2001 that AB were a fully co-operative jurisdiction in the fight against money laundering. As a consequence of the measures taken, the number of offshore banks was reduced from 53 in 1997 to 25. AB is currently participating in a self-assessment of the quality of offshore regulation and supervision in the sub-region in conjunction with the Eastern Caribbean Central Bank (ECCB).

3.4 Social Developments

According to the UNDP Human Development Report 1998, Antigua and Barbuda is ranked 37 among 174 countries on the basis of adult literacy, school enrolment, life expectancy at birth, and per capita Gross Domestic Product (GDP). The country has the highest index of human development in the OECS (0.83). However, this index masks the existence of considerable social gaps and deficiencies, one of the most important being a significant level of poverty (12%). The income disparity in the country as measured by the Gini coefficient is high (0.53 while the world average is 0.40).

The unemployment rate in Antigua remains at 7% despite an influx of more than 3,000 Montserratians however this figure is likely to grow given the down-turn in the global economy in 2001 and its consequent impact on the tourism sector resulting in the closure of some hotels.

Data on proposed public sector investment allocations show a significant commitment to social sector investment at approximately 43% of GDP and a Department of Social Improvement has been established. The activities of the Welfare Division, Alliance for Social Well-Being and the Poverty Reduction fall under the ambit of Social Improvement.

3.4.1 Poverty Reduction

There has been no recent assessment to determine the extent of poverty in Antigua and Barbuda. However, based on available statistics, 12% of the population fell below the poverty line in the early 1990s. Although these statistics indicate that there are existing pockets of poverty, the situation is likely to be exacerbated by unemployment which is expected to rise as the government has announced a retrenchment programme, to take place in November 2001, as part of its austerity programme while several hotels have closed due to low occupancy levels. The NSDP is put in place strategies designed to address poverty in the country.

3.4.2 Education

Since 1973, Antigua and Barbuda has had a free and compulsory system of education for children 5-16 years old. The combined primary, secondary and tertiary enrolment ratio is 78%, which for a developing country is considered high. Nonetheless, a survey done in 1993 by the Antigua Literacy Programme found that 15.6% of the adult population was illiterate. In this regard, the Ministry of Education organised several programmes including evening classes for school dropouts and adults who are functionally illiterate. These programmes are held twice weekly and are regularly attended by a group of approximately twenty.

The modernisation of the education system, involves a greater emphasis on tertiary education. This is one of the priority areas for the government, which aims to prepare Antigua and Barbuda's youths (1991 Census, 48.9% of the population is under 25 years of age) for the challenges of the new century. Competitiveness in the global economy is characterised by the number of trained human resources in the country. In an effort to avoid attracting foreign nationals to posts which locals are inappropriately trained for, the Government aims to give greater attention to the tertiary level

education sector. The GAB, with assistance from the OECS Education Reform Unit, intends to expand the multidisciplinary functions of the only tertiary level institution, the Antigua State College, enhance the capacity of the College so as to increase the enrolment rate and deliver more market relevant courses. A statutory body is to be established to manage the College with a greater degree of autonomy.

The increased policy focus on education is being accompanied by increased financial resources to the sector. EC\$59,852,239 or 11.69% of the 2001 Budget has been allocated to education. Typically in the past education received 9.45% to 10.4% of total recurrent expenditure. During the period 1997-1999, the government spent EC\$121.1 million, while the Board of Education, a statutory body established in 1994 through an Education Levy Act, has spent another EC\$47.7 million on various education projects. This includes EC\$12.6 million on full or partial scholarships for 239 students to pursue higher education abroad. Additionally, the government has acquired EC\$4 million from the Caribbean Development Bank (CDB) to refurbish all schools, add new classrooms, modernise the curriculum, and provide training to teachers and administrators. Capital expenditure on education projects for the years 1992-1996 averaged 3.2% of the PSIP, largely financed by the EDF, CDB and DFID.

In order to prepare persons for the information age the government has established the Free Zone Institute of Technology to train people in the use of computers. Over the last 18 months, more than 2,000 people have graduated from the Institute. In addition, the government has embarked on an EC\$2.5 million programme to install computers in schools, 300 of which have already been placed in high schools.

To enhance the benefits from joint development of education and to foster closer regional cooperation on educational matters, Antigua and Barbuda participates in the regional (CXC) examination system and pursues a joint OECS Education Reform Strategy.

3.4.3 Health

The health profile of Antigua and Barbuda has shown marked improvements in recent years as major emphasis continues to be placed on health promotion, protection and prevention strategies as well as improved sanitation. However, there is still cause for concern since diseases related to lifestyle practices abound - HIV/AIDS, obesity, and other chronic non-communicable diseases. Non-communicable diseases are the leading causes of death while accidents and AIDS are the leading causes of death among young people. Comprehensive immunisation coverage is provided for infants of one to five years of age. Sporadic cases of dengue have been reported and have resulted in the Health Environment Division stepping up the vector control campaign to prevent the spread of the disease.

The Medical Benefits Scheme and Social Security programmes assist the government in meeting the rising cost of health and social care. The Medical Benefit Scheme is financed through a 7% wage contribution equally shared between employer and employee. Beneficiaries are entitled to free drugs for a number of chronic diseases, as well as inpatient and outpatient care and specialist treatment abroad.

Cognisant that AIDS is an evolving epidemic with devastating consequences, the Government established an AIDS Secretariat in January 1992. The Secretariat is an Office within the Ministry of Health that serves as the Government's focal point for the collection and dissemination of information about HIV/AIDS, other STDS and related issues. According to available statistics there

were ninety-three deaths due to HIV related illness for the period 1985-2000. These deaths occurred predominantly in males in the 30-34 age group and the 45-49 age group respectively.

3.4.4 *Gender*

The government has taken steps to prevent discrimination against persons on the grounds of sex. The treatment and concerns of women are being given priority. A National Policy for Women in Development was approved in 1991 and arising from this, a Sexual Offences Act was enacted in 1995 to tackle issues relating to all sexual offences. Under this law, the penalties for rape have increased and rape cases are to be held in-camera in a move designed to protect the victim. It also addresses the issue of incest and raises the legal age of consent from 14 to 16 years. A Directorate of Women's Affairs was established in the Office of the Prime Minister to address the concerns of women including education, health, poverty, women in decision-making and domestic violence. The Directorate is affiliated to approximately sixty non-governmental organisations. The country recently appointed its first female Parliamentary Secretary, while the posts of Presidency of the Senate, and the Speakership of the House, are occupied by women for the first time while a woman was named Ambassador-at-large and Governor-General's Deputy. In 1998 women held 11.1% of the total seats in parliament and represent 60% of the civil service work force.

3.5 **Environment**

Key environmental concerns in Antigua and Barbuda include the following: water supply management, coastal and marine degradation, as well as beach erosion largely a result of interventions on the environment from tourism activities, over-fishing and fisheries depletion, uncontrolled land-use practices, inappropriate solid and liquid waste disposal, trans-boundary movement of hazardous wastes.

In this regard, international assistance has been requested to develop a framework for environmental management, a coastal zone management program, strategies for sustainable development, as well as the environmentally sound transfer of technologies.

The prevailing environmental issues surround protection and management strategies. There is no single policy regulating the environment, but several programmes are utilised to facilitate monitoring, management and protection. These include the National Physical Development Plan, National Action Plan to Combat Land Degradation, Strategic Plan for Environmental Education, National Solid Waste management Plan, Environmental Health Plan, Agricultural Sector Disaster Plan, National Disaster Preparedness, Mitigation and Recovery Plan and the Biodiversity Strategy and Action Plan. Elements of these plans are to be incorporated into the Environment Charter for the country which will be implemented within the NSDP.

3.6 **External Challenges including regional cooperation arrangements**

3.6.1 *International Context*

The Caribbean region is currently facing huge challenges on the external front as it grapples with the effects of globalisation and international trade commitments under the World Trade Organisation (WTO) alongside pressures arising from economic groupings such as the North American Free Trade Agreement (NAFTA) and the Free Trade Area of the Americas (FTAA). Under WTO rules, the countries of the Caribbean have until 2005 to dismantle non-tariff barriers, progressively liberalise trade in goods and services, and eliminate all discriminatory practices and tariffs while further access by Latin American countries to North American markets through the

establishment of the FTAA promises to erode even further, preferences from the CBI (Caribbean Basin Initiative) and CARIBCAN (the trade agreement between the Caribbean and Canada). In accordance with the provisions of the Cotonou Agreement, negotiations on future trade arrangements between the EU and ACP countries in the form of Economic Partnership Agreements (EPAs) should start in September 2002 at the latest.

3.6.2 Regional Cooperation

On the regional front, Antigua and Barbuda is a member of CARICOM (the Caribbean Community) and the Association of Caribbean States (ACS). CARICOM members are in the process of establishing a Common Single Market and Economy (CSME) that will include not only a fully functioning common market, but also the harmonisation of macroeconomic policies and eventual monetary integration. The new regional trade arrangements are expected to be finally in place by 2005 alongside those of the FTAA and WTO. The ACS, established as a mechanism for consultation, cooperation and concerted action, brings together all the countries of the Caribbean Basin (the sovereign states of Central America, CARICOM, Cuba, Colombia, Mexico and Venezuela) with an overall population of some 200 million. Together they have pledged their commitment to strengthen cooperation in trade, tourism, transport, the environment, language training, and cultural cooperation.

Within the context of liberalisation, Antigua and Barbuda's national trade policy, largely guided by that of CARICOM and the OECS, focuses on forward looking, outward oriented trade policy reform programmes geared towards the gradual removal of protectionist measures. The government has made considerable progress in liberalising its trade regime by reducing both tariff and non-tariff barriers. In keeping with its obligation to CARICOM, the government introduced the first of four phases of the Common External Tariff (CET) and is working towards the introduction of the fourth phase before the end of 2001. This measure will bring the Customs tariff down from a maximum of 30% for all imported goods, with the exception of agriculture, to a maximum of 25%. Trade negotiations with respect to bilateral free trade agreements have been signed between CARICOM and Cuba. A trade policy review was conducted by the WTO in June 2001.

In order to secure markets for its exports GABs strategy is to negotiate CSME/WTO compatible agreements with its trading partners. Towards this end, GAB is highly supportive of, and actively participates in the work of the RNM (Regional Negotiating Machinery) which in collaboration with the OECS and Canada, is undertaking a programme for strengthening its trade negotiating capabilities.

3.7 Sustainability of Current Policies

3.7.1 Public Sector Finance

Antigua and Barbuda's indebtedness continues to grow as revenue declines and expenditure increases while investment decreases. Through the NSDP the government aims to reform the economy to attain fiscal balance. The Government has set itself the target of reducing the level of fiscal deficit over the next five years from its current high of 10% of GDP, to a surplus of 3% on the recurrent budget, which will assist in the funding of the capital budget. It is proposed to limit the capital budget to the amount of soft loans the government can secure for critically needed public investment projects and the surplus from the current account. The intension is to maintain a capital budget of up to 10% of GDP over the next five years. These are to be attained by bringing expenditure under control, restricting commercial borrowing to financially profitable operations and

reducing inefficiency and the cost of doing business. Among the measures planned to address the revenue side, is the introduction of changes to the tax instruments including the Medical Benefit Act, the Income Tax Act and Property Tax Legislations, thereby leading to greater efficiency and equity in the system of tax collection.

3.7.2 Civil Service Reform

An area of critical importance is the CDB financed Civil Service Reform programme. The programme attempts to bring the public service in line with modern administrative approaches to management through enhancing personnel efficiency and effectiveness of the services offered to the public. A study is currently being undertaken to set down the reforms to be implemented under this programme with input from the key stakeholders, the Trade Unions and Employers Confederation

3.7.3 Medium Term Challenges

The impact of globalisation is expected to be more pronounced in small open economies such as Antigua and Barbuda. In an effort to prepare the country for the challenges ahead the Government has identified the following as the core elements of its strategy:

- Preparedness and compliance with multilateral trading arrangements;
- Introduction of state of the art telecommunications and information technology;
- Highly trained and appropriate skilled human capital resources;
- Adequate negotiating capacity;
- Continued diversification of the economic base;
- Job creation through economic development initiatives.

3.7.4 Future Prospects

Growth in real GDP is expected to be sustained based on developments in the construction sector. Value added in the construction sector is projected to increase as work on ongoing projects intensify and plans for new projects materialise. The likely new projects include further upgrading of the airport, road rehabilitation, a prison, a central sewage system, schools and health clinics rehabilitation whilst private sector construction is also expected to continue. Further efforts are required to pave the way for higher and sustained growth in an effort to arrest the deterioration in government finances while savings must be generated to support the invest needed to expand and diversify the economy. The introduction of a 2% turnover tax and property tax will strengthen the tax base and increase revenue, leading to a slight improvement in the fiscal position. Additionally, the revenue collecting departments are being strengthened to improve tax administration. Increased marketing of the country is necessary to negate the decline experienced in the tourism industry as a result of the global economic downturn in the first nine months of 2001.

4 OVERVIEW OF PAST AND ONGOING EUROPEAN COMMISSION COOPERATION

Antigua and Barbuda joined the Lome Convention following its independence in 1981 and since then has benefited from National Indicative Programmes, regional co-operation funds, NGO co-financing, EIB risk capital and different smaller aid schemes (seminars, scholarships, trade and

tourism promotion). The total amount of funds made available to Antigua and Barbuda since 1976 is over EUR 20 million.

4.1 European Development Fund

Antigua and Barbuda's first three NIPs (Lomé I, II, III) were allocated to roads infrastructure and livestock development. The 7th EDF NIP amounts to € 3.5 million and has human resource development as its focal sector. The main programme in human resources development involved support to the tourism sector through the establishment of a Hotel Training Institute. The residual funds are allocated to the completion of the livestock development programme, and to support regional programmes. The 8th EDF NIP amounts to € 4.5 million with human resource development as the focal sector and the remainder of the funds (10%) dedicated to support drugs control. The human resources development programme focuses on vocational training including the expansion of the Technical Vocational Centre at Tomlinson and the provision of equipment. The object of the programme is to lessen social disparities, widen employment access and opportunities, while providing sufficient human capital to diversify the economy.

4.2 Regional Programmes

In addition to the EDF, Antigua and Barbuda benefits from a wide range of regional programmes. The focal sectors for Community aid under the 7th EDF Regional Indicative Programme for which a global envelope of EUR 105 million was made available were agriculture/fisheries, trade, tourism, human resources development, environment and telecommunications. The 8th EDF Regional Programme had EUR 90 million available to it for activities in support of regional economic integration and co-operation, and human development, institutional strengthening and capacity building. Within these priorities special attention is given to the enhancement of the region's competitiveness and to private sector development (EBAS, CDE, Proinvest, rum sector etc.). Outside the focal sectors, priority programmes include decentralised co-operation, regional disaster preparedness and the Caribbean action plan for drug control.

Under the Caribbean Regional Indicative Programme (CRIP) the country is benefiting from the construction of a three storey Science Block at the Antigua State College as part of the OECS Human Resources development - Tertiary level programme. The project for the rehabilitation of the Nelson Dockyard seawall is also expected to benefit from EUR 2million CRIP financing. The 18th century Georgian seawall was badly damaged by the hurricanes in 1995 – 1999.

4.3 European Investment Bank

The EIB has provided Antigua and Barbuda with a total of EUR 6.2 million in financial assistance since 1979. EIB loans have been utilised for an airport navigational system at VC Bird airport and for the funding of the Antigua and Barbuda component of the OECS waste management project. The Bank has also contributed to various other sub-regional initiatives designed to promote regional integration such as Carib Express (air traffic), CFSC and CDB (global loans), Tiona and CIF (venture capital funds).

4.4 Assistance to Montserratians in Antigua:

In October 1997 the Commission made available EUR 700,000, over a five month period, for food vouchers for Montserratians evacuated to AB following the eruption of the volcano on Montserrat. The programme ended successfully with a considerable positive balance, which was used to improve the disaster preparedness of the AB Red Cross.

4.5 Past experiences of Community aid

An independent evaluation of EU cooperation with Antigua and Barbuda conducted in 1994 concluded that investments in the road infrastructure have made a positive contribution to the continuous developments taking place in the tourism industry and the growth of agricultural production in specific sub-sectors catering for the tourist industry. The Livestock Development Project was judged to have contributed to creating and/or improving conditions for viable meat productions. However, the evaluation also highlighted the existence of considerable delays in project implementation with consequent social and economic losses. The delays were attributed to poor management, planning and monitoring capacities within the GAB, notably affecting the project preparation process.

Generally, EC aid has been timely in tackling major capital projects which the government was unable to undertake. The release of counterpart resources remains a concern and often results in delays in project completion as in the case of the Hospitality Training Institute (HTI), the Science Block at the Antigua State College and in the case of a number of EIB funded projects. It is a significant explanatory factor in the low disbursement rates under Lome III and IV

4.6 Programmes of EU Member states and other donors

Apart from the EU, the principal donors are Japan, UK (DFID), Canada (CIDA), the Caribbean Development Bank (CDB), the UN agencies and the World Bank. In 1999 Antigua and Barbuda received approximately US\$11 million in Overseas Development Assistance (ODA), the bilateral share of this being about 77%. In relation to GDP, ODA accounts for about 2%. Donor coordination plays an important role in the programming of activities for Antigua and Barbuda in the following sectors: drugs, education, environment, governance and disaster management, while consultations are held in other areas of common interest.

4.6.1 Programmes of EU Member States

Member States active in Antigua and Barbuda include France and the UK (DFID) and Germany. DFID has provided Antigua and Barbuda with EC\$5.398 million to build four new health clinics across the country. Assistance was also provided to support the education sector in the wake of the volcanic eruptions in Montserrat which resulted in thousands of displaced citizens seeking safety in Antigua and Barbuda. A&B has also benefitted from the DFID funded OECS/UWI Primary Teacher Education Programme. Germany via GTZ has provided technical assistance to the OECS secretariat in St Lucia for the strengthening of technical/vocational training and in Antigua and Barbuda in particular has been involved in skills training at the technical and vocational level. GTZ also provides assistance to the OECS Natural Resources Monitoring Unit (NRMU) and the CARICOM sub-organisation CEHI (Caribbean Health Institute).

4.6.2 Programmes of other donors

Activities of CIDA, DFID, UN agencies, USAID and the World Bank in the Eastern Caribbean are largely conducted on the basis of sub-regional strategies. The principal areas receiving support from these agencies are regional strategic objectives such as institutional support, including support to the Regional Negotiating Machinery (RNM) which is charged with the responsibility of representing the members of CARICOM in international trade and financial negotiations, implementing the Common Single Market and Economy (CSME), HIV/AIDS programmes, environment programmes, social recovery through economic diversification and job creation, emergency reconstruction and

disaster mitigation, increased efficiency and fairness of legal systems, telecommunications reform, and the development of primary and secondary education.

The Caribbean Development Bank provides significant financial resources to AB 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 and includes doctors, nurses and radiologists, agricultural specialists along with several trainers specialising in boxing, athletics and sports medicine. The Peoples 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 complex whilst the Kuwait Development Fund has provided a loan for infrastructure development. The Organisation of American States (OAS) is presently implementing a six month Drug Use Prevalence Survey to obtain baseline data to assist in social policy formulation while 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 funding distribution of the donors is indicated in the matrix in Annex I.

5 RESPONSE STRATEGY

5.1 Principles Elements

Taking into account the analysis of the situation of AB and the past performance and result of EU cooperation, the following elements are the principle factors for consideration in the EC response strategy:

- a draft National Strategic Development Plan in which tourism is the lead sector with efforts to diversify the economy being pursued through the offshore financial services sector, and information technology and telecommunications;
- the enhancement of education and human resource development as a central element in the pursuit of economic diversification and sustainable development;
- the challenges and opportunities presented by globalisation and trade liberalisation and the need to adapt a country of limited natural resources to these new realities;
- the vulnerability of the country to natural disasters and the need to ensure that effective disaster preparedness and emergency response arrangements are in place, particularly in view of the frequency with which natural disasters have struck the country.
- the need to reform the public sector;
- the need to improve the overall public finances, including debt reduction;
- Poverty alleviation (despite the classification of the country as a high middle-income country, pockets of poverty do exist, with 12% of the population estimated to live in poverty);

As is apparent from the donor matrix, AB is receiving support in the fields of public sector reform, disaster management and the reform of public finances from other donors while the EC 7th EDF

programme provided significant support to the tourism sector through the provision of a Hotel Training Institute.

5.2 The EC Support Strategy

Within this general framework, the parties have agreed on the main priorities for their cooperation and on the sector on which the support of the Community will be concentrated. It is proposed that the “A envelope” be concentrated on the education sector, and in particular at the tertiary level. Approximately 90% of the A allocation will be allocated to this. The proposed strategy also takes into account existing uncommitted funds. With regard to the “B envelope” and the possibility of compensation for future losses in export earnings, preference shall be given to direct budgetary support where the necessary macroeconomic conditionalities have been met.

The decision to concentrate on the education sector is based on the following:

- (i) GAB has committed itself to broadening the country’s production base as a hedge against the uncertainties of a small, open economy which is heavily dependent on tourism however, this strategy is constrained by shortages of skilled labour at the middle and managerial levels in key sectors such as construction, tourism, manufacturing and business and commerce.
- (ii) As a small island state, in an age of increasing liberalisation with the consequent increase in competitiveness, the future of Antigua and Barbuda will largely be determined by the quality of its human resources. The Government in support of this view has committed itself to the modernisation of the education sector.
- (iii) The EC enjoys a comparative advantage in the education sector education and in particular, at the tertiary and technical and vocational level having already implemented successful project to support the tourism sector through the establishment of a Hotel Training Institute. The EC is currently in the process of implementing a project under the 8th EDF NIP to enhance the level of technical and vocational training, and under the OECS Tertiary Level Education project, a Science Block has been constructed at the State College, while work to improve the engineering department is also foreseen.

5.3 Consistency with Government Policy

The GAB intends to pursue and intensify the country’s transition towards a service-oriented economy. Education is seen as fundamental to the enhancement of the country’s human resources, a pivotal element in attracting high value added services and economic diversification.

5.3.1 Contribution to Poverty Reduction

In a joint Declaration of the European Commission and Member States in the Development Council in November 2000 concerning the Community’s development cooperation policy, it was stated that education remains a priority for the programming of Community aid to developing countries because of its impact on the overall objective of poverty reduction and re-directing the marginalised in society. In Antigua and Barbuda, the government needs to reposition and diversify the economic base which will only be made possible through the development of its human resource base. The sectors which contribute the most to the economy at present (tourism, financial resources, etc.), activities related to these, as well as potential future growth sectors (i.e. IT) all depend on the existence of a well-trained labour force. Job creation (and poverty reduction) is thus directly linked to the education sector. The government of Antigua & Barbuda has requested the EC to help it in

one component (tertiary education), the funding of the rest of the education sector being covered by government and other donors.

Through a focus on the development of the tertiary education sector, additional teachers will be trained which in addition with the provision of new facilities will allow greater numbers of persons to receive academic training and further skills development. As a transforming agent, education fosters social mobilisation. The programmes at the State College are specifically tailored to meet the need of the country's development.

5.4 Complementarity with other donors

Apart from UNICEF and UNESCO in early childhood education, DFID financing the refurbishing of two primary schools buildings, and CIDA, the EDF remains the main external donor agency supporting different levels of development within the education sector.

Antigua and Barbuda is part of the OECS Education Reform Strategy in the field of tertiary, adult and continuing education. The overall objective of the project is to significantly increase the productivity and competitiveness of the OECS sub-region in the global economy. It has been assessed that the main contributor to low productivity is the shortage of trained human resources in the labour markets in the OECS member states. The tertiary education programme is being tailored to provide the necessary skills to ensure the availability of a well-trained work force. The development of tertiary education and technical and vocational training are, as indicated in the donor matrix, being supported by the United Kingdom and German Governments which have been instrumental in the construction and furnishing of a Technical Vocational Centre on Lady Nugent Avenue.

5.5 Involvement of Non-State Actors

The Education Act of 1973 makes provision for the establishment of a National Advisory Council on Education to advise the Minister in recognition of the fact that the development and delivery of more effective education and training programmes requires an active participation of the private sector in the planning, designing and management of such programmes. As the donor matrix in Annex I indicates, non-state actors play an active role in the provision of financial support to students wishing to pursue tertiary education programmes abroad with scholarships on offer from several businesses such as telecommunication companies, airlines and banks. As far as the present EC document is concerned, non-state actors were specifically consulted when determining the response strategy.

5.6 Non-focal sector, coherence and complementarity: Regional Integration

Coherence between development co-operation policy and other EC policies (trade, fisheries, agriculture, environment etc.) relevant for AB will be assessed on a permanent basis. In this context NIP resources may be used to complement resources from the RIP, budget lines and trade specific operations, according to needs and availability of funds. In particular, this may refer to support for efforts by Government departments and non-state actors to prepare for the establishment of a coherent trade policy framework with emphasis on preparations for the EPA and WTO undertakings, capacity building for conducting negotiations on a regional and multilateral context, and assistance in implementing the accompanying trade policy and structural reforms, including fiscal reform.

The Government of Antigua and Barbuda is working closely with regional organisation such as the Organisation of Eastern Caribbean States, the Caribbean Tourism Organisation, Caribbean Hotel Association, the Caribbean Development Bank and the Caribbean Conservation Association in an effort to ensure that Antigua and Barbuda derives the maximum benefit from the grants and technical assistance that are available from external agencies.

Wherever relevant, EC policies in cross-cutting issues such as human rights and democratisation, gender and environment have been taken into account. This includes building strategic and operational links between related development aspects.

5.7 The European Investment Bank

Under the Investment Facility of the 9th EDF the EIB intends to expand the network of financial intermediaries through which it works. This shall be done through the establishment of lines of credit, for financing of investments made by SMEs active in core sectors of the economy, accessible through banks meeting the financial and operational requirements of the Bank. Financing under this facility may, where appropriate, be combined with the business advisory services proposed by the Commission. The facility features will depend on requirements identified and market conditions and may include equity/quasi-equity in addition to loans. In addition to this the Bank will continue to provide direct financing to larger projects considered to be financially viable (allowing notably an uninterrupted reflow of debt service payments) and of economic priority to Antigua and Barbuda (preferably within the private sector, the general investment climate in the country permitting). The exact size, timing and sectors for such interventions will be determined by when and where the need arises.

PART B

National Indicative Programme

6 THE NATIONAL INDICATIVE PROGRAMME (NIP)

6.1 Introduction

Within the general framework of the present Country Support Strategy and based on the analysis and strategies described in the preceding chapters, the Parties have agreed on the main priorities for their co-operation and the sectors in which the support of the European Community shall be concentrated. A detailed indicative programme is presented in this chapter based on the resources of the A allocation of the EDF, and, subject to the outcome of the mid-term review and emerging needs as covered by the relevant regulations, the B-allocation.

6.2 6.2 Financing Instruments

The implementation of the response strategy of the EC will be financed through a number of different financing instruments which include the following:

6.2.1 9th EDF A-allocation EUR 2.6 million

This allocation is destined to cover the long-term development activities identified in the context of the response strategy, namely in the education sector while 10% of the allocation is to be used for studies, audits and technical support in the area of regional integration, disaster prevention and monitoring.

6.2.2 9th EDF B-allocation Euro 0.4 million

This allocation is to be used for unforeseen needs such as emergency assistance where support cannot be financed from the Community budget, contributions to internationally agreed debt relief initiatives and support to mitigate adverse affects of instability in export earnings.

Investment Facility: Apart from the above-mentioned financial instruments, of which the A-envelope is the main programmable basis for the Indicative Programme, the 9th EDF includes also the "Investment Facility" as a financing instrument managed by the European Investment Bank (see details in Part A, chapter 5). The Investment Facility does not form part of the Indicative Programme.

Centre for the Development of Enterprise (CDE): Support for enterprises in Antigua and Barbuda in the field of non-financial services to the private sector is available through CDE.

Budget lines of the Community: Specific activities can be supported through the various Community budget lines, including, inter alia, NGO co-financing, decentralised co-operation, European Initiative for Democracy and Human Rights, food security and disaster prevention. Humanitarian and emergency assistance shall be accorded to the Antigua and Barbuda population concerned in case of serious economic and social difficulties resulting from natural disasters or man-made crises. Approval of proposals and implementation of support measures under the available budget lines will be decided in accordance with the procedures in place for each respective financing instrument.

6.3 Focal Sector

The concentration sector is Education to which 90% of the A allocation of the 9th EDF amounting to €2.34million shall be allocated. Part of the allocation may be utilised for accompanying measures under the reform process initiated by the government in the sector.

6.3.1 Overall Objective

The overall objective of the EC intervention is to upgrade the level of trained human resources in the labour market in the context of a changing economic, social and cultural environment. The strategy purports to support the sustainable development of human resources in Antigua and Barbuda, in particular through improving the quality of tertiary level education and supporting sector reforms. Priority sectors shall be given special attention and include business, tourism, financial services and information technology.

6.3.2 Specific Actions

The Antigua State College (ASC) is the premier tertiary institution in Antigua and Barbuda. Having doubled its enrolment to just over 800 students, the ASC is forced to turn away an average of about 300 eligible persons each year due to space limitations. The shortage of space and facilities was compounded with the passage of Hurricane Luis in 1995 when a number of buildings were destroyed. These have since been replaced by temporary wooden structure. Despite these militating factors, the ASC continues to produce capable graduates, some of whom immediately enter the world of work while others proceed to universities to complete degree training. As of September 1997, the ASC has been permitted to offer University of the West Indies second year degree programmes in select disciplines. With these new curricula areas and very limited facilities, the capacity of the ASC to meet the human resources needs of Antigua and Barbuda would be compromised if such deficiencies are allowed to continue. At present the lack of adequate space prevents a significant number of students from gaining entrance to the institution. The Ministry of Education estimates that around 500 students were denied access to the College for the 2001-2002 academic year due to lack of space.

As part of efforts to further improve tertiary education in qualitative and quantitative terms, the upgrading of facilities at the Antigua State College is proposed as the focal sector under the 9th EDF NIP. The precise extent of the work to take place shall be determined following the completion of the CDB funded development plan for the State College.

Community Aid will support the education sector, in coherence with financing foreseen under the budget of the state from its own resources and from other donors. The project undertaken with the support of the Community will take full account of existing facilities, be consistent with the OECS Education Reform Strategy as well as regional education sector programmes funded by the EC.

The proposal for the construction of a learning resource centre, modern library and lecture theatre, classrooms and other facilities to be elaborated upon in the development plan for the State College are of primary importance and shall be given particular consideration.

6.3.3 *Expected result and results indicators*

- Output from the College will be increased and will go some towards meeting the educational and skill training needs of the labour force.
- Once College Capacity has been expanded it may increase enrolment thereby making a greater contribution to the requirement of the labour market. It is projected that the additional facilities at the ASC will allow for an increase in annual enrolment by 150 students. This would increase the enrolment from 921 in 2000/2001 to 1071 full-time students. It would give youths more opportunities at skills and academic training in specific subjects catering to the development of the country.
- Teacher Training programme will be more relevant to the conditions prevailing in the school system.
- It is expected that with improvements to the facilities there would be better exam results at CXC. Central to academic performance is the provision of appropriate learning resource facilities however at the present time limited space restricts the number of students who can access the library at any one time. Construction of a new modern library would eliminate this problem and enable more students to access the facilities for longer hours.
- The construction of more classrooms and the conversion of the old library into classrooms would provide a comfortable environment for students, some of whom presently receive their instructions in cramped conditions and under trees on the compound.
- Implementation of the ASC Development Plan which includes, curriculum development and an improved management structure with the appointment of a Board of Management, is expected to lead to greater efficiency in the management of the College, improved exam results, ultimately leading to a larger, well-trained work force.

6.3.4 *Government Commitments*

The formulation of a medium to long-term development plan for the Antigua State College, taking into account the policy, organisational, management, financial, programming, human resource and physical facilities issues that must be addressed if the institution is to effectively discharge its mandate in meeting human resource development requirements in Antigua and Barbuda. The Development Plan is being funded with assistance from the Caribbean Development Bank. Among the issues to be examined in establishing this development plan are:

- the student performance of each department, adequacy of academic and professional qualifications of tutors/trainers, availability and quality of teaching facilities (library, laboratories, equipment etc.) to support the various programmes;
- the policies, organisational, management and financial procedures and operations of the ASC;
- the relevance of the present programmes offered in light of the emerging market demands in the public and private sectors, together with the extent to which the secondary curriculum synchronises with that of the ASC;

- a plan of action is to be developed to improve the quality of teaching/learning by enhancing the academic and professional competencies of tutors/trainers, as well as the planning and management capacity of the ASC;
- the space allocations and utilisation for each department of the ASC along with the provision of ancillary services including adequacy of library, telephone, lavatory, dormitory, cafeteria and recreational facilities in light of its present population;
- the structural integrity of each building to determine which should be demolished or refurbished;
- the provision of estimates for the likely enrolment for the next ten years and the facilities which will be needed to meet the educational, administrative and recreational needs of students and staff;
- the preparation of a master plan to address the curricula, staffing and physical development requirements to meet the needs of the student population for the next ten years, including an implementation plan and budget.

A Board of Management is to be appointed for the State College which will take over the work of the interim steering committee, appointed by the Minister of Education for a twelve-month period in October 2001, to oversee the upgrading/restructuring of the State College. Terms of Reference for the management board are to be established.

In addition to the above specific measures in relation to the Antigua State College, in order to meet the overall objectives in the education sector, the Government has committed itself to the finalisation, adoption and implementation of the draft Education Policy Document. The document, revised in 1994, has never been completed or formally adopted. The Government undertakes to work towards the following in an effort to further the objectives of the proposed programme:

- (a) maintain recurrent revenue in the education sector at a level sufficient to ensure coverage of maintenance costs in the education sector,
- (b) improve the administration and management of education,
- (c) maintain a National Curriculum Advisory council to measure and develop curricula in formal and informal education,
- (d) undertake a review of existing technical and vocational training capacity and identify priority needs based on labour market demand,
- (e) undertake a feasibility study for the expansion of national foreign language teaching capacity,
- (f) adopt measures to ensure access to education and training taking particular account of those with special needs. Such measures will include efforts to motivate males who are currently dropping out of school at an early age,
- (g) expand training opportunities for educators at all levels in the education system,
- (h) establish a partnership with the private sector, parents and churches for advancement of the sector,

- (i) review the legal framework in the education sector.

6.4 Action outside the area of concentration

10% of the indicative programme (€0.26) will be earmarked for studies, audits and technical support in the area of regional integration, disaster prevention and monitoring. No particular allocation is foreseen for civil society activities.

6.5 Intervention Framework

Logical Framework	Project title: Tertiary Level Education Project: Learning Resource Centre Country: Antigua & Barbuda Project No:	Estimated project period: Sept 2002 - December 2004 Prepared: October, 2001	
Intervention logic	Objectively verifiable indicators	Sources of verification	Assumptions
Overall Objective			
<p>1. To increase competitiveness in global and regional markets.</p> <p>2. To provide sufficient human capital to diversify the economy.</p>	<ul style="list-style-type: none"> • Increased employment amongst young people • Increased diversification of the economy • Improved economic performance within the region. 	<ul style="list-style-type: none"> • Economic Indicators – Statistics Division, Ministry of Finance • Survey of public and private sectors to determine the increase in the number of Antiguan and Barbudans holding middle-senior level posts 	<ul style="list-style-type: none"> • GOAB expands its economic base to create more job opportunities • Trained persons remain and work within Antigua • Increased opportunities to pursue higher education
<p>Project Purpose</p> <p>1. Improved and more effective tertiary level education</p> <p>2. Increase in number of trained teachers</p>	<ul style="list-style-type: none"> • Increase in number of students being admitted to tertiary level education (150 per annum) • Curriculum monitored, reviewed and revised periodically • Tertiary education data available annually • • ASC Development Plan 	<ul style="list-style-type: none"> • Student enrolment figures • Numbers of teachers trained • Exam Results • Survey of teachers, students and parents 	<ul style="list-style-type: none"> • Regular review of policies and programmes • Effective system of monitoring and school supervision operational • Adequate number of teachers/supervisors to cater for increased student numbers

	executed		
<ul style="list-style-type: none"> Results 			
Fully operational, upgraded, purpose built facilities Systems for enhanced management are in place	Expanded facilities – physical and institutional Functioning Board of Management in place	Reports 1. Architects certificate and completion reports 2. Site visits and interviews 3. Project monitoring reports; 4. Ministry of Education officials monitoring project; 5. EDF annual reviews.	Recurrent costs of additional facilities and management structure will be met by Government

Activities			
Tender for Design Consultant (September 2002 – January 2003)	<u>Budget</u>	EUR	<ul style="list-style-type: none"> • Timely recruitment of consultants • Compliance with EDF guidelines for the procurement of goods and services • Land for new development at the State College provided by Government • Possibility to access an additional EUR 0.4 million under the B envelope.
Design (January 2003 – March 2003)	Design	50.000	
	Site Development	35.000 (Government*)	
Tender for Works Contractor (April 2003 – July 2003)	Civil Works	1.995.000	
	Supervision	50.000	
Supervision of Construction (September 2003 – Sept. 2004)	Furniture & Equipment	<u>250.000</u>	
Furniture & Equipment (June 2004 – Dec. 2004)	Total	2.375.000	

* It is proposed to utilise government workers from the public works department to work along with the contractor and site manager on the project thereby avoiding delays on account of scarce resources at the Treasury. The government will handle site preparation and will grant the requisite parcel of land to undertake the project

6.6 Activities/Commitments & Payments Timetable

	Amount	%	2002/1	2002/2	2003/1	2003/2	2004/1	2004/2	2005/1	2005/2	2006/1	2006/2
NIP 7th EDF allocation	3.5	100										
NIP 8th EDF allocation	4.5	100										
NIP 9th A allocation	2,6	100										
A) Education	2,34	90										
<i>commitments</i>					2,34							
<i>payments</i>					0,09	1	1	0,25				
b) non focal sectors	0,26	10										
<i>commitments/payments</i>				0,1		0,05		0,05		0,06		
studies/ audits												
moitoring												
contigencies												
c) 9th NIP B allocation	0,4	100										
TOTAL NIP 9	3											
<i>commitments A allocation</i>	<i>2,6</i>			<i>0,1</i>	<i>2,34</i>	<i>0,05</i>		<i>0,05</i>		<i>0,06</i>		
<i>payments</i>	<i>2,6</i>			<i>0,1</i>	<i>0,09</i>	<i>1,05</i>	<i>1</i>	<i>0,3</i>		<i>0,06</i>		
OTHER INSTRUMENTS												
budget lines												
structural adjustment												

Annex I

Donor matrix

National Development Matrix – Estimate of Actual Expenditure for the years 2000-2003 (figures reflect a yearly average of donor assistance)								
	Infrastructure	Health	Agriculture	Education	Tourism	Environment	Public Sector Development	Other
Government	EC\$56.1million	EC\$98 million	EC\$ 26 million	EC\$ 55 million	EC\$36 million		EC\$52 million	
Donor Country/Agency								
Air Canada*				Scholarship US\$1,000				
Antigua Commercial Bank EC\$300,000*				Scholarships				Churches/Culture/Sports
Antigua Lottery Company*	Sports Infrastructure EC\$400,000							
Australia								Legal Affairs – secondment of a judge
Bank of Nova Scotia *	Hurricane Relief EC\$40,000			Scholarship EC\$ 100,000				Kiddy Cricket EC\$125,000
Cable & Wireless EC\$350,000*		Health		Education				Culture/Sports
Canadian Aid								Legal: technical assistance EC\$1.2 million

Caribbean Conference of Churches*	Disaster Mitigation Response EC\$120,000							
Caribbean Development Bank EC\$40m				Support to Board of Education in improving school buildings, curriculum development and fencing of State College			Civil Service Reform	
CIDA US\$1.6m					Tourism (sponsor a series of specialised studies in order to strengthen the tourism sector)			Justice Improvement programme (improvements to the registry, rules of court, provide computers and training)
Commonwealth Secretariat								Trade: Garment Sector Study US\$5,000
Cuba US\$1.5m		Provision of nurse and doctors	Construction of 20 mini-dams in 6 agricultural areas, development of a tobacco cultivation farm					Sports (Technical Assistance)
DFID		Construction of Polyclinics: Clare Halls/Brown's Avenue/All Saints/Pigotts EC\$5.398m		Rehabilitation/Refurbishing Greenbay Primary EC\$3m & Pigott's Primary school EC\$1.3m				
European Commission - EDF	- Radar Training & Rehabilitation Nelson's	Substance Abuse Prevention EC\$900,000		Hotel Training School EC\$6.2m				

	Dockyard Seawall (CRIP) EC\$4.4m - Construction of Science Block at Antigua State College EC\$4m			TVET Project EC\$8m				
FAO			Water and Crop Cultivation and improvement US\$200,000					
Germany				Assist in the construction of a TVET Centre - skills training				
Global Environment Facility						EAG EC\$420,000		
Habitat for Humanity*	Construction of Housing for needy persons US\$160,000							
Japan		Central Sewage System (St. John's) EC\$40 m	Fisheries - West Bus Station fisheries complex EC\$46 m - Parham Fisheries Complex US\$13.3m - Urlings Fisheries Complex US\$13.3m					
Kuwait	Roads & Airport							

	Taxiway EC\$3m							
Lions Club*		Grants for persons in need of medical attention abroad US\$110,000						
Mill Reef Club*				Public Library US\$50,000				
OAS				Fellowships US\$129,404				International Agency for Cooperation and Development Projects US\$270,917
Optimist Club*				Scholarship US\$2,000				
PAHO		AIDS project US\$20,000 (support to the AIDS secretariat)						
Peoples Republic of China EC\$1.490m	Utilities: Power Plant	Greenbay/Grays Farm Gutter						
Rotary Club* US\$250,000		Financial support for persons seeking medical attention abroad		Scholarships at tertiary level				
The Getty Grant						National Park: Refurbishing Government & Clarence House EC\$675,000 Objective: Restore Georgian Buildings		
UNDP						Biodiversity enabling activity		Preparatory assistance for

						US\$153,000 Climate Change US\$161,500		Strategic Plan US\$240,370
UNEP						Montreal Protocol country programme	–	
UNESCO				Support Early Childhood programmes, development of secondary school libraries and youth literacy programme. US\$130,000				
UNICEF				Early Childhood education & training EC\$1.563m				
USAID	Disaster Mitigation project (analyse post Georges mitigation and map the country to reflect the most vulnerable areas) US\$100,000							

* Denotes Private Sector/Civil Society Actor

Annex II Overview of the Education Sector in Antigua and Barbuda

Preschool and Primary Education

There are approximately 112 registered day-care and pre-school facilities, catering for approximately 3,800 children. Most are privately owned, however all, including the seven government owned day-care centres, are supervised by the Ministry of Education through its' Early Childhood Education and Training Centre. This Centre, which has the capacity to train twenty-five teachers annually trained nearly seventy persons in the 1998 – 2000 period. In this calendar year, the requests for training were so overwhelming, an alternative venue for training had to be found to accommodate the current figure of over forty students now receiving training. The Ministry of Education is in the process of preparing regulations governing these institutions to present to Parliament in late 2001. UNICEF and UNESCO have provided considerable assistance to this sector through the provision of resources and overseas training opportunities.

There exist 31 public primary schools in Antigua and Barbuda with approximately 8,205 students and 438 teachers, while a further 5,000 students and 211 teachers are catered for in the 26 private primary schools. The public school system admitted 1,344 new students in the 2000/2001 academic year.

Post-Primary System

Antigua and Barbuda has 9 secondary schools including one on the island of Barbuda, which together accommodate 4,235 students with 332 teachers. Almost 75% of the teaching staff at this level has received post-secondary training, with 66% having at least a first degree. By 2005, it is intended that 85% of secondary teachers will have had some form of post secondary training.

As part of its objective to enhance the skilled human resources base in Antigua and Barbuda, the Government intends to strengthen the post-primary system through the introduction of a network of polytechnic institutions. This will allow those students currently unable to obtain access to post-primary education to obtain further skills. In addition, it is intended that these Polytechnic will also function as night schools offering courses for workers wishing to be retrained. EDF resources have in the past been used to build additional facilities for post-primary students. The facilities known as the "Valley High Centre of Excellence", will provide full time regular and skills training for Grades 7 - 9 students.

Technical and Vocational Education

The Ministries of Education, Culture and Technology and Youth Empowerment share the responsibility for Technical and Vocational Education programmes in Antigua and Barbuda. The Ministry of Youth Empowerment runs the Youth Skills Programme located at Gunthropes, while the Ministry of Education programme is carried out via four main centres across the island and in most secondary schools. This type of programme is also provided at the Evening Institute for school-leavers. The programme, which has received funding support from the UK, German and Canadian Governments as well as the OECS Education Reform Unit (OERU), provides skills training for young persons, who either could not access further education owing to a lack of capacity at the tertiary level, or did not wish to. The Youth Skills programme is soon benefit from financing from the 8th EDF NIP for the further expansion and development of the programme.

Tertiary Education

The Antigua State College, the country's only institution of higher learning is the flagship of the education modernisation programme. Eight Departments - Teachers Training, Commercial, Business Studies, Engineering & Construction, Advanced Level, School of Nursing, School of Pharmacy and Undergraduate Studies - comprise the programmes offered at the College. The completion of the Science Block, funded by the EDF resources, will enable the College to offer all programmes in the field of science and technology. Since 1997, the College has been permitted to offer second-year University of the West Indies courses. Graduates of ASC either complete their undergraduate programmes at various UWI campuses and other universities overseas or enter the world of work. The enrolment in the College exhibits a gender bias in favour of females in all departments except in Engineering.

The Ministry of Education is presently considering a Bill to make the College an independent entity. The objective is to enhance the institution's development through a new mode of governance. The creation of a statutory/autonomous body to manage the affairs of the College, particularly aspects relating to funding and decentralised decision-making, is part of the envisaged strategy. It is envisaged that the changes, with financial assistance from external donors, will double the capacity of the College, providing the freedom for it to expand and become self-sustaining through the introduction of appropriate fee structures and other revenue generating measures.

Among the main constraints facing the College at the current time are:

- the lack of an adequate library and reference facilities,
- the lack of study rooms/tutorial rooms for students,
- inadequate classroom space,
- inadequate laboratory facilities and equipment ,
- a weak administrative system,
- the absence of office spaces for senior staff.

Among the most pressing of these is the need for a library as the present library can accommodate a maximum of 25 students and is insufficiently equipped to cater for the needs of a multidisciplinary institution with an enrolment of 921 students in the 2000/2001 academic year. Owing to the lack of sufficient library space, books are kept in boxes and large containers situated on the compound of the College. There exists only one public library in Antigua which is not equipped to cater for the needs of the student community.

Annex III Key Economic and Social Indicators

Antigua and Barbuda - Key Economic Indicators

Indicator	Actual			Estimate		Projected				
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
National accounts (as % of GDP)										
Gross domestic product ^a	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	3.9	4.1	4.0	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Industry	17.9	18.2	18.9	19.2	19.2	19.2	19.2	19.2	19.2	19.2
Services	78.3	77.7	77.1	76.8	76.8	76.8	76.8	76.8	76.8	76.8
Total Consumption	83.0	76.2	79.1	80.7	80.7	82.4	82.6	82.3	81.9	81.9
Gross domestic investment	35.5	32.8	32.4	32.8	29.9	26.7	26.2	25.0	25.4	25.4
Exports (GNFS) ^b	75.2	77.7	74.4	75.9	70.8	70.8	73.3	74.3	74.4	74.6
Imports (GNFS)	93.8	86.7	85.9	89.4	81.4	79.9	82.2	81.6	81.8	82.0
Gross domestic savings	17.0	23.8	20.9	19.3	19.3	17.6	17.4	17.7	18.1	18.1
Gross national savings ^c	16.4	19.0	16.1	17.2	16.9	15.2	15.0	15.3	15.6	15.6
<i>Memorandum items</i>										
Gross domestic product (US\$ million at current prices)	541.1	580.4	620.7	653.7	688.5	721.9	753.9	786.6	820.8	856.4
GNP per capita (US\$, Atlas method)	7,850	8,240	8,230	8,450	9,190	9,554	9,894	10,236	10,590	10,957
Real annual growth rates (% , calculated from 1990 prices)										
Gross domestic product at market prices	6.7	5.0	4.1	3.3	3.6	2.5	3.0	3.0	3.0	3.0
Gross Domestic Income	5.9	5.0	3.6	3.1	3.2	2.4	2.6	2.8	2.5	2.8
Real annual per capita growth rates (% , calculated from 1990 prices)										
Gross domestic product at market prices	5.9	4.1	3.2	2.5	2.8	1.7	2.2	2.2	2.2	2.2
Total consumption	19.8	-5.0	7.2	4.3	2.8	3.7	2.4	1.7	1.7	2.2
Private consumption	26.9	-8.2	6.5	1.7	1.8	1.8	1.8	1.9	1.9	2.0
Balance of Payments (US\$ millions)										
Exports (GNFS) ^b	407.1	450.9	461.9	496.3	487.3	511.0	529.2	548.6	568.6	589.7
Merchandise FOB	37.7	37.9	37.4	35.9	39.8	41.9	43.6	45.5	47.5	49.5
Imports (GNFS) ^b	498.1	491.9	521.3	570.7	547.7	566.3	582.7	599.1	616.1	634.0
Merchandise FOB	339.2	325.8	344.3	389.2	375.0	386.8	404.0	421.5	439.8	458.9
Resource balance	-91.0	-41.0	-59.4	-74.4	-60.4	-55.2	-53.4	-50.5	-47.5	-44.3
Net current transfers	30.8	10.5	-2.2	18.2	6.2	-1.2	2.4	0.9	0.5	0.5
Current account balance	-103.3	-80.1	-101.4	-101.6	-89.5	-85.9	-85.9	-83.4	-80.4	-77.9
Net private foreign direct investment	18.7	23.5	27.4	26.5	24.2	21.6	21.2	20.2	20.5	20.5
Long-term loans (net)	-2.7	-3.0	1.7	4.1	8.7	-2.2	-1.2	-4.0	-5.9	-7.1
Official	0.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private	-2.7	-6.0	1.7	4.1	8.7	-2.2	-1.2	-4.0	-5.9	-7.1
Other capital (net, incl. errors & omissions)	74.6	63.4	81.8	80.5	50.3	71.4	68.0	68.2	64.8	62.5
Change in reserves ^d	12.7	-3.9	-9.5	-9.4	6.4	-4.9	-2.0	-1.0	1.0	2.0
<i>Memorandum items</i>										
Resource balance (% of GDP)	-18.5	-9.0	-11.5	-13.5	-10.6	-9.1	-8.8	-7.3	-7.3	-7.3
Real annual growth rates (YR90 prices)										
Merchandise exports (FOB)	3.0	4.5	3.6	2.8	3.9	2.5	3.0	3.0	3.0	3.0
Merchandise imports (CIF)	1.0	-1.6	3.4	7.4	-1.5	1.6	3.0	3.0	3.0	3.0

(Continued)

Antigua and Barbuda - Key Economic Indicators
(Continued)

Indicator	Actual			Estimate			Projected			
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Public finance (as % of GDP at market prices) ^e										
Current revenues	27.8	27.2	27.6	27.4	29.5	31.5	31.3	31.2	30.6	30.8
Current expenditures	28.0	28.4	27.0	29.2	30.3	31.7	31.6	32.8	33.0	33.1
Current account surplus (+) or deficit (-)	-0.2	-1.2	0.6	-1.8	-0.8	-0.2	-0.3	-1.6	-2.4	-2.3
Capital expenditure	4.5	7.4	6.8	6.6	7.4	6.4	6.7	5.8	5.3	4.4
Foreign financing	4.6	5.2	2.6	3.9	3.4	-0.3	-0.6	-0.9	-1.1	-0.7
Monetary indicators										
M2/GDP	70.2	70.8	76.3	80.1	79.4	79.4	79.4	79.4	79.4	79.4
Growth of M2 (%)	-1.9	8.3	15.2	10.6	4.4	4.8	4.4	4.3	4.3	4.3
Private sector credit growth / total credit growth (%)	107.1	81.9	56.4	43.0	43.0	43.0	43.0	43.0	43.0	43.0
Price indices (YR90 = 100)										
Merchandise export price index	97.0	96.0	91.6	85.5	91.2	93.7	94.7	95.9	97.2	98.4
Merchandise import price index	98.0	97.6	99.7	105.0	102.7	104.2	105.7	107.0	108.4	109.8
Merchandise terms of trade index	100.2	99.6	92.9	82.4	90.0	91.0	90.7	90.7	90.7	90.7
Real exchange rate (US\$/LCU) ^f	100.4	101.5	98.5	99.5	101.5	102.4	103.0	103.8	104.5	105.2
Real interest rates										
Consumer price index (% change)	3.2	-1.1	4.7	1.1	0.0	1.1	1.4	1.3	1.3	1.3
GDP deflator (% change)	6.1	5.6	3.9	5.2	3.6	2.5	1.4	1.3	1.3	1.3

a. GDP at factor cost

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

c. Includes net unrequited transfers excluding official capital grants.

d. Includes use of IMF resources.

e. Consolidated public sector.

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

Antigua and Barbuda Social Indicators

	Latest single year			Same region/income group	
	1970-75	1980-85	1993-99	Latin America & Carib.	Upper-middle-income
POPULATION					
Total population, mid-year (<i>millions</i>)	0.1	0.1	0.1	508.2	571.5
Growth rate (% <i>annual average for period</i>)	-0.9	0.3	0.7	1.6	1.4
Urban population (% <i>of population</i>)	34.2	35.0	36.6	74.9	75.4
Total fertility rate (<i>births per woman</i>)	2.4	1.9	1.7	2.6	2.4
POVERTY					
<i>(% of population)</i>					
National headcount index	..	..	..	..	..
Urban headcount index	..	..	..	..	..
Rural headcount index	..	..	..	..	..
INCOME					
GNP per capita (<i>US\$</i>)	..	3,010	8,450	3,800	4,870
Consumer price index (<i>1995=100</i>)	..	..	108	140	131
Food price index (<i>1995=100</i>)	..	..	..	..	..
INCOME/CONSUMPTION DISTRIBUTION					
Gini index	..	..	..	..	..
Lowest quintile (% <i>of income or consumption</i>)	..	..	..	..	..
Highest quintile (% <i>of income or consumption</i>)	..	..	..	..	..
SOCIAL INDICATORS					
Public expenditure					
Health (% <i>of GDP</i>)	..	..	..	3.4	3.3
Education (% <i>of GNP</i>)	..	2.7	..	3.6	5.0
Social security and welfare (% <i>of GDP</i>)	..	..	..	7.4	7.9
Net primary school enrollment rate					
<i>(% of age group)</i>					
Total	..	..	..	91	94
Male	..	..	..	..	..
Female	..	..	..	..	..
Access to an improved water source					
<i>(% of population)</i>					
Total	..	95	91	85	87
Urban	..	..	95	93	94
Rural	..	..	88	62	68
Immunization rate					
<i>(% under 12 months)</i>					
Measles	..	69	99	90	90
DPT	..	100	99	87	88
Child malnutrition (% <i>under 5 years</i>)	..	10	..	9	..
Life expectancy at birth					
<i>(years)</i>					
Total	67	73	75	70	69
Male	65	71	72	67	66
Female	69	75	78	73	73
Mortality					
Infant (<i>per thousand live births</i>)	..	24	16	30	27
Under 5 (<i>per thousand live births</i>)	..	..	20	38	34
Adult (15-59)					
Male (<i>per 1,000 population</i>)	0	0	135	207	233
Female (<i>per 1,000 population</i>)	0	0	75	122	143
Maternal (<i>per 100,000 live births</i>)	..	..	..	..	..
Births attended by skilled health staff (%)	..	83	..	..	..

CAS Annex B5. This table was produced from the CMU LDB system.

5/8/2001

Note: 0 or 0.0 means zero or less than half the unit shown. Net enrollment ratios exceeding 100 indicate discrepancies between the estimates of school-age population and reported enrollment data. Latest year for access to an improved water source data is 2000.

Source: World Bank

Annex IV Government Objectives in Key Sectors

Sector	Objectives	Actions
Small Business	Optimise the capacity of small business	<ul style="list-style-type: none"> • establishment of effective legislation designed to give parity and institutional strengthening to the small business sector • establish a small business investment commission comprising of members from the private and public sectors • establish a small business portfolio window to identify opportunities in the procurement of government goods and services • establish a small business institute for the training and development jointly between the private and public sectors • the institutionalisation of the small business sector as a social components with responsibility for alleviating income disparities
Education	Develop a comprehensive education programme that embraces all levels	<ul style="list-style-type: none"> • Continue work on the draft five-year education development plan

<p>Students equipped with appropriate knowledge and skills to reduce the impact of globalisation</p>	<ul style="list-style-type: none"> • Delivery of high quality education • Increase focus on tertiary education expansion • Appointment of a committee to oversee revision of the management structure at State College • Hire a consultant to assess the most appropriate framework to modernise the college • Provide more space at the college for students and staff conducive for greater learning and productivity • Greater attention on pupil participation with respect to the post primary programme • Appoint a Statuary Board to manage the affairs of the state college
<p>Reduction of poverty through tertiary education</p>	<ul style="list-style-type: none"> • Strengthen the curriculum development team • Mount new programmes catering to information technology and overall human resource development • Acquire finance to complete the library • Increase the number of truant officers • The introduction of labour relations as part of the curriculum • Revision of school hours • Reassess the role of the Board of Education versus the Ministry

		<ul style="list-style-type: none"> • Develop clear guidelines with respect to scholarship distribution • provide Barbuda with more access to the Ministry's services
Tourism	<p>Further consolidate public/private sector co-operation on sustainable development of the sector</p> <p>Restoration of Historical Sites</p>	<ul style="list-style-type: none"> • Establishment of a Tourism Development Corporation (TDC) with responsibility for the marketing of the Antigua and Barbuda tourism industry • Establishment of a set of policy guidelines for the development of the tourism industry • Devise a medium term tourism marketing and promotion plan • Restoration and rehabilitation of Clarence House and Betty's Hope • Assist small operators through the provision of a vendors mall, advice, information and other support services
Transportation (Air, land and sea)	Develop reliable and efficiently run transport services to better facilitate the tourism, agriculture and manufacturing sectors	
Air Transportation	Continue to function as the main tourist access to the country	<ul style="list-style-type: none"> • The revision of existing aviation policy with an emphasis on the organisational structure • Continue upgrading and expansion work at the airport to bring the services up to international standards • Establish a dedicated fund for airport operations

Road Transportation	Provide both residents and tourists safe and comfortable passage on the roads	<ul style="list-style-type: none"> • The zoning of lands in the immediate vicinity of the airport to ensure availability for future expansion of the airport and that airport security is not compromised • Increased marketing of Antigua will make the airport a hub for passengers and for warehouse cargo • Improvement of at least 40% of the road networks • The implementation of an effective programme of preventative maintenance of the 650 miles of road network • The development of an action plan to undertake a comprehensive assessment of the road network in Antigua and Barbuda • Identification and lighting of highways to ensure road safety • The construction of parking lots and the implementation of parking meters in St. John's • The construction in St. John's of a pedestrian walkway in lower St. Mary's Street
Sea Transportation	Continue to function as the principal mode of transporting cargo in Antigua and Barbuda, and the main conduit of economic and commercial activity	<ul style="list-style-type: none"> • Expand the transit shed at the Port Authority to ease congestion for both transit and custom bonded cargo <p>An examination of the operations of the Port Authority and strategies and programmes to make the authority efficient and financially viable</p>

		<ul style="list-style-type: none"> • The expansion of the present berthing facilities and infrastructure to accommodate growth of the cruise passenger industry
Finance	<p>Improvement in the country's fiscal position</p> <p>Expenditure reduction</p> <p>Revenue enhancement</p> <p>Debt Management</p> <p>Tax Reform options (medium to long term policy)</p>	<ul style="list-style-type: none"> • Freeze on new employment • Reduction in the size of the public sector (public sector reform) • Tighter controls of expenditure on goods and services • Tighter control on government vehicles, ministerial travel and telephone calls • The introduction of a 2% tax on income of unincorporated businesses • Revision of property tax • Improve administration at the inland revenue and customs • Privatisation of government bodies • Debt consolidation • Mobilize government owned corporations and statutory bodies to service loans contracted by government on their behalf from their savings • A comprehensive study and assessment of the best suited measure of either: <ol style="list-style-type: none"> 1. The introduction of a value-added tax and elimination of some of the current direct taxes 2. The reintroduction of personal income tax
Offshore Finance	Establish sector as a leading offshore market	<ul style="list-style-type: none"> • Conduct a comprehensive review of the sector aimed at improving and strengthening the offshore product through effective regulation, strong management and adequate promotion

	<p>Reverse the 10% decline on business expenses in 1999</p> <p>An overall percentage increase of 1.5% to 5% is projected during the 2002 - 2004 period</p>	<ul style="list-style-type: none"> • Continuous legislative reform and an improvement in promotion, product offering and service delivery • Promotion and marketing of the jurisdiction to be intensified to keep abreast of competition • Product development to be pursued in order to attract new types of business • The strengthening of the regulatory environment including the legal and administrative framework • The introduction of measures to re-engineer the tax structure from one that offers tax avoidance to one which offers tax minimization
Health	<p>To facilitate and sustain improvement in health and social situations of citizens</p> <p>Decentralization of the "steering" role of the Ministry of Health</p>	<ul style="list-style-type: none"> • Review and amend existing laws and enact new legislations to facilitate implementation of new health care policies • Development of efficient and effective database, for timely collection and analysis of information • Upgrade and expand health care facilities for improved service delivery • Review Medical Benefits Scheme to extend coverage beyond that of chronic illnesses • Introduction of more comprehensive programmes aimed at lessening stigmatisation associated with HIV/AIDS and the care of persons living with HIV/AIDS and their families • Delegate responsibility for health care delivery administration and services to the Hospital Board

		<ul style="list-style-type: none"> • Reoriented health systems with emphasis on health promotion thereby reducing the current focus on curative measures and the reduction of morbidity and mortality
Social	Reducing poverty in the vulnerable communities of Point, Villa, Grays Farm and Greenbay	<ul style="list-style-type: none"> • Establishment of reliable poverty monitoring and evaluation tools • Empower individuals through education and skills training • Establishment of micro-credit schemes to promote micro-enterprise development • Improve the social safety nets (improve access to credit and public infrastructure and services) • Assist vulnerable groups, particularly low income families, to meet their housing and other social needs
Agriculture	Sustainable utilisation of the country's natural resources	<ul style="list-style-type: none"> • The application of appropriate scientific principles and information technology as inputs for the sustainable development of resources to achieve road security and safety, and high nutritional health standards • Establishment of a National Agricultural Development Advisory Committee • Coordination of marketing strategies • Establishment of a functioning Agricultural Planning Unit • Rationalization and/or strengthening of communication activities
Environment	Ensure the sustainability of the environment	<ul style="list-style-type: none"> • Implement the OECS Solid Waste Management project to construct sanitary landfills and expand and upgrade collection facilities

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| | | <ul style="list-style-type: none">• Implement an environmental levy on cruise ship passenger arrivals to recover the cost of the Solid Waste Management Project• Enforce umbrella environmental legislation• Complete a physical development plan• Strengthen the Development Control Authority which has responsibility for land use planning and development control |
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