



**PROGRAMMING DOCUMENT  
ANGUILLA**

**THE TERRITORIAL ALLOCATION OF  
THE 11<sup>th</sup> EUROPEAN DEVELOPMENT FUND**



**PROGRAMMING DOCUMENT  
ANGUILLA**

**STRATEGIC COOPERATION**

**BETWEEN**

**THE GOVERNMENT OF ANGUILLA**

**AND**

**THE EUROPEAN UNION**

**BUDGET SUPPORT FOR THE EDUCATION SECTOR**

**2014 - 2020**

**The Government of Anguilla and the European Commission hereby agrees as follows:**

The Government of Anguilla, represented by .....,  
..... and the European Commission, represented by  
....., hereinafter referred to as 'the parties', held  
discussions with a view to determining the general approach to cooperation between Anguilla  
and the European Union.

During these discussions this Programming Document was drawn up in accordance with the  
provisions of the Association of the Overseas Countries and Territories with the European  
Union as provided for in the Treaty on the Functioning of the European Union, in particular  
Article 198, as well as the Council Decision 2013/755/EU of 25 November 2013 on the  
association of the overseas countries and territories with the European Union ('Overseas  
Association Decision').

Signatures

For the Government of Anguilla

For the European Commission

Date:

Date:

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## PART A: EU RESPONSE STRATEGY

### Summary

Anguilla is an Overseas Country and Territory (OCT) of the European Union (EU) linked to the United Kingdom. Anguilla is an island with 13,500 inhabitants situated in the Caribbean.

Anguilla will receive EUR 14.05 million through Budget Support from the 11<sup>th</sup> European Development Fund (EDF) to support the Education sector. This is in line with the Council Decision 2013/755/EU of 25 November 2013 (Overseas Association Decision) that articulates the association of the OCTs with the European Union, in particular chapter 4 Article 33, which indicates that cooperation in the field of education and training are areas of cooperation between the OCTs and the EU.

The education and training sector is chosen as focal sector for support under the 11<sup>th</sup> EDF territorial allocation in favour of Anguilla. It is envisaged to assist the Government of Anguilla in the implementation of the *Education and Training for a Better Future - A Strategy for Education, 2015 to 2020*. (Hereinafter the *Education Development Plan 2015-2020*). The Government of Anguilla recognises that - especially for Small Island Development States (SIDS) in the Caribbean – *there is an urgent need for enhanced investment in education and training*, to establish and maintain a competitive position in a fast changing global environment, and to keep on track in terms of sustainable economic and social development.

The overall objective of the 11<sup>th</sup> EDF Budget Support is the promotion of long-term sustainable economic development and welfare in Anguilla by making primary education, secondary education and Technical and Vocational Education and Training (TVET) more relevant in meeting the current and future needs of the labour market, and resulting in a more educated and literate workforce. This goal is consistent with the overarching objectives for education in the region as set out in the *Organisation of Eastern Caribbean States Education Sector Strategy (OESS) 2012-2021*, and the proposed *National Sustainable Development Plan (NSDP)* and *Vision 2035*.

The Education Development Plan 2015-2020 continues to address areas in the sub-sectors of pre-primary education, primary education, secondary education, technical and vocational education, and administration under the six policy areas of:

- Access,
- Pastoral development, guidance and care,
- Curriculum Development: Reform and renewal,
- Human Resource Development,
- Management for Efficiency and Effectiveness; and

#### Financing of Education

The objectives, principles and values of the Overseas Association Decision (OAD) and the cooperation between the OCTs and the EU speaks to the enhancement of the OCTs competitiveness, the strengthening of the OCT resilience, reduction of their economic and environmental vulnerability and promotion of cooperation between them and other partners. These are considered to be reached with the Sector Reform Contract with Anguilla for the education sector, which will enable Anguilla to strengthen its economy by educating its population.

## **1. OBJECTIVES OF EU'S FINANCIAL COOPERATION WITH ANGUILLA**

The Council Decision 2013/755/EU of 25 November 2013 that articulated the association of the OCTs with the European Union is based on the principles set out in Articles 198 to 202 of the Treaty on the Functioning of the European Union (TFEU) namely to support the OCTs' sustainable development as well as to promote the values and standards of the Union in the wider world.

The objectives, principles and values of the association speaks to the enhancement of the OCTs competitiveness, the strengthening of the OCT resilience, reduction of their economic and environmental vulnerability and promotion of cooperation between them and other partners. Specific areas of cooperation are identified for sustainable development in the framework of the association and Chapter 4 Article 33 indicates that cooperation in the field of education and training may cover:

- a) the provision of high quality, inclusive education at primary, secondary and higher education level and in the area of vocational education and training; and
- b) the support to the OCTs in defining and implementing education and vocational training policies.

Education is an essential element of economic growth and development. There are clear linkages between investment in human capital and its effect on the structure and pattern of economic development, labour productivity in all sectors of the economy, income distribution, poverty reduction and technological advancement. While tourism and construction are the main economic earners and suppliers of employment in Anguilla, a relatively large proportion of locals are at significant disadvantage in the labour market where they occupy the bulk of the low wage jobs in tourism and its related service sectors. Additionally, evidence also suggests that a significant percentage of students may be entering the workforce with low levels of certification or no certification at all and may, therefore, only be able to obtain minimum-wage positions. This is further exacerbated by the fact that as a result of their lack of training these individuals will generally occupy the entry-level positions in the industry and are therefore the first to lose employment when there is contraction in the industry. This is considered to be a direct consequence of limited access to local human resource development opportunities, which limits the productive potential of the labour force.

In the Caribbean region there is general agreement that for countries to stay on a path of economic and social development and be competitive in a global environment there is need for greatly enhanced investment in education and training. Having a skilled labour force is of critical importance particularly for the small states of the Caribbean. The vulnerability of the economies and the need for flexibility to respond to a dynamic labour market requires countries to provide education and training that will equip persons with the knowledge, skills and attitudes required for the evolving nature of a modern economy. This means that efforts must be made to ensure that adequately trained persons are available for timely responses to labour market needs.

The addressing of these key issues is in line with government's vision for education as reflected in its mission statement of the Education Development Plan:

“The Government of Anguilla is committed to providing quality education services, through highly motivated and competent educators, to produce loyal, knowledgeable and skilled citizens of sound character, empowered to function effectively in a rapidly changing technological society.”

The Ministry and Department of Education must ensure that students are provided with the opportunity to acquire the basic skills to begin to prepare them for their careers in the technical field. There must be collaborative effort with stakeholder agencies such as industry employers in ensuring that the curriculum and training offered remains relevant to industry.

The indicative amount of funds available to Anguilla under the 11<sup>th</sup> EDF is EUR 14.05 million, Anguilla proposes to support implementation of its education sector policy, and in particular of its Technical and Vocational Education and Training (TVET) policy, as outlined in its Education Development Plan: *Education and Training for a better Future - A Strategy for Education, 2015 to 2020*.

## **2. POLICY AGENDA OF ANGUILLA**

Anguilla's development planning focus embodied the preparation and implementation of various sector development plans and more recently a Medium Term Economic Strategy (MTES) 2010-2014.

Under the 10<sup>th</sup> EDF Programme Anguilla was allocated EUR 11.75 million to support the implementation of its Medium Term Economic Strategy 2010-2014. This Strategy presented a macroeconomic framework and fiscal reform agenda aimed at securing Anguilla's macroeconomic stability combined with a Programme for stimulating sustainable and diversified economic growth within the context of enhanced social and environmental protection. It saw the achievement of various conditions in the areas of Procurement Reform, property tax reform, education quality, human resource development in the area of technical and vocational education and training; and risk mitigation in the area of environmental vulnerability. Overall, of the EUR 11.75 million available, Anguilla received EUR 10.7 million. The Plan was also the basis for support received from the UK Government, as well as the Caribbean Development Bank and the UNDP.

The Medium Term Economic and Fiscal Plan (MTEFP) 2015-2017, the successor to the MTES, was recently approved. On the verge of economic recovery, the Government is continuing the reform process to ensure that the country is able to respond to shocks. Over the medium term, 2015-2017, the Government has identified strategic objectives that cover economic, fiscal and social sector priorities. The ultimate aim of the Government of Anguilla is to achieve sustainable, diversified economic growth through the enhancement of the tourism product, the diversification of traditional growth sectors and emerging sectors that have the potential for growth. Key to this is the implementation of the Sustainable Tourism Master Plan (STMP), an increase in visitor arrivals, and the improvement of access via air and seaport development. Diversification will be centred on the development of the fisheries industry and agriculture, as well as within tourism through the establishment and development of the Tourism Development Areas (TDAs) as identified in the STMP. Other priorities include the development and promotion of small business development and the pursuit of renewable energy.

In order to achieve these objectives, the Government of Anguilla will focus on the human capital development and social conditions that are essential to promote and sustain growth. Areas of focus include:

- Education- development of the TVET Framework to support the provision of technical education and the provision of skills and the development of critical life skills through initiatives such as the Literacy Development Project and Science, Technology, Engineering and Mathematics (STEM);

- Youth Development- Ensuring that young persons are equipped to be active participants and beneficiaries in Anguilla's Development through the services and programmes offered to the youth;
- Sports development- Development of the human and economic potential that exists in Anguilla and the development of the supporting infrastructure;
- Health- Addressing Chronic Non Communicable disease that the health system is burdened with; and
- Poverty alleviation and reduction- The continuation of public assistance programmes offered to those in poverty or on the verge of falling into poverty, the development of a National Plan for the Elderly, and the implementation of the National health Plan.

Government of Anguilla remains committed to maintaining a fiscal climate that promotes growth and ensures debt sustainability. Essential to this process is meaningful tax reform, continued utilisation of expenditure controls and maintaining a debt profile that is affordable, while providing the development that is required to advance Anguilla.

In parallel, the Government of Anguilla is in the initial planning stages for the preparation of a Long Term National Development Plan, having identified strategic objectives for the medium-term (to 2017) that cover economic, fiscal and social sector priorities, aiming to achieve sustainable growth through the enhancement of the tourism, the diversification of traditional growth sectors and emerging sectors. This centres around the Sustainable Tourism Master Plan (STMP), and development of the fisheries industry and agriculture.

### **3. EU'S RESPONSE STRATEGY: CHOICE OF SECTOR OF CONCENTRATION**

The education and training sector is chosen as focal sector for support under the 11<sup>th</sup> EDF territorial allocation in favour of Anguilla. It is envisaged to assist the Government of Anguilla in the implementation of the *Education and Training for a Better Future - A Strategy for Education, 2015 to 2020*. (Hereinafter the *Education Development Plan 2015-2020*).

Anguilla's education system includes coverage from pre-primary to post-secondary levels. There are 11 private pre-schools of which 10 receive a subsidy to enable access. There are also six public and two private primary schools with four Special Education Centres attached to some of the primary schools. Secondary Education is provided through one comprehensive secondary school, the Albena Lake Hodge Comprehensive School. The schools' curriculum includes a range Caribbean Examinations Council (CXC) subjects as well as technical and vocational subjects.

Anguilla has achieved the target of universal primary and secondary education. Under the Anguilla Education Act, school is compulsory for children aged 5 to 17 and is free in all six public schools. In addition it is estimated that 100 % of the 3-5 year cohort are enrolled in pre-school education.

The five year Education Development Plan 2010-2015 accorded high priority to improving the quality of the system and identified five priorities for the period:

- Literacy Development;
- Improved Performance in Math, Science and Technology;
- Institutionalising Culture, Morals and Values



- Establishing the TVET Framework; and
- Improving Comprehensive Secondary Education

Building on this, the Education Development Plan 2015-2020 continues to address these and other areas in the sub-sectors of pre-primary education, primary education, secondary education, technical and vocational education, and administration under the six policy areas of:

- Access,
- Pastoral development, guidance and care,
- Curriculum Development: Reform and renewal,
- Human Resource Development,
- Management for Efficiency and Effectiveness; and
- Financing of Education

The *Education Development Plan 2015-2020* is structured according to five education sub-sectors, and expected related major outcomes:

1. *Pre-primary education*: All children have the opportunity to complete two years of an appropriate pre-primary education regardless of any physical or intellectual disabilities.
2. *Primary education*: All children complete 7 years of quality primary education regardless of any physical or intellectual disabilities.
3. *Secondary education*: All children complete 5 years of an appropriate, affordable quality secondary education and selected students two further years of upper secondary studies.
4. *TVET*: A cost-effective TVET education system, both public and private, that is responsive to change and offers a wide range of accredited courses appropriate to the needs of the nation.
5. *Administration of education*: Appropriate organisational systems and human resources are in place to provide an efficient and effective education system.

In Anguilla the area of Technical, Vocational, Education and Training (TVET) has traditionally not been emphasized nor had the necessary level of importance attributed to it. However, during the period 2005-2010 a consideration of the variations in quality of technical work and the significant number of work permits issued on an annual basis where qualified technicians are not available locally has raised cause for concern.

Additionally, industry standards dictate that certain minimum competencies must be achieved and displayed in order for individuals to be qualified for various jobs. Substandard work must not be tolerated when the health and safety of both providers and users can be compromised. This therefore brings to the forefront the issue of structural integrity and its critical importance and the need to establish occupational standards for Anguilla.

Technical and Vocational Education and Training (TVET) has been designated a strategic priority and to date the TVET Council has been established, the TVET Policy approved and the operational and regulatory framework in progress. Challenges still remain in that there is a lack of or deteriorating facilities, a lack of data on labour force needs, there is a need for training and professional development of instructors/ assessors eliminate the stigma and negative perceptions surrounding the pursuit of TVET and dedicated funding for the

implementation of TVET programmes. Technical and Vocational Education and Training (TVET) education can create additional employment opportunities in areas such as alternative energy supply, recycling, agriculture, construction and transportation.

The 11<sup>th</sup> EDF Programme is expected to support these areas and will seek to address:

- The structure of Technical and Vocational Education and Training (TVET) provision in Anguilla, particularly how it is integrated in secondary education and articulated with primary and post-secondary education, as well as its articulation with the labour market (i.e. future prospects of having a meaningful job), and the national perception of TVET as a positive mode of learning in this respect.
- Current (degraded) state of the education plant at both primary and secondary level, inclusive of TVET facilities, as a result of a structural backlog in repairs, maintenance, and a low rate of investment in modern technology and equipment. There is also a commitment that education infrastructural investments comply with green policy objectives including *energy neutral building and construction approaches*.
- Challenges in results/programme-based budgeting and planning, particularly relation to sustainable financing of education in the medium- and long-term, specifically incorporating structural and realistic capital development within the sector.
- The lack of a comprehensive statistical framework for the education sector, to support evidence-based policy formulation, planning and resource allocation, sectoral decision-making, and Monitoring and Evaluation within education.
- The challenge of Anguilla to remain competitive (in terms of Human Capital) in a fast changing globalised environment characterised with well-advanced modern ICT technologies to conduct business.

## PART B: THE TERRITORIAL PROGRAMME

<b>1. Title/basic act/ CRIS number</b>	EU-Anguilla 11 <sup>th</sup> EDF Education and Training Sector Policy Support Programme (SPSP) / CRIS number: FED/2015/038-820, financed under the 11 <sup>th</sup> European Development Fund			
<b>2. Zone benefiting from the action / location</b>	Caribbean British West Indies, Anguilla The action shall be carried out at the following location: Anguilla			
<b>3. Programming document</b>	OCTs 11 <sup>th</sup> EDF Territorial Allocation for Anguilla (in favour of the education sector)			
<b>4. Sector of concentration / thematic area</b>	Education and Training Sector	DEV. Aid: YES <sup>1</sup>		
<b>5. Amounts concerned</b>	Total estimated cost: EUR 14.05 million Total amount of 11 <sup>th</sup> EDF contribution: EUR 14.05 million, of which <ul style="list-style-type: none"> <li>• EUR 12.6 for budget support; and</li> <li>• EUR 1.45 million for complementary support.</li> </ul>			
<b>6. Aid modality(ies) and implementation modality(ies)</b>	Budget Support: Sector Reform Contract Direct Management: Complementary support			
<b>7 a) DAC code(s)</b>	11110 - Education policy and administrative management – 100 %			
<b>b) Main Delivery Channel</b>	European Development Fund_42003			
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<sup>1</sup> Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>	Not applicable			

## SUMMARY

The education and training sector is chosen as focal sector for support under the 11<sup>th</sup> EDF territorial allocation in favour of Anguilla. It is envisaged to assist the Government of Anguilla in the implementation of the *Education and Training for a Better Future - A Strategy for Education, 2015 to 2020*. (Hereinafter the *Education Development Plan 2015-2020*).

The overall objective of the 11<sup>th</sup> EDF programme in support of the implementation of the *Education Development Plan 2015-2020* is the promotion of long-term sustainable economic development and welfare in Anguilla by making primary education, secondary education and TVET more relevant in meeting the current and future needs of the labour market, and resulting in a more educated and literate workforce.

This will be attained through qualitative improvements in both the institutional framework for education and training, as well as available physical school plant in Anguilla. More particularly, the 11<sup>th</sup> EDF programme seeks to address:

- The structure of Technical and Vocational Education and Training (TVET) provision in Anguilla, particularly how it is integrated in secondary education and articulated with primary and post-secondary education, as well as its articulation with the labour market (i.e. future prospects of having a meaningful job), and the national perception of TVET as a positive mode of learning in this respect.
- Current (degraded) state of the education plant at both primary and secondary level, inclusive of TVET facilities, as a result of a structural backlog in repairs, maintenance, and a low rate of investment in modern technology and equipment. There is also a commitment that education infrastructural investments comply with green policy objectives including *energy neutral building and construction approaches*.
- Challenges in results/programme-based budgeting and planning, particularly relation to sustainable financing of education in the medium- and long-term, specifically incorporating structural and realistic capital development within the sector.

- The lack of a comprehensive statistical framework for the education sector, to support evidence-based policy formulation, planning and resource allocation, sectoral decision-making, and Monitoring and Evaluation within education.
- The challenge of Anguilla to remain competitive (in terms of Human Capital) in a fast changing globalised environment characterised with well-advanced modern ICT technologies to conduct business.

The envisaged implementation modality for the 11<sup>th</sup> EDF financial assistance is a budget support operation through a Sector Reform Contract (SRC), with the Government of Anguilla represented by the Territorial Authorising Officer (TAO).

## 1. CONTEXT

### 1.1 Sector/Country/Regional context/Thematic area

Anguilla is part of the United Kingdom Overseas Countries and Territories (OCTs) in the Caribbean. It is a very small island, both in terms of population (approximately 13,500<sup>2</sup>) and in terms of land area (approximately 91 km<sup>2</sup>). Economic productivity therefore is very limited, and the Anguilla economy is highly dependent on international trade, tourism, and global financial markets, making it highly vulnerable to external volatility factors. As a result, Anguilla has suffered from the global financial and economic situation, and after periods of relatively high growth since 2008 the country experienced a recession from which it is currently trying to recover.

In this respect, in the past few years Anguilla initiated reforms that were aimed at economic recovery and mitigation of vulnerability to external shocks (i.e. through economic diversification, making the economy less dependent on global trends, including initialising macro-economic and fiscal reforms).

To accommodate these reforms, Anguilla is focusing on human capital development and social development in order to promote and sustain growth. In terms of human capital development, the Government of Anguilla recognises that - especially for Small Island Development States (SIDS) in the Caribbean – *there is an urgent need for enhanced investment in education and training*, to establish and maintain a competitive position in a fast changing global environment, and to keep on track in terms of sustainable economic and social development.

#### 1.1.1 Public Policy Assessment and EU Policy Framework

The overall goal of education in Anguilla is “*raising standards for sustainable national development*”. This goal is consistent with the overarching objectives for education in the region as set out in the *Organisation of Eastern Caribbean States Education Sector Strategy (OESS) 2012-2021*, and the proposed *National Sustainable Development Plan (NSDP) and Vision 2035*. It is envisaged that the *NSDP* and *Vision 2035* take into account the *UN Sustainable Development Agenda 2030*. Furthermore, Anguillan education policies are articulated with the earlier *Millennium Development Goals* as well as the *Education for All Goals*. The education policies that are currently operationalized in Anguilla are appropriate within the above framework.

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<sup>2</sup> Latest Population and Housing Census conducted in 2011.

The proposed 11<sup>th</sup> EDF SRC aims to support the implementation of Anguilla's Sector Strategy, and in particular the recently developed TVET policy. The Sector Strategy spells out a holistic approach to education, with equitable attention to all education sub-sectors, including Pre-Primary, Primary, Secondary, and Tertiary; as well as special needs education.

The key education policies (inclusive of: *Education Policy 2002*, *Teacher Quality Policy 2008*, and the *TVET Policy 2015*) are translated into 5-year medium-term Education Development Plans, and prioritised according to the current (and envisaged future) situation in education. Education Development Plans (EDPs) cover the periods 2005 - 2010, 2010 - 2015, and 2015-2020. Overall, the Government has a good track record in education planning and maintaining programme implementation on a rolling basis, particularly through the various consecutive 3-year Departmental Workplans.

Overall, there is a positive trend in the implementation of education sector strategy components, specifically since 2010, where the Government implemented actions to further enhance teacher quality as well as improving literacy and numeracy, continue the development of post-secondary education, and initiated the first steps towards rationalising TVET within the education system.

The *EDP 2015-2020* is supported by a Department of Education (DoE) Workplan for 2015 - 2018 which provides further focus for specific prioritised activities. A GANTT Chart<sup>3</sup> further defines per activity the responsibility of DoE staff, timeframe, and duration during which the activities are to be carried out. In addition, the *Performance Assessment Framework (PAF)*<sup>4</sup> included in the *Education Development Plan 2015-2020* identifies a set of indicators for monitoring per sub-sector (i.e. pre-primary, primary, secondary, TVET, and education administration), but no baselines and specific targets are currently included.

Overall, through the consistent development and elaboration of the current series of Education Development Plans, the Government of Anguilla is working towards structural strengthening of the link between sector planning, policy development, and monitoring and evaluation of progress, which strongly increases policy credibility and operational impact.

The *Education Development Plan 2015-2020* is subject to three levels of monitoring:

- Monthly meetings by the Department of Education to review progress of work as per the Departments Workplan and GANTT Chart that are articulated with the *Education Development Plan 2015-2020*;
- Annual End-of-year Sector Review by the Department of Education;
- Annual Review by the Ministry of Social Development (MoSD), which incorporates the Education, Health and Social Development Sectors.

In addition, there is a provision in the *Education Act (2012)*, that foresees the installation of an *Education Review Committee*, tasked with the conduct every five years (i.e. in line with the EDP duration), a full and comprehensive review of the education sector, including the physical state of the education plant, suitability of the national curriculum, student performance, organisation and institutional set-up of the Department of Education, functioning and quality of the teaching service; plus any other relevant matters pertaining to the education sector.

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<sup>3</sup> A GANTT Chart is a chart in which a series of horizontal lines shows the amount of work done or production completed in certain periods of time in relation to the amount planned for those periods.

<sup>4</sup> The PAF should be further specified (SMART) and an appropriate baseline should be established against which implementation progress can be monitored.

### 1.1.2 Stakeholder analysis

The focal sector for the budget support is the education and training sector in Anguilla. The education sector in Anguilla is relatively small, and confined to 11 pre-primary education centres, eight primary schools (six public, two private), one secondary school (Albena Lake-Hodge Comprehensive School), the Anguilla Community College (established as a statutory entity), and two post-secondary education institutions not under direct control by the Government (University of the West Indies Open Campus, and a branch of St. James School of Medicine) but governed through the *Higher Education Licensing Act*, as well as the not-for-profit Comprehensive Learning Centre which offers adult and continuing education.

The Department of Education, under the Ministry of Social Development, is the main responsible body for the coordination, management, allocation of resources (through Ministry of Finance), and education service delivery in the public domain.

A number of other Ministries are responsible for specific functions that are directly related to the quality and effectiveness of education services provided in Anguilla, both at central level (Department of Education) and at school level:

- ICT services and maintenance (for all computers, labs, internet connectivity, and equipment in schools) is centrally coordinated by the Department of Information Technology & E-Government Services (DITES) under the Ministry of Infrastructure, Communications, Utilities, and Housing (MICUH). Presently, the Government is facing a backlog in repairs, updating, and connectivity of the ICT facilities in schools, combined with limited resources to fund capital investment and periodically replace obsolete equipment.
- Infrastructure development, repairs, and maintenance of public buildings are conducted by the Department of Infrastructure under MICUH. Presently, the Government is facing a backlog in repairs and maintenance of schools, combined with limited resources to fund capital investment and to construct new facilities.
- The Anguilla Statistics Department (ASD), a department under the Ministry of Finance, Economic Development, Investment, Commerce and Tourism (MFEDICT) is responsible for the collection, compilation, analysis, abstraction and publication of statistical information relative to the commercial, industrial, social, economic and general activities and conditions of the people who are the inhabitants of Anguilla. The ASD mandate therefore requires the collaboration with all departments of Government including Education and with local authorities in the collection, computation and publication of statistical records of administration.
- Given the challenges to ensure collaboration across the sectors resulting in resource constraints within the ASD, attempts have been made by the ASD to collaborate closely in the development of an Education and Training Statistics Framework. This framework, when implemented and used will support the Education Planning Unit in the collection of data across this sector, while at the same time supporting the production of quality education statistics including the schools statistics and ensuring that there are grounded in international principles, definitions and classifications to support policy formulation, planning and decision-making.
- At school level (six public primary schools, one secondary comprehensive school), linkages should be enhanced between the schools and the community as well as Parent-Teacher Associations. Schools in Anguilla rely significantly on the involvement of PTAs and the community in conducting small repairs and fund-raising

activities. The role of PTAs in implementing education initiatives, improving the school environment, teaching and learning, as well as in relation to behavioural issues should be stressed. The School Development Plans should take into account the role of the community and PTAs.

The Anguilla Community College (ACC) was established through the *Anguilla Community College Act (2009)* as a statutory entity, with a reporting obligation to the Department of Education, but managed by the ACC Management Team, and governed by a Board of Governors. The ACC is Anguilla's first national post-secondary education entity, offering TVET courses, degree programmes (including teacher education – early childhood education, primary education, post-graduate education diploma), and secondary education courses. The ACC is therefore an important stakeholder in relation to the overall development of the sector. For TVET, the ACC is using the facilities of the Albena Lake-Hodge Comprehensive School (which is not an ideal situation). Presently the ACC is expanding its capacity, and working on the realisation of the Master Plan for the ACC which includes construction of new facilities. This is financed through a loan with the Caribbean Development Bank.

The Anguilla Teacher Union (ATU) (established 50 years ago), represents approximately 200 teachers (primarily from public primary and secondary schools)<sup>5</sup>. The ATU has a positive and long-standing relationship with the DoE, and meets on a regular basis with the DoE to discuss policy issues (e.g. Teacher Quality Policy), and overall observations regarding what happens in schools, implementation of the education curriculum, and the position of teachers in Anguilla. Establishment of a Teachers Commission is currently under consideration.

In accordance with the *Education Act (2012)*, recently a TVET Council has been formed, consisting of the DoE CEO, TVET Coordinator, ACC, and representatives from the private sector. The TVET Council is the key vehicle for coordinating and delivering the Government Policy on TVET and fulfils an advisory role to the Minister. Presently the TVET Council is in a start-up phase in establishing its position in the education system and further defining its specific role and responsibilities.

For the further development and operationalization of the TVET strategy and institutional framework, close links need to be established with the existing (and future) realities of the Anguillan labour market, as well as with regional labour market trends and requirements. As such the Department of Labour (MoFEDIT) will be an important stakeholder, as well as the Gender Affairs Unit (Ministry of Home Affairs) for gender equality in the workplace. However, at present the Department does not function as a “labour market monitor”, but rather fulfils an administrative task in relation to issuing work permits, as well as responsibility for the drafting and enforcing of labour code. The Department has not been able to conduct labour market surveys<sup>6</sup> for several years (latest labour market survey was done more than 10 years ago), and important data and statistics concerning labour market trends are not available. One of the principal actions to be undertaken as part of the proposed programme is to conduct labour market surveys in order to obtain relevant data to feed in to the TVET framework. In addition, the Department of Labour would also be an important stakeholder with respect to the development of the envisaged long-term National Sustainable Development Plan & Vision 2035.

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<sup>5</sup> The present teacher base in Anguilla consists of approximately 16.4% foreign teachers (mainly from other Caribbean islands) and is characterised by a high level of staff turnover.

<sup>6</sup> Joint responsibility with the Statistics Department.



The private sector is an important stakeholder in relation to the relevance of the outputs brought forward from the Anguilla education system, as well as in the conceptualisation of the long-term *National Sustainable Development Plan & Vision 2035*. First, private sector stakeholders should express their key needs and expectations of what specific skills and knowledge set is required for their particular industry, and which should be reflected in the education programme offered in the public school system. Second, the private sector should be mobilised to work together with the Government in terms of funding education and provision of apprenticeship places for TVET.

### **1.1.3 Priority areas for support/problem analysis**

Overall, a number of key challenges and priorities are identified and confirmed by the Department of Education, and the Ministry of Finance as regards National Development Plan and sectoral funding. Actions in relation to primary school improvement, rationalisation of secondary education (incl. the current comprehensive school system), rationalisation and the role of TVET, as well as Educational Technology are included in the *Education Development Plan 2015-2020*, as expressed in the expected outcomes by programme.

Key Challenges and Priorities Identified:

1. The absence of a national development plan or strategic direction for the country over the next 20 to 30 years means that the education sector is without guidance as to how to effectively carry out its mandate. In addition, the absence of a labour market and force survey means that the needs of the labour market are unknown. Without a clear direction of the needs of the labour market, the education sector is challenged to supply the required labour force. The development of a long-term *Vision and National Development Plan for Anguilla* and the conduct of a *Labour Market and Force Survey* are therefore critical.
2. TVET and innovations in Science, Technology, Engineering and Mathematics (STEM) are critical components for education to satisfy the needs of the labour market and to empower students to function effectively in a rapidly changing technological society. However, for the education system to effectively provide the training needs in these areas proper facilities and resources must be readily available to replace the deteriorating physical infrastructure currently used for these programmes. The preparation and subsequent execution of the Master Plan for the redevelopment of the Albena Lake Hodge Comprehensive School (incl. physical plant and institutional) will be a central element of this priority. In addition, training and professional development of instructors and assessors is of utmost importance. Therefore, the present focus of the Government is on developing the institutional and regulatory framework for TVET and working towards dedicated funding for the implementation of TVET programmes.
3. Although the Government of Anguilla allocates approximately 13 % - 15 % of total government expenditure to education annually, the education budget is under considerable pressure, particularly in relation to the capital development necessary to support the overall goals of sustainable development and diversification of the economy. Significant investments are required to solve the backlog in school maintenance and repairs, as well as the upgrading and construction of new facilities. In this regard, the development of a realistic plan for sustainable financing of education is therefore a priority for the medium- and long-term development of the sector.
4. Although most children are able to advance through primary and secondary school, a considerable number of pupils lack functional literacy and numeracy skills, and

sometimes leave the system without appropriate qualifications to enter the labour market. To this end, the quality of education at primary and secondary level needs further improvements, particularly in relation to teaching of English (including English as a Second Language, ESL), Science, and Mathematics. In addition, there is a need to provide better guidance to Principals and Teachers on school management and teaching improvement, which can be facilitated by enhancing the Inspectorate function of the DoE. There is also a need to further improve early detection and assessment methods to accommodate inclusive and special needs education.

5. Not all schools currently have sufficient access to computer labs and educational technology. Presently, the DoE is developing an Educational Technology Policy which addresses the further integration of ICT into the curriculum, guidance to Principals and Teachers on ICT in education, and what is the most appropriate mode of delivery. The eminent introduction of E-Examination by the Caribbean Examinations Council by May 2017 also places additional pressure on already limited resources.
6. Weaknesses persist in the national statistics system that weakens the policy and planning function within the education sector. Although statistics can be provided by the Ministry and Department of Education for specific indicators within the basic education sub-sectors, presently there is no unified methodology and formats for educational data collection are incomplete or unreliable. In addition, there is a need to further clarify the roles and responsibilities among government agencies to prevent duplication of data collection, while providing relevant statistics for policy formulation and sectoral decision-making.

In addressing the above key priorities, additional financing for the capital budget is required. In addition, as available manpower in the DoE is limited, specific technical assistance would be beneficial in relation to developing a plan for sustainable financing of education, enhance budgeting and planning for education (incl. budget reclassification by function/programme, sector costing, recurrent & capital budgeting, post-budget analysis, and M&E), review of the secondary system (i.e. ALHCS Master Plan), school rehabilitation and renovation, and strategizing ICT in Education. Furthermore, TA could be directed to the development and operationalization of a *National Development Plan & Vision 2035* (with MoFEDIT).

## **1.2 Other areas of assessment**

### ***1.2.1 Fundamental areas***

In accordance with Article 198 of the *Treaty of the Functioning of the European Union* (TFEU), the purpose of the association between the European Community and the Overseas Countries and Territories shall be: “to promote the economic and social development of the countries and territories and to establish close economic relations between them and the Community as a whole”.

The Government of Anguilla is committed to providing a stable environment that fosters economic growth, private sector expansion and the development of human capital. To attain this, government has developed a *Medium Term Economic and Fiscal Plan 2016-2018* that set six macroeconomic and fiscal objectives over the medium term:

- Achieving sustainable economic growth;
- Economic diversification within traditional sectors as well as productive sectors that have shown the potential for growth;
- Restoring stability in the ailing financial sector;

- Greening of the economy to ensure sustainability;
- The efficient delivery of essential utilities; and
- Maintaining fiscal sustainability through public finance and fiscal management.

Support for the 11<sup>th</sup> EDF programme is further confirmed and reinforced in the Council Decision on the **association of the Overseas Countries and Territories with the European Union** (Overseas Association Decision – 2013/755/EU) adopted on **25 November 2013**, where areas of cooperation for sustainable development in the framework of the association are identified, namely Article 33 that refers to Education and Training covering:

- a) The provision of high quality, inclusive education at primary, secondary and higher education level and in the area of vocational education and training; and
- b) The support to the OCTs in defining and implementing education and vocational training policies.

### ***1.2.2 Macroeconomic policy***

#### ***Real Sector***

The macroeconomic situation in Anguilla remains relatively stable, after registering 5.6 % and 2.8 % growth in real GDP in 2014 and 2015, respectively, despite the volatile conditions in global markets<sup>7</sup>. Central authorities have made strides in pursuit of achieving important structural fiscal reforms aimed at locking-in improvements in macroeconomic policy.

The island with a gross domestic product (GDP) per capita of XCD 66,410 (USD 24,500) is foreseen with a positive macroeconomic outlook following the recovery in the US economy and the arrival of a record number of tourists and the strong turnout in tourist spending in recent years. According to ECCB, the Anguillan economy is ranked among the top four performers in the Eastern Caribbean region with 3 % growth during 2013-2015, slightly above the average of the region of 2.5 %, owing mainly to strong economic performance in the hospitality, construction, wholesale, and real estate industries. Real GDP is projected to grow moderately averaging 3.0 % during 2016-2018.

The Anguillan economy, vulnerable to external shocks and natural disasters, experienced a slump in economic performance between 2008 and 2012. Since 2013, it has laid the foundations for placing the economy on a sustained growth path in the midst of continuing fiscal consolidation and improvement of fiscal performance. Although the growth outlook has improved, the Government of Anguilla continues to face severe challenges and risks to sustaining growth recovery and economic stability. These include obstacles to business development; lack of access to the island by air and sea; and lack of a skilled workforce yet to be addressed in order to meet the rapidly changing needs in the world economy.

Tracking or predicting inflation in Anguilla is quite a task because the consumer price index does not follow a predictable pattern or move in the same direction as GDP or another economic indicator. This irregularity is due to frequently recorded year on year adjustments in prices of goods (largely imported), tax rates (much change over the medium term), and other areas which are not necessarily done in a pro-cyclical fashion. The result is a five year period (2011-2015) for Anguilla CPI showing no discernible trend.

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<sup>7</sup> ECCB Statistics, June 2016.

On an end of period basis, the consumer price index decreased by 1.7 % during 2015, following on from a 0.93 decline in 2014. Conversely, in the year 2013, Anguilla's CPI showed a 0.76 % increase after declining by 0.34 % the year prior (2012). In 2011, price levels in Anguilla increased by 4.37 % over the prevailing price levels of 2010, in which year the CPI was rebased.

The most recent official unemployment data available are from the Country Poverty Assessment that was conducted in 2008-2009. The unemployment rate at that time was 1.5 %. Male and female employment was almost equal, with male employment at 98.7 % and female employment at 98.3 % respectively. Males comprised a slightly larger share of the labour force at 2,973 (53.5 %) and females 2,583(46.4 %). The growing shortage of skilled workers and recruiting from overseas, especially in the construction, financial and technology sectors, has resulted in rising labour and housing costs over the recent years. While recent conditions would suggest that there should be an increase in unemployment given the economic decline, there are no official statistics to support it at this time. With the onset of the financial crisis however, the country's poverty assessment estimated that the percentage of the population experiencing poverty was closer to 15 %. This information will be available following the release of the findings of the *2011 Anguilla Housing and Population Census*.

There remain challenges common to many small island economies – difficult access to and from global markets by air and sea; dependency on a small number of commodities both for import and export and so vulnerable to shifts in world market prices; and a small population which, despite low unemployment, affects the labour market and hinders business innovation.

The services sector of the economy accounts for most of Anguilla's GDP, with hospitality (hotels and restaurants), banking and insurance, and housing and real estate services contributing almost 50 % of GDP. However, since the advent of economic recovery, the participation of construction and wholesale trade activities has broadened gradually. According to Anguilla's Social Security data, the services industry employs about two thirds of the working population and a quarter of the workforce serves in the Anguillan Government, making it the island's second largest employer after the hospitality industry.

The Anguillan Government and House of Assembly continue in their pursuit for a strategy of national economic development that is more facilitating and enabling to the needs of the island as a whole. This is reflected in the efforts to implement the *Economic Development Strategy* that was supported by the 10<sup>th</sup> EDF-OCT budget support programme.

### ***External Sector***

Anguilla's ability to strengthen and sustain growth hinges on the economy of its main trading partner, USA, due to its dependence on tourism and FDI from that source market. The increase in tourist arrivals counted for the growth in travel receipts by almost 2.0 % in 2015. The trade deficit widened somewhat, compared to the previous year, on account of an increase in imports and reduction of exports. Private sector savings increased by 8.7 % and foreign currency deposits by 0.6 %.

Recognising the vulnerability of the local economy due to the dependence on tourism, Government has identified medium term objectives aimed at strengthening economic growth through diversification within the traditional growth sectors as well as exploring the opportunities that exist in non-traditional sectors.

### ***Fiscal Sector***

As a result of the tough economic and fiscal times that followed the crisis, Government embarked on a fiscal reform programme that was capable of responding to the effects of the

crisis. It consisted of both expenditure controls (salary reductions, freeze on increments, and the policy to restrict new hiring) and Revenue enhancement initiatives (the Interim stabilisation Levy, a 6.0 % tax on income, was introduced, the excise tax of fuel and gas was increased and an additional 3.0 % was added to the customs service charge).

Government continues to pursue tax reform initiatives to enhance collections. A Tax Audit and Collections Unit was established and is tasked with among other things recovery of arrears. Several tax emergency measures and other actions have also been implemented in recent years, with commitments also for 2017 and 2018; most notable is a broad based consumption tax.

Since the adoption of the *Fiscal Responsibility Act* and enforcing of spending-curtailing measures, the Anguillan Government has managed to create more fiscal space and lay the conditions for reducing public debt in a sustained basis. The wage bill declined sharply and fiscal surpluses rose rapidly over the past three years according to ECCB data, fiscal surpluses totalled an equivalent of almost four percentage points of GDP during this period.

Estimated Expenditure for the 2016 Financial Year is EUR 76 million (XCD229m), while its Government Revenue is estimated in EUR 83 million (XCD 251 million). The overall budget is projected to result in an overall fiscal surplus after grants for the seventh consecutive year - it is projected to equal EUR 7 million (XCD 22 million) in 2016, from an estimated surplus of EUR 1.3 million (XCD 4 million) in 2015, in an effort to boost economic development by investing in infrastructure and education. The Anguillan Government consolidated fund reserves currently stand at only EUR 7 million (XCD 26 million), not yet in line with its policy of maintaining reserves of at least one quarter of the annual recurrent budget.

Analysis of public expenditure shows that actual expenditure of the Government of Anguilla deviated from the original estimate by 13.3 %, 14.2 % and 4.5 % in 2013, 2014 and 2015, respectively thus showing a moderate deviation in budgeted recurrent expenditure, ranging between 1 % and 5 % during the period.

Capital expenditure, however, deviated heavily by 71.4 %, 90.4 % and 62.5 % in the three years thus denoting the severe implications of it being the focus of retrenchment in the pursuit of maintaining fiscal stability. While financially prudent, this approach is not ideal as it implies unrealistic and unpredictable capital expenditure budgeting. Additionally, capital investment is severely restricted and the results are seen in the negative economic and social impacts of impeded development including the rapid physical deterioration of Government's assets.

In the medium term, the Government has planned to increase public investments two-fold while freezing and eventually reducing recurrent expenditure. Capital expenditure is projected to increase to XCD 26.6 million, XCD 55.2 million and XCD 57.8 million in 2016, 2017 and 2018, respectively - Capital expenditure in education is projected at XCD 7.1 million, XCD 11 million, and XCD 18.8 million, respectively. Recurrent expenditure is projected at XCD 202.4 million, XCD 187.4 million, and XCD 186.6 million, respectively.

Anguilla's total public debt comprising Central Government and government guaranteed stood at XCD 212.7 million at the end of 2015 - a decline of 4.14 % (XCD 9.18 million) over the 2014 debt level. Decline was attributable primarily to scheduled amortization payments exceeding new borrowing. In 2016, total public debt increased to XCD 517.64 million - a 143.36 % increase over 2015 debt stock, due primarily to the new debt contracted for the banking resolution exceeding scheduled amortization. From 2017, the central authorities have projected that debt level is placed on a downward trajectory declining from XCD 496.4

million in 2017 to XCD 241.7 million in 2025 due to the projected build-up of budget surpluses and amortization of existing debt.

### ***Banking Sector***

Of particular note is Anguilla's progress towards resolution of the Banking crisis that severely affected its financial sector stability over the past 3 years. In August 2013, the Eastern Caribbean Central Bank assumed control of the Caribbean Commercial Bank (Anguilla) Limited (CCB) and the National Bank of Anguilla Limited (NBA). The objectives of that action were to stabilise and restructure both banks and return them to a state of normalcy, protect depositors and creditors and to ensure the stability of the banking system in Anguilla and by extension the entire currency union.

On 18 April 2016, the UK Government gave their assent to three pieces of banking resolution legislation - the *Banking Act, 2015*, the *Eastern Caribbean Asset Management Corporation Agreement (Amendment) Act, 2016*, and the *Bank Resolution Obligations Act, 2016* - in support of a banking resolution that is considered to be sustainable and affordable to the Government and people of Anguilla; and in order to minimise the chance of another banking crisis.

#### ***1.2.3 Public Financial Management (PFM)***

A sound PFM system has been essential for the Government of Anguilla's execution of policies and internal controls by supporting one of the three key budgetary outcomes - the aggregate fiscal discipline. The institutional framework for achieving fiscal discipline has been laid on support to spending rationalisation. One major effort in this direction is the championing by the Department of Treasury in adhering to a principle-based budget mechanism (fiscal rules) whereby reserves (liquid assets) are maintained at a certain level together with other aims for ensuring fiscal consolidation and reduction of public debt.

The PFM system continues to serve the needs for enabling the Government of Anguilla's achievement of developmental objectives. However gaps still exist in the supporting of strategic allocation of resources and in improving the efficiency of service delivery. For the strategic allocation of resources, the medium-term budget (inclusive of revenue and expenditure, with three-year rolling targets to be prepared annually) and the practice of presenting a performance orientation within projects and linking to budget estimates can have a potentially important impact on allocation decisions resulting in improved planning processes and better decision-making. Efficient and effective service delivery will continue to be improved over time as a result of the reforms in planning, budgeting, and procurement.

In March 2014, the Caribbean Technical Assistance Centre (CARTAC) completed a repeat PEFA assessment, which highlighted a number of weaknesses in PFM processes and systems and led to the elaboration of a comprehensive, Whole-of-Government reform strategy in the form of the *PFM Action Plan* in June 2014.

A number of tasks have progressed satisfactorily over the past two years thus resulting in important steps and realizations, as follows:

- **Credibility of the Budget** – the *SmartStream* software has been provided with the capability for reporting on the accumulation of expenditure payment arrears and its profile by age and debtors is readily available for monitoring by Department of Treasury.
- **Policy-based Budgeting** – the preparation of a MTEFP includes key economic parameters on which the annual budget is prepared and published. The MTEFP process remains a salient feature in the Government of Anguilla's efforts to support

the achievement of strategic goals through fiscal discipline and contributing to resource allocation focused on achievement of key development results. Issuing of budget call circulars informing on the revised budget calendar and the final spending ceilings;

- **Predictability and control in budget execution** – appointing a tax auditor and investing heavily in taxpayer education. Drafting of financial regulations completed. Attorney General’s Chamber drafting of a revised *FAA Act* with assistance of CARTAC.
- **Procurement** – the procurement regulations had been revised to enable a clear distinction of procurement methods;
- **Accounting, Recording and Reporting** – the Government of Anguilla financial statements being compliant with Cash Basis IPSAS reporting standards, as for issuing of cash flow statements, presentation of notes, disclosure of accounting policies, and comparison of budget and actual amounts, among others. Treasury has also moved towards performing daily bank account and *SmartStream* reconciliation and monthly reconciliation of advance and suspense accounts;
- **Internal Audit** – the approval of new risk-based internal audit guidelines and standards in line with international best practice. Internal Audit Unit submitting to Audit Committee the annual report summarizing actions taken by audited departments in 2015 following IA reports highlighting non-compliance;
- **Legislative scrutiny** – a Public Accounts Committee has been established and a training agenda is in the process.

The remaining tasks are in progress despite some slippage in deadlines. Key areas requiring more focus include the government budget and accounts classification and the budgeting, reporting, monitoring and auditing of statutory bodies and public companies. Other key outstanding tasks include the planning and programming of projects and operating activities and the linkage of medium-term objectives and performance plans to the annual budgets.

The Economic Planning Unit is responsible for developing the medium- and long-term development plans in coordination with the relevant technical and operational departments. There is a Capital Expenditure Programme, which includes education infrastructure projects, that is genuinely realistic and fiscally prudent because it reflects the likely levels of affordability in terms of the availability of government financing and on-going fiscal restraint.

#### **1.2.4 Transparency and oversight of the budget**

The annual Budget address contains all the revenue and expenditure details and is available to the public without restriction and free of charge immediately following its reading. It is also made available together with the Budget Speech and budget directives on the Government of Anguilla website. The budget documentation is also available shortly after the UK Government gives their assent. The in-year budget execution reports are disseminated to a list of stakeholders and are also available upon request but not published in the Government of Anguilla website. Up-to-date, audited financial reports are not available to the public on the Government of Anguilla website past 2012 given the discontinuation of the services of the National Audit Office of the UK in 2011 and a delay in the procurement of audit services until the appointment of the Wales Audit Office in 2014.

Oversight of the Budget is consistent and carried out both internally by the Government of Anguilla and externally by the UK Government. The preparation of a Medium Term Economic and Fiscal Plan is a requirement of the *Framework for Fiscal Sustainability and*

*Development* which is a set of fiscal principles and rules agreed in April 2013 between the UK Government and the Government of Anguilla. The Framework and the supporting *Fiscal Responsibility Act (2013)* require that the Plan be updated annually and debated and approved by the Executive Council and the Legislature - the Anguilla House of Assembly.

The Plan includes the rolling 3-year budget set out in a medium term expenditure framework. Budget implementation and reform and fiscal management activities are under review and evaluation on a weekly basis at the Fiscal and Economic Recovery Plan Meetings of the Ministry of Finance and at quarterly intervals by a Budget Delivery Committee that comprises the Deputy Governor, Permanent Secretaries, a representative from the Foreign and Commonwealth Office and technical personnel from the Ministry of Finance.

## 2. RISKS AND ASSUMPTIONS

Risks	Risk Level (H/M/L)	Mitigating Measures
Delays in the implementation of the Macro-Economic stabilisation process.	M	<ul style="list-style-type: none"> <li>Continue to improve the execution of the Medium Term Fiscal Plan as stipulated in the Fiscal Sustainability Framework</li> <li>UK Government and ECCB to continue the close supervision of Anguillan banking institutions</li> </ul>
Delays in the Whole-of-Government PFM reform action programme activities.	M	<ul style="list-style-type: none"> <li>Narrowing the scope of <i>PFM Action Plan</i> into Education Department and other pilot departments and programmes, and agree on sharing the responsibility of reform implementation within MoFEDIT and line departments</li> <li>Assist planning and budget officials and project management in improving budgeting and programming of capital projects in the Education Department and other pilot departments and programmes</li> </ul>
Retirement or resignation of key staff members in MoFEDIT and Department of Education with sole responsibility for multiple key functions (e.g. one/two-person units such as Education Planner, Budget Director, TAO, TVET).	M	<ul style="list-style-type: none"> <li>Recruitment or redeployment of professional staff to complement key functions (i.e. EMIS, M&amp;E, Education Budgeting, TVET specialist, Project Management staff, etc.)</li> <li>Provision of supplementary support or technical assistance in PFM / EPER, sustainable financing, EMIS, TVET</li> </ul>
Release of funding by the EU is predictable and timely.	M	<ul style="list-style-type: none"> <li>Conservative timetabling assumptions applied</li> <li>Mentoring of staff of the Government of Anguilla regarding payment dossier requirements</li> </ul>
Appropriate milestones, targets and indicators are identified to enable monitoring of the 11 <sup>th</sup> EDF budget support.	M	<ul style="list-style-type: none"> <li>Care will be taken in the detailed programme design to assess the robustness of sector-specific indicators and targets, through detailed discussions with Education Department</li> </ul>
Low implementation rate of capital projects due to limited financing and capacity (staff numbers).	M	<ul style="list-style-type: none"> <li>Continued engagement of Development Partners to support capital development and recruitment of professional staff to complement key project and programme management functions in Ministry of Infrastructure and DoE</li> </ul>
<b>Assumptions</b>		



Risks	Risk Level (H/M/L)	Mitigating Measures
<ul style="list-style-type: none"> <li>• Government realisation of a long-term <i>National Sustainable Development Plan &amp; Vision 2035</i> through participatory stakeholder engagement;</li> <li>• Economic Planning authorities to commence the work on the National Development Plan;</li> <li>• Government continued commitment to PFM reform process and stabilisation of macro-economic and fiscal situation;</li> <li>• Department of Education and MoFEDIT commitment to work together and share the responsibility in implementing key reforms in planning, budgeting, and monitoring of priority expenditure programmes on behalf of Government</li> <li>• Availability of sufficient staff capacity to coordinate and guide implementation of (simultaneously running) capital development projects across the island;</li> <li>• Stability in recurrent funding of key sectoral policies for basic social services (e.g. education and health);</li> <li>• MoFEDIT and Education authorities continued commitment in improving policy and planning and M&amp;E processes (incl. streamlining statistics collection and analysis) and implementation of sectoral strategies and policies in education and training;</li> <li>• Government continued commitment to <i>prudent</i> policy formulation in education sector (e.g. Educational Technology and TVET that can have serious financial impacts on available budget resources if not well-developed and appropriately costed for the long-run);</li> <li>• Development Partners (e.g. EU, IMF, UK, Caribbean Development Bank) continued commitment in dialogue process to facilitate key reforms in PFM and macro-economic and fiscal policies, as well as to support development in key economic sectors;</li> </ul>		

### 3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

#### 3.1 Lessons learnt

The 11<sup>th</sup> EDF Education and Training SPSP builds on the previous 10<sup>th</sup> EDF General Budget Support to Anguilla, which supported the implementation of the Medium Term Economic Strategy (MTES), addressing Public Financial Management (PFM), procurement systems of the Government of Anguilla, implementation of macro-economic & fiscal reforms, access to post-secondary education, access and the quality of education, and Anguilla's resilience to environmental hazards and climate change related impacts.

In the finalisation of the Financing Agreement for the 10<sup>th</sup> EDF GBS, several delays occurred in relation to setting appropriate *Performance Assessment Framework (PAF)* for the disbursement of the fixed and variable tranches under the budget support. A separate consultancy was launched to develop in collaboration with EU and the Government of Anguilla appropriate set of indicators. For the current *Education Development Plan for 2015-2020*, the PAF– there is a need to create an appropriate PAF<sup>8</sup> in a timely fashion, which is the subject of current efforts undertaken by the Education Planning Unit in collaboration with the Statistics Department.

#### 3.2 Complementarity, synergy and donor coordination

The Caribbean Development Bank (CBD) is financing through a loan agreement, the development and implementation of the *Master Plan for the Anguilla Community College (ACC)*. The loan amount is USD 3.2 million - and covers the construction of special purpose

<sup>8</sup> A consultant prepared the current PAF, however the PAF is incomplete and indicators are not properly linked to the EDP nor properly defined (as in what the indicator represents / how the indicator is defined), plus the main baseline data is missing. The Education Planning Unit is currently revising / updating the PAF.

facilities (e.g. for hospitality management), rehabilitation of an existing building, provision of equipment/tools, furniture and supplies for the Anguilla Community College, and training for senior management and ACC staff. The project started in 2014, and is expected to be completed in 2017/18.

Occasional/ad-hoc technical assistance is procured by the Government of Anguilla, particularly in relation to macro-economic policy and planning and administration of PFM reform. The role of CARTAC has been quite valuable in providing training aimed at strengthening the technical capacities of tax and customs departments, the Treasury, and other key PFM areas. However, fielding of a more direct technical assistance is recommended, which would serve to improve the progress in capacity building efforts and implementation of the PFM Action Plan.

During 2013, the UK Government and the Government of Anguilla agreed the *Framework for Fiscal Sustainability and Development (FFSD)*, a set of fiscal principles and rules, which was subsequently supported by the passage of associated FFSD Legislation (*Fiscal Responsibility Act*). In support of this, the UK Government allocated a Capital Grant of GBP 3 million. To date, the funds have financed the development of the Adrian T. Hazel Primary School and some minor education projects such as rehabilitation of drinking water systems, security lighting, and construction of temporary classrooms. The Government of Anguilla and the UK Government are engaged in discussions for assistance with the development of a long-term *National Sustainable Development Plan* and the support of infrastructure projects are the subject of an existing Ministerial request to the UK Government.

### 3.3 Cross-cutting issues

A number of cross-cutting issues may be further addressed during the formulation stage of the budget support, particularly gender equity in education, and climate change mitigation and adaptation within education:

- **Gender equity:** The level of participation in education is well-balanced; with almost a 100 % net enrolment ratio (primary and secondary) representing 50 % of pupils are girl and 50 % boys. However it is observed that boys at both primary and secondary education level structurally underperform compared to girls, as expressed in Caribbean Primary Exit Assessment and Caribbean Secondary Education Certificate results;
- **Participation in post-secondary education:** The number of both females and males enrolled in tertiary-level and TVET skills training in-country is significantly lower than the eligible population. However, the above table reveals that among those who are enrolled, females outnumber males at a ratio of more than 2:1. In addition, it appears that there is almost no female representation in secondary TVET streams, and traditional perspectives on female participation in “technical fields” remain gender biased. The number of both females and males enrolled in tertiary-level and TVET skills training in-country is significantly lower than the eligible population. However, among those who are enrolled, females outnumber males at a ratio of more than 2:1.

When the 2011 Census data on the youth population aged 10-14, 15-19 and 20-24 is juxtaposed to enrolment in secondary and tertiary education, it is evident that a significant percentage of youth are not enrolled in these two levels of education. Moreover, the ratio of students enrolled in secondary education to those in post-secondary education is very high, indicating that few students are continuing to acquire the skills to enter technical, management, professional and other higher-skilled employment categories. When male/female participation in post-secondary education is compared, for every 9 males

enrolled in secondary education, one is enrolled at the post-secondary level. Notably, females have a higher ratio of enrolment in post-secondary education of 3.7 to 1. Declining educational participation and achievement among male youth, exemplified by increasing drop-out rates at the primary and secondary levels, and lower enrolment at the tertiary level, causes detrimental social impacts including increased participation in gang culture and lifestyles.

- **Climate change mitigation and adaptation:** The terrain in Anguilla is relatively flat and low-lying, making the country vulnerable to the frequent hurricanes and tropical storms that affect the Caribbean region, which may be worsened by climate change. Consequently refurbishment and construction of new educational infrastructure should incorporate an appreciation of the need to ‘climate proof’ the investments and ensure that they are adapted to future needs.

As expressed in Anguilla’s *National Energy Policy* and *Climate Change Policies*, and supported by a *Renewable Energy Integration Project (2012)*, Anguilla would like to advance to a more sustainable energy matrix. As a significant portion of the present support to education will revolve around infrastructural improvements (primary schools, Albenia Lake Hodge Comprehensive School, and Anguilla Community College), it is important to consider energy neutral building and construction approaches as well as installation of alternative renewable energy generation capacity (e.g. solar panels on schools), use of water saving techniques, heat isolation, etc.

The above could be coupled with the *Sustainable Financing Plan for Education*; as such, green investments can reduce the electricity bill of the Government and thus result in cost-savings in the long run, which can be re-invested in education. Furthermore, it is suggested to articulate the TVET framework (and curriculum) with the potential in renewable energy industry, to train a new generation of electricians and electrical engineers to make the switch to a more sustainable development pathway.

#### 4. DESCRIPTION OF THE ACTION

##### 4.1 Objectives/results

This programme is relevant for the *Agenda 2030*. It contributes primarily to the progressive achievement of SDG 4 (*ensure inclusive and equitable quality education and promote lifelong learning opportunities for all*), but also promotes progress towards Goals 5, 8, 9, and 17:

- Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all;
- Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation;
- Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development (particularly in relation to Finance, Technology, and Systemic Issues);

The overall objective of the 11<sup>th</sup> EDF Education and Training SPSP is the promotion of long-term sustainable economic development and welfare in Anguilla by making primary education, secondary education and TVET more relevant in meeting the current and future needs of the labour market, resulting in a more educated and literate workforce.

More specifically, the programme will focus on achieving qualitative improvements in both the institutional framework for education and training, as well as available school plant in Anguilla.

In terms of impact, it is envisaged that the support will secure a sustainable basis for continuity of education investments and funding, as well as enhance the predictability of investments in the sector, to enable the Government to make periodic upgrades in education that are congruent with its sustainable development ambitions and an improved regional and international competitive position in human resources capital.

The impacts and outcomes of the budget support will be visible in the long run, years after specific actions are implemented (for example school rehabilitation and construction, installation of TVET workshops, establishment and operationalization of endowment fund for education, and green school investments, etc.). Potential impacts include an increase in the number of boys and girls leaving secondary school with appropriate qualifications to either enter the labour market or pursue further education, increase in CPEA and CSEC scores, increase in functional literacy and numeracy (incl. for ICT), increase in cost savings resulting from investments (i.e. green investments in renewable energy / water saving applications for schools), reduction in youth un-employment due to better articulation of education system (incl. TVET) with labour market requirements and economic sectors, etc.

The 11<sup>th</sup> EDF Education and Training SPSP seek to support the following specific objectives:

- Facilitate the implementation of the *Education Development Plan 2015-2020 of the Government of Anguilla*;
- **RA1:** Improved quality of education at primary level focussing on functional numeracy and literacy, through quality improvements in teaching and the school-learning environment (incl. modernisation and upgrading of the primary education school plant and use of ICT in education);
- **RA2:** *Qualitative improvements in the provision of education at secondary level and articulation of the framework for Technical and Vocational Education and Training (TVET)*;
- **RA3:** Improvements in strategic management, administration, coordination, and articulation of education and training in Anguilla;

## 4.2 Main activities

### 4.2.1 Budget support

Support will be provided in the form of untargeted budget support, which will be received into the Government of Anguilla Consolidated Budget. The budget support will help the Department of Education to facilitate implementation of the *Education Development Plan 2015-2020*, particularly through activities supporting the following result areas:

***RA1: Improved quality of education at primary level focussing on functional numeracy and literacy, through quality improvements in teaching and the school-learning environment (incl. modernisation and upgrading of the primary education school plant and use of ICT in education).***

In the previous 10<sup>th</sup> EDF support to Anguilla, education quality was included as a key element in the programme, focussing on functional literacy and Science, Technology, Engineering and Mathematics (STEM). For the 11<sup>th</sup> EDF it is expected that progress in functional literacy is maintained, but at primary education level specific actions are expanded to include functional numeracy and the quality of teaching and learning environment at schools.

- Review and revision (if necessary) of the curriculum and lesson schedules with particular focus on mathematics and English in conjunction with the established Numeracy Development Committee.

- Development of English as a Second Language programme (e.g. at some schools Spanish speaking children constitute 25 % of enrolment).
- Upgrading of uncertified teaching staff with required professional training resulting in a teaching qualification, as well as capacity development of all teachers through a Continuing Professional Development Programme (CPDP) with particular focus on subject teaching for STEM.
- Development a comprehensive *Teacher Professional Development Plan* in coordination with the Anguilla Community College that will provide opportunity for all teachers to undergo professional development activities each year.
- Conduct a facilities audit of all public primary schools in coordination with the Ministry for Infrastructure, Construction and Housing and DITES – including electrical wiring, school health and safety, drinking water, garbage and waste disposal, sewerage and plumbing, school surroundings, education facilities, available educational equipment, educational technologies. This will be followed by preparation of a *School Modernisation and Improvement Plan* that is costed, prioritised, timed, and resourced accordingly.
- Primary schools update their existing *School Development Plans* taking into account *Child Friendly School* principles paying attention to gender imbalances for boys and girls, particularly in relation to underperformance of boys.

***RA2: Qualitative improvements in the provision of education at secondary level and articulation of the framework for Technical and Vocational Education and Training (TVET).***

The provision of secondary education as well as TVET in Anguilla is assigned to two public schools, the Albenia Lake-Hodge Comprehensive School (ALHCS) and the Anguilla Community College. For the period 2015-2020, the main actions will relate to the continued integration of TVET into national educational and training provision, and improving secondary education service delivery, while creating better linkages with national sustainable economic development (e.g. with key productivity sectors) and the private sector. Specific actions undertaken as part of the 11<sup>th</sup> EDF budget support relate to the *Education Development Plan 2015-2020* and include:

- Fine-tuning and operationalization of the TVET strategy and alignment of TVET to the *National Sustainable Development Plan & Vision 2035* (through account of labour market studies/surveys) taking into account gender specific imbalances in enrolment, learning output and prospective employment patterns.
- Development of National Qualifications Framework (NQF), learning pathways, and ensuring accreditation/certification mechanism for TVET, including updating of related legislation.
- Review and revision of the curriculum and courses for academic secondary education stream and TVET stream, including skills development components and infusing of education technology into the curriculum and school environment.
- Upgrade of uncertified teaching staff with required professional training resulting in a teaching qualification, as well as capacity development of all teachers through a Continuing Professional Development Programme (CPDP).
- Review and revision of the comprehensive school system through the redevelopment of the Albenia Lake-Hodge Comprehensive School, according to option(s) developed

as part of a Master Plan, which include institutional changes and options for the overhaul of school buildings, specialist facilities, education facilities, library, workshops and laboratories (e.g. for woodworks and carpentry, auto mechanics, metal work, electronics and electricity, culinary and hospitality), and upgrading of equipment and ICT both for TVET (incl. WISE) and STEM education. The establishment of facilities and equipment is subject to the direction taken in the TVET strategy and subsequent development of different types of TVET offerings; and informed by the findings of the Labour Market and Force study.

- Development of a School Improvement Plan for the ALHCS that will include all aspects of school development including school facilities, equipment, recurrent costs of running the school, curriculum, management and leadership training, and CPD for teachers. Concrete actions will be defined following the completion of the facilities audit and the costing and resourcing results will inform the prioritised capital development and sustainable financing plans.
- Development and implementation of a public awareness campaign on the position of TVET in the schooling system and its importance in relation to national sustainable economic development.

***RA3: Improvements in strategic management, administration, coordination, and articulation of education and training in Anguilla.***

Strategic management and administration of education is a key task of the Department of Education in conjunction with individual schools administration (e.g. principals and head of departments). In this respect, the DoE requires continuous improvement in capacity and processes, application of lean management practices, and use of appropriate tools and methods in order to strategically respond to changing conditions and Government priorities and thus also available resources for the sector. Particular attention will be paid to organisational and institutional change, financial management and administration linked with the *PFM Action Plan*, results/programme-based planning and budgeting (both for recurrent expenditure and capital development), and the costs and funding of education at all levels. Key activities supporting this result area will be:

- Review and re-alignment of the functions and organisation of the Department of Education, mapping of organisational processes and devolved responsibilities, and reporting lines between different relevant entities (e.g. schools, DoE, MoFEDIT, DITES). Special focus will be put on reviewing key functions in policy development, planning and budgeting, and monitoring and evaluation.
- Implementation of the specific actions of the *PFM Action Plan* including improvements in budget credibility (preparation of prudent and realistic medium-term capital expenditure programme), revision of the Chart of Accounts, re-classification of the budget structure towards a programme-based structure, costing of sector strategy and work plans, among others.
- Review of all costs and funding of education for all sub-sectors to establish unit costs, subventions to schools, required funding levels, and develop alternative and innovative fund-raising mechanisms to support sustainable long-term financing of the education and training sector.
- Establishment and operationalization of a statistics framework for the education sector, including the setting-up of an Education Knowledge Management System

(EKMS) to support evidence-based policy formulation, sectoral decision-making, and Monitoring and Evaluation within education.

- Formulation of an Educational Technology Policy framework, and an appropriate and cost effective strategy for the use and application of ICT in all areas of the education system from the classroom and teaching practices, computerisation of examinations, through to the administration of the system.

#### **4.2.2 Complementary support**

An indicative amount of maximum EUR 1.45 million will be set aside for support to measures relating to implementation of the 11<sup>th</sup> EDF Education and Training SPSP.

Through the referred complementary support, assistance will be provided in response to expressed Government needs in respect of analytical and advisory services and policy advice on key strategic issues. It is expected that this could be of particular relevance in the context of carrying forward the diversification agenda and the preparation of a national sustainable development plan. Furthermore, to increase the sustainability potential of the budget support, and indirectly its potential impact, it is advised to include *inter alia* support related to the following areas:

- Support to the Department of Education in the strategic coordination of education, mapping of education functions, and facilitation of organisational change.
- Support to education sector budgeting and finance including Education Public Expenditure Review, Sustainable Financing Plan, sector costing, fundraising, and capital development plan.
- Labour Market Information is a key supporting requirement of the Education Programme. A Labour Force Survey is necessary to capture basic information on the size and structure of the Anguilla's workforce and a Labour Market Survey will provide factual data about the needs and demands of the labour market. Such information is essential in planning and formulating policies for human resource development and ensuring that training programmes meet industry needs.
- Establishment and articulation of TVET within overall education sector and linkage with national socio-economic development (e.g. labour market studies, Qualifications Framework, Occupational Standards, certification, apprenticeship schemes, etc.).
- Support to Public Financial Management and guidance in the implementation of the *PFM Action Plan*.
- There is an urgent need for technical assistance to advance the development of renewable energy (RE) in Anguilla. This includes advice and studies on integration of RE, review of existing reports and studies, grid tie studies, cost of service studies, feed tariff study and energy efficiency studies, and technology and training for the smart grid implementation
- Monitoring and Evaluation within the education sector and setting up an Education Knowledge Management System (encompassing the whole education sector).
- Updating and revision of the *Education Development Plan* forward looking to 2020-2025.
- Monitoring and Evaluation of the 11<sup>th</sup> EDF Education and Training SPSP.
- Communication and visibility actions.

Such support measures would also be beneficial to facilitate the Annual Joint Review process (in terms of information generation and knowledge building), facilitate a positive assessment of the budget support conditions, and therefore increasing the drawdown potential of the available sector budget support funds, while at the same time firming up the implementation of the *Education Development Plan 2015-2020*.

The TAO in coordination with the EUD will launch the service contract tenders based on needs identified and clarified by the Department of Education in conjunction with MoFEDIT in support of the implementation of the 11<sup>th</sup> EDF objectives.

#### **4.3 Intervention logic**

The sector budget support provided through the 11<sup>th</sup> EDF will enable the Government of Anguilla to make a significant stride forward in developing its long-term national vision for sustainable economic development, while advancing the education and training sector in terms of qualitative improvements at school level (e.g. provision of education, school environment, learning outcomes) and at institutional level, providing a better linkage with the Anguilla's development ambitions.

The financial support will enable the Government of Anguilla to prioritise sectoral development and alleviate the current pressure on the capital budget and address the backlog in project investments, while the complementary support will provide the Government of Anguilla the opportunity to receive assistance in strategic functions and key analytical studies, which can make a positive contribution to overcome technical obstacles in effective service delivery in the sector and current capacity constraints in the present staff complement.

### **5. IMPLEMENTATION**

#### **5.1 Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 85(2) of Council Decision 2013/755/EU.

#### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 48 months (4 years) from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) No 322/2015.

#### **5.3 Implementation of the budget support component**

##### **5.3.1 Rationale for the amounts allocated to budget support**

From the total allocation of EUR 14.05 million to the OCTs 11<sup>th</sup> EDF Territorial Allocation for Anguilla, the amount allocated for budget support is EUR 12.6 million, and for complementary support EUR 1.45 million. This amount is based on anticipated need for specific short-term and medium-term technical assistance related to: national sustainable development plan, public finance management, support strategic coordination and planning processes in education, TVET development, or for specific studies such as labour market studies, Educational Technology, technical studies and drawings for school redevelopment. From the complementary support budget, EUR 0.12 million is reserved for monitoring and evaluation.



### 5.3.2 *Criteria for disbursement of budget support*

In order for the EC to evaluate the fulfilment of the general conditions, the office of the Territorial Authorising Officer in the Ministry of Finance and Economic Development and the Ministry of Education of the Government of Anguilla shall communicate information on the following conditions:

- a) The general conditions for disbursement of all tranches are as follows:
  1. **Public Policy:** The satisfactory progress in the development of the *National Sustainable Development Plan* and the implementation of the *Education Development Plan 2015-2020* and continued credibility and relevance thereof;
  2. **Macroeconomic Policy:** Implementation (and maintenance) of a credible stability-oriented macroeconomic policy;
  3. **Public Financial Management:** The satisfactory progress in the implementation of the *PFM Action Plan*; and
  4. **Transparency and Oversight of the Budget:** The progress with regard to the public availability of timely, comprehensive and sound budgetary information.

On the basis of the information supplied, the EC shall formulate an assessment before the disbursement of all tranches of budget support.

The fixed tranches will be disbursed upon fulfilment of the general conditions for budget support and the variable tranches will be disbursed upon fulfilment of the general conditions plus specific conditions linked to progress indicators in the areas of education reform and PFM.

The criteria for the disbursement of the tranches are to be agreed, but it is anticipated that the budget support programme will be disbursed in four instalments corresponding to fiscal years 2017, 2018, 2019, and 2020. One fixed tranche of approximately EUR 3.6 million upon signing of the Financing Agreement and then three subsequent mixed tranches (70/30 between fixed and variable) of approximately EUR 3 million each.

The funds are accounted for in the Government of Anguilla's medium term fiscal budget projections and, upon receipt, they will be transferred into the Government's consolidated fund.

The indicative specific conditions for disbursement that may be used for variable tranches are to be drawn from the four areas indicated in Appendix 1 and as:

- i. Improved quality of education at primary level focussing on functional numeracy and literacy, through quality improvements in teaching and the school-learning environment (incl. modernisation and upgrading of the primary education school plant and use of ICT in education).
- ii. Qualitative improvements in the provision of education at secondary level and articulation of the framework for Technical and Vocational Education and Training (TVET).
- iii. Improvements in strategic management, administration, coordination, and articulation of education and training in Anguilla.
- iv. Public Financial Management.

The chosen performance targets and indicators to be used for disbursements will apply for the duration of the programme. However, in duly justified circumstances, the Territorial

Authorising Officer for Anguilla may submit a request to the Commission for the targets and indicators to be changed. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties.

In case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended, temporarily suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

**5.3.3 Budget support details**

Support will be provided through a combination of fixed and variable tranches and will be non-targeted budget support.

Budget support is provided as direct untargeted budget support to the national Treasury. The crediting of the EUR transfers disbursed into Eastern Caribbean Dollar (XCD) will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

**5.4 Implementation modalities for complementary support of budget support**

**5.4.1 Procurement (direct management)**

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Complementary Support: TA – Labour Market Surveys	Services	1	First trimester of 2017
Complementary Support: TA – Support to DoE in strategic management and financing	Services	1	First trimester of 2017
Complementary Support: TA – Support to PFM/Budget Reform incl. PFM Reform Action Plan	Services	1	First trimester of 2017
Complementary Support: TA – other (see 4.2.2)	Services	Tbd	Tbd
Communication and Visibility Actions	Services	Tbd	Tbd
Monitoring	Services	1	Last trimester of 2018
Evaluation	Services	1	Last trimester of 2020

An indicative amount of maximum EUR 1.45 million will be set aside for Complementary Support measures relating to implementation of the 11<sup>th</sup> EDF Education and Training SPSP. Complementary support will be launched through a Technical Cooperation Facility (short-term/medium-term TA / Framework Contracts), The TAO in coordination with the EUD will launch contract tenders based on needs identified and clarified by the Department of Education in conjunction with MoFEDIT in support of the implementation of the 11<sup>th</sup> EDF objectives.

**5.5. Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

In accordance with Article 89(2)(f)(i) of Council Decision 2013/755/EU the Commission decides that natural and legal persons from the following countries having traditional economic, trade or geographical links with neighbouring partner countries shall be eligible for participating in procurement and grant award procedures: United States of America. The supplies originating there shall also be eligible.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 89(2)(f)(ii) and 89(3) of Council Decision 2013/755/EU on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realization of this action impossible or exceedingly difficult.

## 5.6 Indicative budget

	<b>EU contribution (amount in EUR)</b>	<b>Indicative third party contribution, in currency identified</b>
<b>5.3.3 Budget support Sector Reform Contract</b>	<b>12,600,000.00</b>	<b>N.A.</b>
<b>5.4.1 Procurement (direct management) – Complementary support</b>	<b>1,450,000</b>	<b>N.A.</b>
• Technical Cooperation Facility (TA and Studies)	1,290,000.00	N.A.
• Monitoring & Evaluation	120,000.00	N.A.
• Communication and Visibility	40,000.00	
<b>Totals</b>	<b>14,050,000.00</b>	<b>N.A</b>

The indicative yearly budget is presented in Table 1 below:

**Table 1: EU-Anguilla 11<sup>th</sup> EDF Education and Training SPSP Tranches (EUR million)**

<b>Type of Tranche</b>	<b>Fiscal Year</b>				<b>Total</b>
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	
Fixed Tranche	3.6 <sup>9</sup>	1.75	2.45	2.1	9.9
Variable Tranche	0	0.75	1.05	0.9	2.7
<i>Complementary Support<sup>10</sup> - TA</i>	0.7	0.31	0.28	0.	1.29
<i>Complementary Support - Monitoring &amp; Evaluation</i>	0	0.05 <sup>11</sup>	0	0.07 <sup>12</sup>	0.12
<i>Communication and Visibility</i>			0.02	0.02	0.04
<b>Total (11<sup>th</sup> EDF)</b>	<b>4.3</b>	<b>2.86</b>	<b>3.8</b>	<b>3.09</b>	<b>14.05</b>

<sup>9</sup> Disbursement of the first fixed (base) tranche upon signing of the Financing Agreement.

<sup>10</sup> Complementary support through a Technical Cooperation Facility (short-term/medium-term TA / Framework Contracts), indicative distribution by year, actual level of TA may vary depending on expressed needs by the Government of Anguilla.

<sup>11</sup> Monitoring and evaluation: Mid-Term Review after 24 months of implementation.

<sup>12</sup> Monitoring and evaluation: Final Evaluation or Ex-post Evaluation after 48 months of implementation.

## **5.7 Organisational set-up and responsibilities**

The overall responsibility and oversight of the 11<sup>th</sup> EDF Education and Training SPSP remains with the Government of Anguilla, particularly the Ministry of Finance and Economic Development, Investments & Tourism (MoFEDIT). Responsibility for implementing most aspects related to the budget support focal sector lies with the Ministry of Education, while actions related to the general conditions for budget support are a shared responsibility with the MoFEDIT.

The Government of Anguilla is represented by the Territorial Authorising Officer in Anguilla who will be in charge of administering the Budget Support and who is responsible for setting-up the appropriate programme management structure with the Ministry of Finance and the Ministry of Education, including installation of Project Management capacity to guide implementation of any capital development initiatives within the education sector.

The Territorial Authorising Officer (TAO) will coordinate monitoring of general eligibility conditions and the variable tranche indicator collection and reporting. In this respect, the TAO in collaboration with the Ministry of Education will be responsible for organising the Annual Review for the education sector, which will be the basis for the disbursement of the fixed and variable tranches under the Sector Budget Support.

A Programme Steering Committee will be established for the duration of the budget support, headed by the Permanent Secretary for Education, and further may consist of the Education Planner, Chief Education Officer, TVET Coordinator, TAO and Deputy TAO, Budget Director (MoFEDIT), and Chief Engineer (Department of Infrastructure).

The Programme Steering Committee (PSC) shall oversee and validate the overall direction of the SPSP. The Committee shall supervise and steer the monitoring of SPSP implementation, progress, output and achievements and recommend remedies to be taken where necessary. It will work on the basis of annual progress reports produced by the TAO/MoE. It shall meet at least once every six months (calendar basis) in Anguilla. A representative from the EU Delegation will be invited to the PSC meeting.

## **5.8 Performance monitoring and reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference list of result indicators (for budget support).

The report shall be laid out in such a way to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative, and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

## **5.9 Evaluation**

Having regard to the importance of the action, a mid-term evaluation as well as a final evaluation (or ex-post evaluation) may be carried out for this action or its components via independent consultants through a joint mission contracted by the Commission.

Evaluation will focus on the extent to which budget support is relevant, efficient, and effective in contributing to achieving sustainable impacts in the areas which are the focus of the objectives of budget support; where possible impact will be assessed using sex-disaggregated data.

The Commission shall inform the implementing partner at least 3 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, one contract for monitoring (mid-term review) services shall be concluded under a framework contract in the last trimester of 2018, and one contract for final evaluation after conclusion of the 11<sup>th</sup> EDF SPSP main period of implementation (post-2020).

## **5.10 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

## **5.11 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The *Communication and Visibility Manual for European Union External Action* shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

## APPENDIX 1: LOGFRAME MATRIX FOR BUDGET SUPPORT

The inputs, the expected direct and induced outputs and all the indicators, targets and baselines included in the list of result indicators are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The table with the indicative list of result indicators will evolve during the lifetime of the action: new columns will be added for intermediary targets (milestones), when it is relevant and for reporting purpose on the achievement of results as measured by indicators. Note also that indicators should be disaggregated by sex whenever relevant.

	<b>Intervention logic</b>	<b>Indicators</b>	<b>Baselines (incl. reference year)</b>	<b>Targets (incl. reference year)</b>	<b>Sources and means of verification</b>
<b>Overall objective: Impact</b>	Education Sector Reform – the promotion of long-term sustainable economic development and welfare in Anguilla through qualitative improvements in both the institutional framework for education and training, as well as available school plant in Anguilla	Percentage (%) of the cohort of students leaving secondary annually with an appropriate qualification for the labour market or further study as defined by having acquired the equivalent of passes in 5 CXC subjects inclusive of Math, English and a TVET area.	2016: TBD	2017: TBD 2019: TBD 2020: TBD	Annual progress reports on implementation of the EDP 2015-2020 and TVET strategy.

	<b>Intervention logic</b>	<b>Indicators</b>	<b>Baselines (incl. reference year)</b>	<b>Targets (incl. reference year)</b>	<b>Sources and means of verification</b>
<b>Specific objective(s): Outcome(s)</b>	<b>RA1:</b> To improve the quality of education at primary level focussing on functional numeracy and literacy, through quality improvements in teaching and the school-learning environment (incl. modernisation and upgrading of the primary education school plant and use of ICT in education)	<b>Indicator 1.1:</b> Number of schools that have established their individual School Development Plans and discussed with the Department of Education – this is an output indicator. The changes that that occur when the plans are implemented are the outcomes or specific objectives	2016: 0	2018: 6	Annual progress reports on implementation of the EDP 2015-2020 and TVET strategy.  <i>Final School Development Plans</i> of 6 Primary Schools
		<b>Indicator 1.2:</b> Status of Comprehensive <i>Teacher Professional Development Plan</i> formulated in line with the <i>Teacher Quality Policy</i> – output. <i>Better quality of education and teaching is an outcome or specific objective</i>	2016: No Comprehensive Teacher Professional development Plan	2019: Approved Comprehensive Teacher Professional Development Plan for Anguilla	Annual progress reports on implementation of the EDP 2015-2020 and TVET strategy.  <i>Final Comprehensive Teacher Professional Development Plan for Anguilla</i>
		<b>Indicator 1.3:</b> Functional numeracy rate.- outcome	2016: 42.9 %	2020: 55 %	Annual progress reports on implementation of the EDP 2015-2020 and TVET strategy.

	<b>Intervention logic</b>	<b>Indicators</b>	<b>Baselines (incl. reference year)</b>	<b>Targets (incl. reference year)</b>	<b>Sources and means of verification</b>
	<b>RA2:</b> To qualitatively improve the provision of education at secondary level and articulation of the framework for Technical and Vocational Education and Training (TVET)	<b>Indicator 2.1:</b> Status of Masterplan for the Redevelopment of the Albena Lake-Hodge Comprehensive School - output	2016: No masterplan for the redevelopment of the Albena Lake-Hodge Comprehensive School	2018: Approved Masterplan for the redevelopment of the Albena Lake-Hodge Comprehensive School	Final <i>Masterplan for the Redevelopment of the Albena Lake-Hodge Comprehensive</i>  Annual progress reports on implementation of the EDP 2015-2020 and TVET strategy.
		<b>Indicator 2.2:</b> Status of a National Qualifications Framework- output	2016: No established National Qualifications framework for Anguilla	2019: National Qualifications Framework completed	Approved <i>Anguilla National Qualifications Framework</i>  Annual progress reports on implementation of the EDP 2015-2020 and TVET strategy.



	<b>Intervention logic</b>	<b>Indicators</b>	<b>Baselines (incl. reference year)</b>	<b>Targets (incl. reference year)</b>	<b>Sources and means of verification</b>
		<b>Indicator 2.3:</b> Status of redevelopment of the ALHCS Masterplan (including equipment and furniture) - output	2016: No redevelopment work has commenced on the Albena Lake-Hodge Comprehensive School	2020: Redevelopment of the ALHCS started and at least 30 % of the selected option of the Masterplan executed	Annual progress reports on implementation of the EDP 2015-2020 and TVET strategy  Monitoring visit to Albena Lake-Hodge Comprehensive School by the EU Delegation
	<b>RA3:</b> To support improvements in strategic management, administration, coordination, and articulation of education and training in Anguilla	<b>Indicator 3.1:</b> Status of the review of organisation and methods for the Department of Education - output	2016: No comprehensive review of the organisation and methods of the Department of Education in Anguilla	2018: comprehensive institutional assessment conducted of the Department of Education in Anguilla	Annual progress reports on implementation of the EDP 2015-2020 and TVET strategy.  <i>Final Report on the Institutional Assessment to the Department of Education, Anguilla</i>

	<b>Intervention logic</b>	<b>Indicators</b>	<b>Baselines (incl. reference year)</b>	<b>Targets (incl. reference year)</b>	<b>Sources and means of verification</b>
		<b>Indicator 3.2:</b> Status of the Sustainable Financing Plan for Education - output	2016: No Sustainable Financing Plan for Education for Anguilla	2019: Sustainable Financing Plan for Education developed	Annual progress reports on implementation of the EDP 2015-2020 and TVET strategy.  <i>Final Anguilla Sustainable Financing Plan for Education</i>
		<b>Indicator 3.3:</b> Status of the Education Development Plan 2020-2025 - output	2016: The <i>Education Development Plan 2015-2020</i> is currently being operationalised.	2020: Education Development Plan 2020-2025 drafted	Annual progress reports on implementation of the EDP 2015-2020 and TVET strategy.  <i>Draft Education Development Plan 2020-2025</i>
	<b>RA4:</b> To improve public financial management	<b>Indicator 4.1:</b> Status of presentation of annual budgets of 3 statutory bodies in the same format as government agencies (including performance information) in appendix of annual budget- output	2016: The 2016 budget documentation presents annual budgets of 3 statutory bodies in the same format as government agencies but without performance information	2018: Annual budget incorporates an appendix presenting annual budgets of 3 statutory bodies in the same format as government agencies (including performance information)	Report and conclusions of the PFM update for monitoring implementation of PFM reforms and specifying progress achieved on implementation of the PFM Action Plan.

	<b>Intervention logic</b>	<b>Indicators</b>	<b>Baselines (incl. reference year)</b>	<b>Targets (incl. reference year)</b>	<b>Sources and means of verification</b>
		<b>Indicator 4.2:</b> Frequency of preparation and submission of six-monthly financial reports from 5 statutory bodies- output	2016: No submission of financial reports from statutory bodies	2019: Six-monthly financial reports from five statutory bodies prepared and submitted	Report and conclusions of the PFM update for monitoring implementation of PFM reforms and specifying progress achieved on implementation of the PFM Action Plan.
		<b>Indicator 4.3:</b> Status of annual consolidated fiscal risk report of 5 statutory bodies - output	2016: No consolidated fiscal risk report of statutory bodies prepared as part of MTFP	2020: Annual consolidated fiscal risk report of 5 statutory bodies prepared and published as part of the MTFP	Report and conclusions of the PFM update for monitoring implementation of PFM reforms and specifying progress achieved on implementation of the PFM Action Plan.

	<b>Intervention logic</b>	<b>Indicators</b>	<b>Baselines (incl. reference year)</b>	<b>Targets (incl. reference year)</b>	<b>Sources and means of verification</b>
<b>Induced outputs</b>	The Government of Anguilla implements the necessary education reforms to support delivery of the objectives including improvements in the delivery of basic (primary and secondary) education and technical and vocational education and training (TVET)	The core targets specified in the Education Sector Development Plan (2015-2020) - output	As above for the corresponding specific indicators - unclear	As above for the corresponding specific indicators- unclear	As above for the corresponding specific indicators
<b>Direct outputs</b>	To secure a sustainable basis for continuity of education investments and funding, as well as enhance the predictability of investments in the sector, to enable the Government to make periodic upgrades in education	Amount of money made available to the national budget in the area of education- output	As above for the corresponding specific indicators- unclear	As above for the corresponding specific indicators- unclear	As above for the corresponding specific indicators

**ANNEX 1: INDICATIVE TIMETABLE FOR COMMITMENTS AND PAYMENTS**

	<b>Indicative Allocation</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2018</b>	<b>2020</b>
<b>EDUCATION SECTOR</b>	<b>EUR 14.05 million</b>				3.6	3.2	3.88	3.37

## ANNEX 2: ANGUILLA AT A GLANCE

Like many Caribbean islands, Anguilla has been severely affected by the financial and economic recession which has been impacting the global economy since 2008. This has translated to a 6-year trend of downward growth since 2008 in the amounts: -0.31 %, -16.53 %, -5.77 %, -1.45 %, -2.61 % and -0.32 % in 2013. These trends immediately follow pre-recession years of strong economic prosperity with growth peaking at 17.25 % in 2007. At the beginning of 2014 global recovery efforts are still taking effect but the achievement of pre-crisis levels of confidence in the global economy and economic growth are still pending. According to data projections provided by the ECCB, although sluggish, Anguilla's economy did experience recovery in 2014 with growth of 6.43 %, and is hoped to continue provided that conditions in international markets continue to improve. The Anguillan economy ranked among the top four performers in the Eastern Caribbean region with 3% growth during 2013-2015, slightly above the average of the region of 2.5%, owing mainly to strong economic performance in the hospitality, construction, wholesale, and real estate industries. Real GDP is projected to grow moderately averaging 3.0 % during 2016-2018.

Socially, Anguilla has made significant strides since the early 1980s as expanded economic development and the increases in government revenues can be seen in the provision of free education and heavily subsidised healthcare. There is virtually 100 % enrolment at both primary and secondary levels. On the health side, infectious and waterborne diseases have been virtually eliminated. As a result, infant mortality is low (around 6 per 1000) and life expectancy is high (74 years). The Department of Social Development administers a range of safety net and public assistance initiatives that temporarily respond to specific vulnerabilities of the poor and other at risk groups in Anguilla. This is supplemented by the Special Assistance Programme of the Social Security Board.

Anguilla's last Country Poverty Assessment (CPA) was conducted in 2008/2009 and the figures relating to general poverty levels and employment at the time of the study have been released.<sup>13</sup> It was reported that the estimated indigence line for Anguilla is EUR 2.42 (ECD7.13) per day or EUR 881.50 (ECD2,602) per annum, the annual poverty line is EUR 5,538 (ECD16,348) per annum and the vulnerability line is EUR 6,937.68 (ECD20,484) per annum. Overall it was reported that no percentage of the population was extremely poor or indigent, 5.8 % of the population is poor and 17.7 % of the population is vulnerable.

This group poses serious challenges to the Government of Anguilla's poverty reduction and social development efforts as they can move in and out of poverty as a result of the economic and employment dynamic of the country and can be plunged into poverty in the event of further exogenous shocks or a natural disaster. Figures on the labour force, employment and economic activity detailed that the labour force stood at 9,025 persons of which 8,890 (98.5 %) were employed and 135(1.5 %) were unemployed. A Labour Force Market Survey is proposed with the support of the 11<sup>th</sup> EDF Programme.

Anguilla is particularly vulnerable to a number of natural hazards, including tropical storms and hurricanes, flooding, droughts, earthquakes and tsunamis. In particular, Anguilla's economic industry and infrastructure has a high vulnerability to the increasing frequency and intensity of natural hazards. Anguilla's location, geography and the concentration of its tourism plant in the coastal zone, makes it extremely vulnerable to coastal erosion, hurricanes and to the long-term risks associated with rising sea levels and climate change.

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<sup>13</sup> Press Release on the preliminary findings of the CPA – Anguilla Statistics Department

Predictions are for an increase in the magnitude and frequency of extreme events, more variable weather patterns and more intense hurricanes. The Government of Anguilla has maintained the annual allocation of funds to be used for the purpose of Disaster Mitigation and Recovery as well as continuing its participation in the Caribbean Catastrophic Risk Insurance Facility (CCRIF), the regionally based insurance scheme.

Capital	The Valley
Head of Government	Honourable Chief Minister, Mr. Victor F. Banks
EU Status	OCT
Official Language	English
Other Languages	n/a
Surface Area	Area (Sq. km): 91km <sup>2</sup>
Geographical Situation	Located 63° East, 18.5° North, Anguilla is one of the most northerly of the Leeward Islands in the Lesser Antilles, lying east of Puerto Rico and the Virgin Islands and directly north of Saint Martin
Time Zone	GMT-4
Currency	Eastern Caribbean Dollar/United States Dollar
Population	13,037 inhabitants (Official count, 2011 Population and Housing Census)
Life Expectancy	Infant mortality (per thousand live births): 0 (2008), 5.5(2006)
Ethnicities/Communities	
Literacy Rate	n/a
Urban Population	n/a
Male/Female Distribution	Of the total 13,037 persons, 6,469 or 49.6 were males and the remaining 6,568 or 50.4 % were females; a sex ratio of 98.49, that is for every 98 males there are 100 females or for every 1 male there are 1.02 females. (2011 Population and Housing Census)
GDP (Nominal GDP at market prices)	ECD 841.78m / EUR 285,176,405
GDP/Capita	ECD50, 190 (2014)/ EUR 17,003
Primary Components of GDP	Hotel and Restaurant 24.02 % Wholes ale& Retail Trade 13.98 % Financial Intermediation 11.67 %
Inflation Rate	1.6 %

Unemployment Rate	1.5 % (2008/9, Anguilla Country Poverty Assessment)
Trade Balance	ECD 2.78m / EUR 941,535
Membership to Local/ Regional Associations	Member of the Eastern Caribbean Currency Union Associate member of CARICOM Associate member of OECS