

Report No. 5457-MO

Economic Memorandum Montserrat

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Latin America and the Caribbean Regional Office

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CURRENCY EQUIVALENTS

Currency Unit

East Caribbean Dollar

Since its creation in 1965, the East Caribbean dollar was tied to sterling at the rate of £1 = EC\$4.8. In July 1976 the link with sterling was broken and the East Caribbean dollar was aligned with the US dollar at the rate of US\$1 = EC\$2.70.

Since July 1976:

EC\$1.00 = US\$0.370 or
US\$1.00 = EC\$2.70

Preface and Abstract

It is estimated that overall economic activity in Montserrat declined marginally in 1983 because of a drop in tourist arrivals, the drought which caused agricultural output to fall, and the depressed construction industry. The slowdown in economic activity, particularly the drop in imports, had the effect of reducing the Central Government's current account surplus to 0.9% of GDP from a peak of 3.1% in 1981. In order to prevent further weakening in fiscal performance, the authorities should examine ways to control the growth of the wages and salaries component of current expenditures. A decrease in import demand and slightly higher exports of goods and services resulted in a lowering of the external current account deficit from 30% of GDP in 1982 to 10.5% in 1983. Growth in agriculture has been hindered by severe marketing problems, poor transport facilities and an inadequate extension service. The government has drawn up an Agricultural Rehabilitation Project in its effort to stop the decline in the sector. In order to exploit fully the potential in the tourism sector, it will be necessary to increase the level of advertising and improve and expand tourist facilities. The investment program accords priority to projects which support the directly productive sectors (agricultural rehabilitation, industry credit, factory building, and tourism promotion). Montserrat's past economic performance indicates that satisfactory long term economic growth can be achieved, provided the Government continues its efforts to broaden the economic base of the island and maintains prudent fiscal management.

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This report is based on the work of an economic mission to Montserrat during October 1984. The mission consisted of Ms. Theresa Jones (IBRD); Mr. Vincent M. Rague (IBRD); and Ms. Joan Ahern (IBRD). In addition, IMF staff assisted in preparing the fiscal accounts. The Statistics Office of the Government of Montserrat assisted greatly in updating statistical information.

MONTSERRAT

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COUNTRY DATA - MONTERRAT

<u>AREA</u> 100 km ²	<u>POPULATION</u> 11,733 (mid-1983) Rate of growth: 0.0% (from 1972 to 1982)	<u>DENSITY</u> 117 per km ² 584 per km ² of arable land
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POPULATION CHARACTERISTICS 1980

Crude Birth Rate (per 1,000)	19.3
Crude Death Rate (per 1,000)	9.9
Infant Mortality (per 1,000 live births)	40.2

HEALTH 1980

Population per physician	1536
Population per hospital bed	225

INCOME DISTRIBUTION 1975

% of national income, highest quintile	39.2
lowest quintile	3.5

DISTRIBUTION OF LAND OWNERSHIP (Year)

% owned by top 10% of owners	-
% owned by smallest 10% of owners	-

ACCESS TO PIPED WATER 1980

% of population - urban	82.9
- rural	73.1

ACCESS TO ELECTRICITY (Year)

% of population - urban	-
- rural	-

NUTRITION

Calorie intake as % of requirements	-
Per capita protein intake	-

EDUCATION 1980

Adult literacy rate %	76.3
Primary School Enrollment %	99.0

GNP PER CAPITA IN 1983: US\$2,360 ^{a/}

GROSS NATIONAL PRODUCT IN 1983

	<u>US\$ Mln.</u>	<u>%</u>
GNP at Market Prices	32.4	100.0
Gross Domestic Investment	10.3	31.8
Gross National Saving	6.8	21.0
Current Account Balance	-1.3	-4.0
Exports of Goods, NFS	8.0	24.7
Imports of Goods, NFS	21.6	66.7

ANNUAL RATE OF GROWTH (% constant prices)

	<u>1975-81</u>	<u>1983</u>
	5.3	-0.5
	8.8	-15.4
	.	.
	.	.
	5.3	-7.3
	6.3	-10.3

OUTPUT 1982

	<u>Value Added</u>	
	<u>US\$ Mln.</u>	<u>%</u>
Agriculture	1.2	4.1
Industry	5.6	19.0
Other	22.7	76.9
Total	29.5	100.0

GOVERNMENT FINANCE

	<u>Central Government</u>					
	<u>(ECS Mln.)</u>			<u>% of GDP</u>		
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Current Receipts	18.3	20.1	21.0	24.9	25.7	24.0
Current Expenditure	16.0	18.2	20.2	21.2	23.3	23.1
Current Surplus	2.3	1.9	8.0	3.1	2.4	0.9
Capital Expenditures	10.5	7.8	4.7	14.3	10.0	5.4
External Borrowing (net) ^{b/}	7.1	6.4	3.7	9.7	8.2	4.2

^{a/} Atlas method.

^{b/} includes external grants.

. not applicable

COUNTRY DATA - MONTSERRAT

<u>MONEY, CREDIT AND PRICES</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Money and Quasi Money	14.9	15.6	17.2	19.0	20.2	22.8	20.1	25.2
Bank Credit to Public Sector	-0.5	-1.5	-1.1	-2.3	-2.3	2.0	2.0	0.8
Bank Credit to Private Sector	11.3	11.3	11.9	9.0	12.4	19.6	22.9	23.6

(Percentages or Index Numbers)

Money and Quasi Money as % of GDP	63.4	61.2	61.4	54.0	45.3	31.1	24.8	28.8
General Price Index (1963=100)	146.1	165.1	180.6	210.0	272.2	291.5	320.1	335.1
Annual % Changes in:								
General Price Index	-	13.0	10.9	16.3	29.8	7.1	9.8	4.7
Bank credit to Public Sector	-	-200.0	27.0	-109.0	0	187.0	0	-60.0
Bank credit to Private Sector	-	0	5.3	-24.4	37.8	58.1	16.8	3.1

BALANCE OF PAYMENTS

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Exports of Goods, NFS	4.5	5.1	6.9	7.5	8.0
Imports of Goods, NFS	12.0	16.9	22.2	22.9	21.6
Resource Gap (deficit = -)	-7.5	-11.8	-15.3	-15.4	-13.6
Factor Payments (net)	-0.03	-0.01	-0.01	-0.2	0.2
Net Transfers	4.9	5.6	5.0	6.5	10.0
Balance -Current Account	-2.6	-5.9	-10.3	-9.1	-3.4

MERCHANDISE EXPORTS (AVERAGE 1981-1983)

	<u>US\$ '000</u>	<u>%</u>
T-Shirts, Shirts & Jeans	103.5	6.9
Electronic Components	207.0	13.7
Leather	41.7	2.8
Hot Peppers	12.7	0.1
Live Plants	130.6	8.7
Polypropylene Bags	625.5	41.5
All other commodities	385.0	25.6
Total	1506.8	100.0

EXTERNAL DEBT, DECEMBER 31, 1983

NET MLT Borrowing	0.1	0.2	0.5	0.6	0.2		<u>US\$ Mln.</u>
Disbursement	0.2	0.3	0.6	0.7	0.3	Public Debt, inc. guaranteed	2.6
Amortization	0.1	0.1	0.1	0.1	0.1	Non-guaranteed Private Debt	-
Capital Grants	1.7	2.0	2.2	2.1	1.3	Total Outstanding & Disbursed	-
Other Capital (Net)	0.7	3.8	6.9	5.0	n.a		
Increase in Reserves (-)	0.2	-0.1	-	0.1	n.a		
						<u>DEBT SERVICE RATIO FOR 1983 1/</u>	<u>%</u>
						Public Debt, incl. guaranteed	2.2
						Non-guaranteed Private Debt	-
						Total Outstanding & Disbursed	-

RATE OF EXCHANGE

Since - May 1976
 US\$1.00 = EC\$2.70
 1.00 = US\$0.37

IBRD/IDA LENDING (December 1982) (Million US\$):

	<u>IBRD</u>	<u>IDA</u>
Outstanding inc. Undisbursed	-	-

1/ Ratio of Debt Service to Exports of Goods and Non-Factor Services.

SUMMARY AND CONCLUSIONS

i. Performance: In 1983, Montserrat experienced a slowdown in economic activity due to the completion of the Medical School and the recession in the industrialized countries (particularly USA, Canada and U.K. which account for over 50% of the stay-over tourists to the island). GDP fell by 0.5% with estimates for 1984 indicating that there will be no real growth in the economy. With the exception of manufacturing and Government Services (which grew by 4.5% and 8.7% respectively), all other sectors registered declines in activity. As a result, unemployment rose from 5.6% in 1982 to 7% in 1983 and was still rising in 1984.

ii. Fiscal Accounts and Balance of Payments: The slowdown in economic activity, particularly the drop in imports, had the effect of reducing the Central Government current account surplus to 0.9% of GDP from a peak of 3.1% in 1981. In order to prevent further weakening in fiscal performance and in view of the Government's belief that there is little scope for additional tax increases (taxes are currently 23% of GDP), the authorities should examine ways to control the growth of wages and salaries, whose share of current expenditures has increased significantly in recent years. A decrease in import demand and slightly higher exports of goods and services resulted in a lowering of the external current account deficit from 30% of GDP in 1982 to 10.5% in 1983. Estimates for 1984 indicate that exports will show an improvement over 1983. Slower economic activity, combined with a drop in international inflation and the appreciation of the US dollar resulted in a fall in domestic inflation from 8.4% at the end of 1982 to 7% at the end of 1983.

iii. Agriculture: In 1983 agricultural production fell further by 15% partly due to the recent drought. Agriculture has been in a state of general decline over the past several years. Growth in the sector is hindered by severe marketing problems, poor export facilities, lack of adequate extension services and the absence of an effective credit system. The Government has drawn up an Agricultural Rehabilitation Project in its effort to stop the decline in the sector. The Project proposes to establish tree crops, develop livestock, expand vegetable production and increase irrigation. The Government is also assisting farmers to better match supply and domestic demand.

iv. In order to meet the objective of rehabilitating agriculture, it will be necessary to increase farmer training and upgrade extension, marketing and credit services. The mission therefore, recommends that: (a) a decision be made expeditiously about the reorganization of the DFMC so that farm credit and marketing outlets can be made available to farmers; (b) the abattoir be redesigned and upgraded as soon as possible; (c) production matching be extended; and (d) the recently introduced subsidy to farmers for irrigation be treated as a temporary measure to prevent it from becoming a burden on Government finances.

v. Manufacturing activity in Montserrat accounted for 9.5% of GDP and 11.2% of employment in 1983. Major activities are in garments, plastics and electronics assembly. A recent study by the Inter-Agency Resident Mission in Antigua suggests that there is a sufficient pool of labor for the island to evolve as a center for capital intensive manufacturing (electronics, agro-processing and marine related activity). To carry out these proposals (which the Government has accepted in principle) it would be necessary to: introduce computer literacy at the high school level and as part of vocational training; construct additional factory shells; reorganize the DFMC; and encourage local entrepreneurship by providing finance and advisory services to small businesses. In addition, the Government should continue its current review of public enterprises (such as the DFMC and those enterprises under the management of MIEL) and divest itself of those that are not viable.

vi. Tourism plays a central role in the economy of Montserrat by stimulating construction and service activities. A survey by the Caribbean Tourism Research and Development Center indicates that tourism in Montserrat has growth potential and the capacity to contribute further to the economic development of the island. In 1983, stay-over tourist arrivals dropped by 4%; however, the outlook for 1984 is brighter. To exploit fully the potential, it will be necessary to increase the level of advertising and improve and expand tourist facilities once occupancy rates have risen above the current low levels. In addition, there is a need for expanded beach and entertainment facilities and restaurants.

vii. Other Sectors: Montserrat has a sound basic economic infrastructure, a good telephone network and a growing aviation industry that provide a link with the outside world. There are plans to improve electricity delivery by replacing Montserrat Electricity Services' aging generators and computerizing operations. A Ten-Year master plan has been drawn up by the Water Authority to harness and improve water resources on the island. The education system is being restructured by supplementing academic subjects with technical and vocational training. Substantial financial and technical assistance will be required to effectively carry out these programs.

viii. The public sector investment program expenditures of EC\$7.3 million in 1984 emphasized economic and social infrastructure development (with allocations of 69% and 23%, respectively). Major projects included road resurfacing, purchase of a new aircraft, construction of the old people's home and the West Indies scholarship program. Most of the projects were financed by external grants. The weak financial position of the DFMC continues to prevent access to CDB credit lines for industry, tourism and agriculture.

ix. The draft Three-Year Development Plan (1984/85 - 1987/88), prepared by the Development Unit, envisages public sector investment expenditures of EC\$81 million over the plan period. The Government recognizes that the target is ambitious compared to previous levels of donor support.

The mission estimates that about EC\$30 million would be realistic over the period 1985-87 (almost 87% of the estimate has either committed or identified sources of financing). The investment program accords priority to projects for infrastructure development and support to directly productive sectors (agricultural rehabilitation, industry credit, factory building and tourism promotion). Given Montserrat's limited resources, successful execution of the program will depend upon the availability of substantial external concessional finance and technical support and the Government's ability to appraise, monitor and execute the projects.

x. Prospects. Montserrat's economic and financial performance in the recent past indicates that satisfactory long term economic growth can be achieved, provided the Government continues in its efforts to broaden the economic base of the island and maintains prudent fiscal management. In the medium term, 1985-87, prospects of a 2% to 3% real growth in GDP will depend on sustained growth in tourism and manufactured exports (plastic bags, garments and electronic components) plus successful implementation of the public sector investment program (estimated at EC\$30 million over the three year period). According to the Government, the 2-3% growth rate is unlikely to be exceeded during this period because no major construction projects are expected to be undertaken. In its efforts to create a broad base for economic growth, the government faces several constraints: a small population of 12,000 people, limited arable agricultural land; and few natural resources. However, the island offers investors the advantages of: tourist potential, a sound, well-maintained basic infrastructure, a well educated and trainable labor force and good links with the outside world (telephone and a growing aviation industry). The medium-term growth prospects for Montserrat will, therefore, depend on the ability of the Government to tap these advantages and mobilize financing for investment. To attract increased donor support, it will be necessary for the Government to continue to improve its capability to select, appraise and monitor investment projects.

MONTSERRAT

I. ECONOMIC BACKGROUND

A. Overview and Recent Growth Performance

Overview

1.1 Montserrat is a small British dependent territory, located among the Leeward chain of Caribbean islands, where about 12,000 people live in an area of 39 square miles. The island has a narrow resource base: a small economy, limited arable agricultural land due to some steep gradients, and few natural resources. The Government's economic priorities are the rehabilitation of agriculture and the development of manufacturing industries, along with efforts to promote tourism, in order to reduce the vulnerability of the economy to external influences. Tourism, tourism-related construction, and manufacturing, which currently dominate economic activity in Montserrat, are in their embryonic stages of development with the full economic potential yet to be realized. Despite the constraints, Montserrat offers certain advantages for investors: a sound basic infrastructure, a well educated and trainable work force, a good telephone system and a growing aviation industry that provides a link with the outside world.

Performance

1.2 As shown in Table 1.1 below, growth of the Montserrat economy between 1976 and 1983 has been very uneven. Between 1975 and 1977, real GDP fell by 1.4% per year, mainly as a result of declines in agriculture and construction activity. From 1978 to 1980 the economy expanded rapidly at an average rate of 9% annually, responding to a boom in tourism, tourism-related building and construction of the Medical School. After three years of high growth, the economy of Montserrat slowed to moderate growth in 1981-82 before registering a slight decline of 0.5% in 1983. Estimates for 1984 indicate that the economy will register no real growth. The slowdown is a delayed reaction to the recession in the industrial countries and also reflects the sensitivity of the economy to the implementation of major investment projects. With the exception of manufacturing and government services all sectors of the economy registered declines in 1983.

Table 1.1: Real Growth and Share of GDP by Sector, 1979-1983
(% change at constant 1977 prices)

<u>Sector</u>	1976	Peak Year 1979	1981	1982	1983	Share of Total GDP 1983 %
Agriculture	5.5	23.5	12.1	-5.3	-15.0	3.5
Mining and Quarrying	9.3	-5.7	10.2	123.7	-47.3	1.0
Manufacturing	4.0	20.0	12.1	-1.9	4.5	9.3
Electricity and Water	1.4	4.2	0.1	-2.9	9.3	3.1
Construction	-12.1	47.0	11.4	19.1	-21.7	9.5
Wholesale and Retail Trade	1.5	4.6	7.8	1.4	-1.7	17.9
Government	-1.7	2.2	-1.5	0.6	8.7	18.4
Other Services	0.7	4.3	-0.4	1.8	0.3	37.3
GDP Growth at Constant Prices	-1.4	11.4	2.9	4.2	-0.5	100.0

Source: Statistical Appendix Table 2.2.

B. Population and Employment

1.3 Population trends have not changed since the last Economic Report, with emigration still continuing though at a slower rate. The total population has stabilized at about 12,000. The slowdown in economic activity caused an increase in unemployment from 5.6% (282 persons) in 1982 to 7.0% (357 persons) in 1983.

C. Public Sector Finances

1.4 The current account of the Central Government (including the Philatelic Corp., the Post Office, Blackburne Airport, and Radic Montserrat) fell to a surplus of EC\$0.8 million (equivalent to 0.9% GDP) in 1983 compared to EC\$1.2 million (1.5% of GDP) the previous year. This is the second consecutive year the surplus has declined in spite of the tax increases implemented by the Government in July 1983. The main reason for the deterioration is the impact of the recession, particularly the drop in imports.

1.5 During the period 1979-1983 current expenditures rose at an average annual rate of 15%. As a share of GDP, current expenditures (excluding amortization payments and the operations of the departmental enterprises) stood at roughly 23% in 1982-83. The 1984 estimates indicate an increase of only 7% because of the expected slowdown in revenue growth. The share of salaries and wages in current expenditures has risen from 50% in 1981 to nearly 60% in 1984. This growth has had the effect of curtailing purchases of goods and services and, in general, straining recurrent budget finances. In order to prevent further deterioration in the current account the Government should examine ways to control the increase in civil servant wage and salaries, particularly because officials do not believe there is much scope for additional tax increases.

1.6 Current revenues grew at an average annual rate of 19% between 1979 and 1983, significantly higher than the increase in current outlays. Current revenues stood at 24% of GDP in 1982-83. In 1983, 40% of current revenue was accounted for by direct taxes, of which about 60% is comprised of receipts from personal income tax. Indirect taxes make up slightly less than half of current revenue with the largest share made up of taxes on imported goods. In 1983 the Government took several measures to increase revenue growth including: administrative efforts to speed up the processing of individual and corporate tax returns; a 50% hike in consumption taxes and postal charges, and a 25% increase in the customs service tax. The base of the consumption tax was expanded to include import duties. In some cases, these measures resulted in a doubling of effective tax rates. In spite of these measures, indirect tax receipts fell in 1983 as compared to 1982 because of the recession and a tightening of financial controls on off shore banks which led to a drop in receipts from bank licenses. For 1984, import volumes are down, particularly for goods affected by the tax increases, which could cause actual receipts to fall below the budget estimates.

1.7 Capital expenditures in the public sector declined for the second year in a row to EC\$4.7 million in 1983, equivalent to 5.4% of GDP (down from EC\$7.9 million in 1982). However, capital expenditures are estimated to rise to about EC\$7.3 million (equivalent to 8% of GDP) in 1984. A large proportion (77%) of the capital expenditure program was financed by external capital grants. Given the small surpluses in the public finances, capital expenditures will need to continue to be externally financed on concessional terms in the foreseeable future. Improvements in public finances will depend on how fast the economy recovers from the current recession and moderation in public sector wages.

Table 1.2: Summary Central Government Operations, 1982-1984
(EC\$ million)

	1982	1983	Estimate 1984
Current Revenue	20.1	21.0	22.4
Current Expenditure	18.9	20.2	21.6
Current Account Balance	1.2	0.8	0.8
Capital Expenditures	7.9	4.7	7.3
Overall Deficit	-6.7	-3.9	-6.5
Financing	6.7	3.9	6.5
Capital Grants	6.9	3.6	6.1
Net External Borrowing	0.2	0.1	1.2
Net Commercial Bank Financing	-0.8	-0.5	-
Other	0.4	0.7	-0.8

As a % of GDP

Current Revenue	24.8	24.0
Current Expenditures	23.3	23.1
Current Account Balance	1.5	.9
Capital Expenditures	9.8	5.4

Source: Statistical Appendix Tables 2.3 and 5.3

D. Savings and Investment

1.8 Gross domestic savings in Montserrat continue to be negative, averaging 12% of GDP between 1979 and 1983 because consumption exceeds total production. Gross domestic investment level declined for the second year in a row to 32% of GDP in 1983 reflecting the slump in the economy as a result of the fall in tourism, tourist-related construction and completion of the Medical School. The relative shares between public and private capital formation were 21/78 in 1982 compared to 28/72 in 1981. Montserrat still depends on foreign direct investments for a significant share of investment expenditure and will continue to do so in the foreseeable future.

E. Money and Credit

1.9 In line with the downturn in economic activity, monetary expansion moderated slightly resulting in a 4.3% decline in the net domestic assets of commercial banks in Montserrat in 1983. Net Central Government borrowing from the commercial banking system declined by 18% in 1983. However, credit to the private sector increased by 3.1% over the same period, led by increases in commercial and personal loans which accounted for 80% of total commercial bank credit to the private sector. Net foreign assets improved from a negative EC\$6.4 million to negative EC\$1.3 million while claims on the East Caribbean Central Bank (ECCB) rose from EC\$1.2 million in 1982 to EC\$2.3 million in 1983. Given their liquid position there was little incentive for the banks to raise interest rates, instead funds were moved by their clients out of Montserrat to neighboring islands where rates are more competitive. Available information up to August 1984 indicates that the trend experienced in 1983 will continue to the end of the year. However, credit demand is expected to pick up slightly.

F. Prices and Wages

1.10 Inflation in Montserrat tends to be directly related to major investment projects and to international inflation trends because the economy is very open. The strong inflationary pressures in 1979/80 were directly related to the rebound in the construction industry and oil price increases. In 1983, the inflation rate moderated to a 4.7% average increase over the year and 7.0% for the end of the period (compared to 8.4% at the end of 1982). In 1983 a Salary Commission was appointed to review salaries for the public sector. The Government accepted the general conclusions of the Commission, but budgetary considerations did not permit the granting of the full increase recommended for 1984. A sum equivalent to about a 5% overall growth in the wage bill was included in the budget, in addition to a provision for promotion and employment increases. In recent years, annual wage awards for the public sector have at the least kept pace with inflation, and for middle and low level workers have probably resulted in a real increase in wage levels.

G. Balance of Payments

1.11 The current account deficit in the balance of payments as a share of GDP declined from 30% in 1982 to 10.5% in 1983 because of a decrease in import demand resulting from a general slowdown in the economy and a 7% increase in exports of goods and services, led by higher exports of electronic components and polypropylene bags. Available data for January through August 1984 indicate export performance is likely to either equal or exceed that of 1983. Major exports remain electronic components and polypropylene bags, although a strong upswing in exports of garments is expected (exports of garments for the first 8 months of 1984 exceed those for the entire previous year). The resource gap in 1983 was offset by inflows of private capital, transfers, and loans and grants to the public sector. Analysis of balance of payments in Montserrat is

complicated by the fact that re-export figures are overstated by the inclusion of equipment accompanying performing artists to the island and currency repatriations. Since technically these are not re-export articles (but account for approximately 90% of re-exports as classified by customs), distortion to the current account should be corrected by eliminating them from the customs data on exports.

1.12 The external debt for Montserrat remains moderate at 0.5% of GDP (the same as in 1982). The debt service ratio as a percent of exports rose marginally from 1.2% in 1981 to 2.2% in 1983. In numerical terms, the debt service payments have risen from US\$79,400 in 1981 to US\$177,400 in 1983.

II. DEVELOPMENT POLICY ISSUES

A. Agriculture

Production

2.1 Agricultural production (valued at constant prices) fluctuated in the 1980-82 period, but remained close to the 1979 level, which had represented a rebound from low output in 1977-78. In 1983, however, production dropped by 15%; output fell in all major crops with the exception of bananas, mangoes, and seed cotton. As a result, agriculture's share of GDP dropped to below 4%. A major factor behind the poor performance was drought but, in general, agriculture has been in a state of decline in Montserrat. Employment in the sector is down and the farmer population is very old. Agricultural growth also has been hindered by severe marketing problems; the lack of timely and efficient mechanical services; and the difficulties of implementing a workable credit system.

2.2 The cultivation side of the integrated sea island cotton project had been proceeding well. Acreage planted by the Montserrat Sea-Island Cotton Company (MSICC) increased gradually to 150 acres by the 1983/84 season, in addition to the 20-30 acres grown by small farmers. Because of the buildup of inventories of finished goods, the company has decided to reduce the area this season to only 10 acres, enough to provide planting material, but is maintaining contracts with small farmers. The drop in acreage cultivated has resulted in layoffs of workers and at least in the short term has obviated the need to appoint a full-time manager to supervise cultivation and harvesting. A discussion of the manufacturing side of the project appears in Section B.

2.3 A serious problem of excessive energy costs has arisen in the operation of the abattoir because of design changes made during construction by the builders without prior clearance. A recent study undertaken after project completion determined the necessary alterations but the cost estimate is high. However, the Government's goal of expanding livestock production and promoting the export of carcasses to neighboring islands will be difficult to achieve without a properly functioning abattoir.

Government's Strategy

2.4 The Government's goals in the agricultural sector are to satisfy domestic requirements to the extent possible, to improve forestry resources, and to export agricultural products where feasible. In order to achieve these goals the Government has proposed an Agricultural Rehabilitation Project with three major components: establishment of 1,500 acres of tree crops, primarily mango and guava; development of 2,000 acres for livestock; and the expansion of vegetable production. The Government is also interested in developing agroprocessing.

2.5 In order to support agricultural rehabilitation the Government

has made irrigation a priority. Currently only about 14 acres are under continuous irrigation. The goal is to provide irrigation for an additional 75 acres, primarily in the center and north of the island. Some funds already have been provided by the British Development Division (BDD) and the US Agency for International Development (USAID) Basic Needs Program, channeled through the Caribbean Development Bank (CDB), for dam construction and irrigation equipment. The Water Authority bills farmers for irrigation water at the commercial rate of EC\$10/1,000 gallons, but the Government provided a subsidy fund of EC\$18,000 in 1984 that farmers could draw on to lower their cost to about EC\$2.50/1,000 gallons. However, the Government's mechanism for providing the subsidy has weakened the financial performance of the Water Authority, (see Section D). Although the Ministry of Agriculture believes that the charge for irrigation water is too high, coordination with the Water Authority concerning resource use is adequate.

2.6 Marketing has long been identified as a critical obstacle to the expansion of agricultural production in Montserrat. Because of the small domestic market, production has to be carefully programmed, and exporting is difficult because of irregular shipping and high production costs. Some progress seems to have been made in better matching production and local demand. The Ministry of Agriculture has been allocating contracts for certain products to about 125 commercially oriented farmers. Only farmers with contracts are able to receive a guaranteed minimum price.

Supporting Services

2.7 The Ministry of Agriculture's ability to provide mechanical services to farmers should improve as the BDD is supplying several new tractors. The BDD also is providing some 4-wheel drive vehicles to upgrade the capability of the extension service. The previous Economic Memorandum recommended that a land use survey be carried out. Instead, a rougher, less expensive and time consuming resource survey is nearly complete, which includes a capability assessment by field, which should be sufficient for the Ministry's needs and the requirements of donors and investors. The Land Development Authority (LDA) continues to make only slow progress in resettling farmers because of inadequate funding and staffing. Because of the poor financial condition of the DFMC (discussed in Section B) and the lack of any significant credit from the commercial banks, only farmers involved in the project of the Caribbean Agricultural and Rural Development Advisory and Training Services (CARDATS)- about 65- have access to credit. There are about 550 farmers registered in Montserrat, of which the Ministry estimates that about 130 are commercially oriented.

Forestry and Fisheries

2.8 The Ministry of Agriculture recently completed a draft survey of forestry resources. Donor support for the main priority of watershed protection for this project and for training is being sought. In fisheries, the Ministry has submitted a comprehensive project for donor

consideration which would include gearing equipment, training, provision of infrastructure, and planning staff, with the objective to increase supplies for the domestic market. The Ministry already has carried out a survey of fish resources and domestic demand.

Issues and Recommendations

2.9 In order to stop the decline in agriculture, both the expansion of irrigation and an increase in the commercial orientation of farmers are necessary. Also, with the rise in acreage under cultivation under the proposed Agricultural Rehabilitation Project, the upgrading and subsequent maintenance of timely and efficient supporting services becomes even more critical. In order for the Government to meet its goals in the sector it is recommended that:

- A final decision be made on the reorganization of the DFMC, particularly the agricultural marketing function. Although the lack of agricultural credit is not viewed as a serious constraint now, access to credit will become more necessary if the plans for agricultural rehabilitation are implemented. If the marketing function remains with the DFMC, mechanisms should be established to ensure close coordination with the Ministry, particularly the extension staff.
- The abattoir should be redesigned and upgraded as soon as possible.
- The Ministry's program of planned production should be expanded, focusing primarily on meeting domestic requirements and supplying neighboring islands.
- The irrigation subsidy fund needs to be monitored carefully so that it does not become a drain on Government resources, particularly as the area under irrigation expands. Consideration should be given to reducing gradually the subsidy to individual farmers as their returns increase given an expanded growing season.
- Consideration should be given to absorbing the operations of the Land Development Authority under the broader agricultural Rehabilitation Project as the institution does not have the financial or staff resources to fulfill its mandate.

B. INDUSTRY

2.10 Industry in Montserrat is dominated by manufacturing and construction activities, which accounted for an average of 24% of GDP and 28% of employment (See Table 2.1 below) in 1983 (a year in which its annual growth rate declined by 11%). Given the commitment of the Government to attract private industry to the island, medium and long-term development of industry will depend on the ability to tap the limited human and natural resources through selective investment promotion criteria that aim to create a balance between sectors and lead to more stability in the economy.

Table 2.1: MONTSERRAT-SELECTED INDUSTRIAL SECTOR DATA
(% of GDP at Factor Cost)

Industry	1979	1980	1981	1982	1983
Mining and Quarrying	1.0	0.8	0.9	1.9	1.0
Manufacturing	8.8	8.8	9.6	9.1	9.7
Electricity and Water	3.1	3.2	3.1	2.9	3.3
Construction	11.9	10.1	10.8	12.4	9.9
Total Industry	24.8	23.0	24.4	26.3	23.9
Annual Growth Rate (%)	27.3	1.2	10.0	11.9	-11.1
Industry Employment as % of					
Total Employment	n.a	27.9	29.0	28.4	28.1

Source: Tables 1.2 and 2.2.

2.11 The Inter-Agency Resident Mission (IARM) in Antigua has recently assisted Montserrat in the preparation of a "Five Year Industrial Development Program". The study roughly estimates that there is available a labor force pool of about 1,250. Based upon this estimate of a literate, trainable and relatively low wage labor force, the program recommends the establishment of industries in several sectors. These industries would be of such size that no one firm or sector would have a disproportionate share of the labor force given the sensitivity of the economy to industrial fluctuations. More important, such industries would act as a base for technology transfer and a gradual upgrading of technology-related manufacturing activity in Montserrat. Among the industries recommended are:

- (i) hi-tech, capital intensive, "new-wave" industries, such as, information processing, computer and peripheral assembly, and integrated circuit-manufacture employing the largest proportion of the available labor force;
- (ii) an agricultural product processing facility, assuming progress in rehabilitating the agricultural sector; and
- (iii) marine related activities.

2.12 Industrial activity in the private sector is concentrated in two areas, construction and manufacturing, which together accounted for 19% of GDP in 1983. Construction activity, which is highly dependent on the performance of the tourism sector, declined to 9.5% of GDP in 1983 from 11.9% in 1982, reflecting the market saturation of tourist-related accomodations and completion of the Medical School. However, construction still accounts for 14.6% of employment. Manufacturing activity is centered around enclave-type light assembly industry in garments, plastic bags and electronics. As shown in Table 2.2. below, manufacturing contributed 9.3% to GDP and 11.2% to employment in 1983.

Table 2.2: Montserrat - Selected Manufacturing Data

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Percentage share of GDP (F.C.)	8.8	8.8	9.6	9.1	9.7
Percentage share of Total Employment	9.5	10.1	11.1	10.8	9.1
Value of Manufactured Exports (US\$'000)	22.7	48.7	101.2	82.7	143.0
Annual Change in Exports	-2.2	114.5	107.8	-18.3	72.9
Percentage share of Total Exports	54.2	74.7	70.3	64.8	47.2

Source: Statistical Appendix Tables 1.2, 2.2 and 3.4

Textile Industry

2.13 The garment industry, which is dominated by one firm, substantially increased sales due to improvements in efficiency and broadening of product lines. Such good performance in a market with strong competition from neighboring islands has led to plans for expansion and a search for markets outside CARICOM. There are good indications that one company will penetrate the USA market through 807 ^{1/} operations, which could lead to a six-fold rise in the firm's sales by 1986, increasing employment by 100 persons. The garment firm that closed down in 1982 has reopened under a short term arrangement between the old company and a private investor.

^{1/} 807 operations refer to a special provision in the U.S. tariff code on offshore assembly schemes. Under the schemes inputs are made and cut in the U.S. as finished goods. U.S duty is charged only on the value added by assembly, not on the inputs originally shipped from the U.S.

Plastic Bags Industry

2.14 In plastic bags, the dominant firm had a 40% increase in sales for the period August 1983 to July 1984 and expects a similar performance for 1984/85 if the documentation procedures in Trinidad and Tobago are simplified. In the past, delays in foreign exchange allocation approvals in Trinidad and Tobago (the firm's principal market) put pressure on the company's working capital which constrained their operations. The protectionist policies followed by Trinidad and Tobago and other CARICOM Governments are unlikely to be relaxed until the economies in the region show stable economic growth trends.

Electronics Assembly

2.15 In electronics, the major firm was forced to lay off half its labor force due to a decline in sales (because its major customer experienced product problems) in early 1984. The firm expects a pick up in sales and an increase in its labor force back to 1983 levels once the customer has solved the product problems.

Overview and Recommendations

2.16 Montserrat offers certain natural advantages for industrial development which have resulted in some success for the Government in attracting private industry to the island, mainly first generation assembly-type manufacturing activity for export to external markets. Basic infrastructure (electric power, water and a well maintained road network) is available at reasonable cost and a good telephone system connects the island with the outside world. The Government is planning for an increase of 48,000 sq. ft. (6 units of 8,000 sq.ft. each) in factory shells to cater for demand beyond 1986. The current space of 72,800 square feet is sufficient for expected demand up to the end of 1985. However, domestic development finance is not readily available to manufacturers due to the current condition of the DFMC (covered in detail below) although limited financing can be obtained through private financial institutions.

2.17 For the future, two firms, an aerated water bottling plant and a paper products company (which is relocating from St. Kitts and Nevis) have plans to locate in Montserrat. A third firm is interested in starting a beer brewery on the island. The new industries, once established, should be able to help lower the unemployment rate which had risen to 7.0% of the labor force in 1983. The Government recognizes the impact on the economy of inflation spurred by pressures on the labor market and would, if necessary, "re-phase" or postpone one or more of its labor intensive investment projects to ease pressure on the labor market. Promotional focus needs to be placed on those industries that are export-oriented while placing little strain on the labor market. As such, it is recommended that serious consideration be given to encouraging investments in hi-tech, capital intensive industries as a step-up from the current assembly type operations. This should involve a gradual upgrading of the current first generation assembly type operations in electronics to fully fledged

component/computer manufacturing facilities and information processing operations. To support this evolution, it will be necessary for the Government to introduce computer training in its education curriculum. At the same time local entrepreneurs, who could go into joint ventures with foreign investors, should be encouraged through the provision of finance and technical advisory services to small businesses.

Development Finance and Marketing Corporation

2.18 The last Economic Memorandum described in detail the problems of the Development Finance and Marketing Corporation (DFMC) which are recognized and acknowledged by the authorities in Montserrat. The company is still faced with formidable marketing problems, a deficient equity capital position, non-performing loans on its books and companies with financial difficulties under its management. In June 1984, the Government appointed a Select Committee to examine the operations and propose measures to reorganize and restructure the DFMC. Among the options examined by the Select Committee were:

- (a) liquidate DFMC by transferring credit administration to commercial banks and create a separate marketing organization;
- (b) transfer credit administration to the Ministry of Finance and create a separate produce and marketing board under the Ministry of Agriculture;
- (c) reorganize and restructure the DFMC as is. This would involve enacting an official ordinance to regularize the establishment of the DFMC and providing a legal operational basis and a set of principles (credit administration policy and committee, loan administration policy, marketing, and organization and management) by which performance can be measured and regulated.

2.19 It is not yet clear what form the restructured DFMC will take since there is still debate within the Government following the recommendations of the Select Committee. The Select Committee favors (c) above, arguing that an ordinance such as that recommended would give the company the mandate and legal status, which it lacked in the past, that are necessary to operate effectively and deliver the required services.

2.20 The recommendation comes at a time when the financial condition of the DFMC has not changed significantly, even though the net loss was down from EC\$266,252 in 1982 to EC\$28,273 in 1983. The smaller losses reflect the sharp decline in bad debt write-offs from EC\$260,453 in 1982 to EC\$42,428 in 1983 explained by the cessation of lending operations (the last disbursements to agriculture having been made in 1979 and those to industry in 1980). The bulk of its income comes from licenses, rent and marketing activities. At the same time, the viability of some of the DFMC activities, especially those under Montserrat Industrial Enterprises Limited (MIEL) management remain questionable. In 1983, some of these

projects (pottery and leather processing) were divested. Such a trend is positive and should be continued. The rental charges for the industrial estates are not being paid and were in rental arrears of approximately EC\$250,000 in 1983.

2.21 Other issues affecting the DFMC are first, the burden of the false perception that the funds it lends are a public asset that is being redistributed, which accounts in part for the high loan default rate. Second, DFMC's triple role as source of credit, management agent and marketing (or trading) outlet, creates a conflict of interest. Failure to perform by the marketing and management divisions (as in the case of industrial estates) may compromise the ability of the lending division to collect on bad loans or rent arrears. Third, the small volume of the institution's lending operations makes it difficult for the DFMC to cover its fixed costs, which puts its financial viability into question. Fourth, DFMC's legal status is unclear (it is neither a trading company nor a development bank) with at times, overlapping objectives and responsibilities, and is answerable to more than one Ministry (legally to the Ministry of Agriculture but in practice to the Ministry of Finance). Fifth, management's financial and technical capability to carry out lending operations is not sufficient to offer the level of service required of the DFMC. Finally, for the DFMC to continue operating there would have to be a large and sustained infusion of capital over an extended period of time.

The mission therefore recommends that:

- (a) CDB, as a major source of funds for DFMC, be kept informed, and be involved early on in the re-organization and restructuring program to ensure subsequent access to their credit lines for agriculture, industry and for the construction of factory shells;
- (b) given the small size of its operations, examination of the viability of DFMC's lending operations must form part of the restructuring effort. If its credit operations are found to be uneconomic, then a special "window" could be opened at the local commercial banks and the lending activities of DFMC phased-out. Commercial banks have lending operations that are in place and working well. Therefore, the addition of DFMC operations would not add substantially to their fixed costs.
- (c) the legal status of a reorganized DFMC be formalized through the enactment of an ordinance that clearly defines its objectives, responsibilities and accountability. This would give the bank the mandate to lower its bad debt ratio through effective credit control.

2.22 A decision should be made quickly because the continued withholding of credit by CDB to the DFMC is curtailing finance for Montserrat's economic development.

(ii) Montserrat Sea-Island Cotton Company (MSICC)

2.23 In its third year of operations (1983/84), Montserrat Sea-Island Cotton Company (MISCC), an integrated cotton project, still faced severe financial and marketing problems. For the financial year 1983/84, the company incurred an operating loss of EC\$374,000 on sales of EC\$267,770, compared to the previous year's loss of EC\$79,000 on sales of EC\$182,000. Debt service rose to EC\$197,000 from EC\$134,000 in 1982/83, on debts of about EC\$2.36 million (including an overdraft facility at a local commercial bank).

2.24 Recognizing the depth of the crisis, management has taken several measures to restore the MISCC to a viable entity. First, production has been drastically cut back while the company tries to sell-off the accumulated finished goods inventory of EC\$576,000 in 1983 (1982 - EC\$516,774). Second, a marketing expert, provided by BDD, has been retained for a period of between one and three months, to provide technical support for the company's efforts to market and price its products competitively both within and outside the CARICOM area. However, the period of assignment and the budget provided may prove insufficient for the successful execution of the marketing program. Third, an international design group has been hired to broaden and improve the product line, and to introduce new designs and graphics in order to expand the market. These are positive steps that deserve support. To ensure success, it is recommended that the Government urgently look into the possibility of joint venture operations with the private sector as a means of increasing the company's equity and raising more working capital to finance its marketing efforts.

Conclusion

2.25 The Government of Montserrat is committed to foster the development of a strong private industrial sector and to encourage such activity by creating a favorable investment climate. Given the difficulties experienced in the operations of the MSICC, the DFMC, MIEL, and the tannery, the Government should exercise caution on further involvement in productive activities in the manufacturing sector. Further investment in existing operations also should depend on an evaluation of financial viability. Such an analysis is being done for the tannery. The Government is endeavoring to create a favorable investment climate through projects to upgrade and expand supporting economic infrastructure, such as electricity and water. In addition, the Government should try to continue to ensure that Montserrat attracts investments which are viable, adequately financed, and staffed with qualified personnel. To supplement the scarce resources available in the Development Unit for project preparation, promotion, and marketing studies, short-term technical assistance and consultancy services would be sought from donor agencies.

C. TOURISM

2.26 The number of stay-over tourist visitors to Montserrat dropped by 4% in 1983 to 14,341. Excursionist traffic (which includes cruise ship visitors) was down by more than half, reflecting the preference of most cruise ship operators for shorter hauls to locations closer to Florida. Because of an increase in the average expenditure by tourists, total tourism receipts rose marginally to reach EC\$16.2 million (US\$6 million). The outlook for 1984 is somewhat brighter. For the first 9 months of the year arrivals are about 6% above the corresponding period in 1983 and bookings were up for the upcoming winter season.

2.27 The main source of visitors to Montserrat continues to be the United States which accounts for 38% of the total, followed by the OECS countries (26%), Canada (11.5%), and the United Kingdom (9.2%). Nearly half of stayover visitors stay at the home of a relative or friend, hotels account for about a quarter, and villa/condominium accommodations are used by 16%. As would be expected, the length of stay varies according to the type of accommodation used. The average for those staying in hotels is 6 nights, whereas for those using villas/condominiums or staying in the homes of friends/relatives the average is about two and a half weeks. Just under 20% of stayover visitors remain for over one month. Capacity in the conventional hotel sector expanded slightly in 1984. A hotel (18 rooms) in Plymouth, which was virtually completed in 1983, opened for operations in June 1984. In addition, a hotel which had leased out its facilities, reopened as a tourist facility. Until hotel occupancy rates increase significantly (only 34.5% in 1983, compared to the peak of 48% in 1981) there is little likelihood of expansion. Villa construction, which has been a major source of employment on the island is still depressed because of the stagnation in tourist arrivals since 1980.

2.28 In cooperation with the Caribbean Tourism Research and Development Centre (CTRC), a visitor survey was carried out during the first quarter of 1984. In addition to updating tourist expenditures, the study provides useful information about the tourist sector in Montserrat and guidance on future development priorities. According to the survey results, nearly 60% of the visitors to Montserrat are repeat visitors with 30% having journeyed to the island 5 or more times. Although older, retired travelers are an important source of visitors to Montserrat (28% of tourists are 55 or over and 13% are retirees), a much larger share of arrivals (45%) are between the ages of 25 and 44. The most important reason why people come to Montserrat are, in descending order of preference, climate, restful atmosphere, friendly people, the fact that family and friends were there, and the scenery. When asked to give an assessment of Montserrat, the respondents ranked highest the friendliness of the people and the quality of the accommodations. The aspects which received the weakest rankings were night life, sports facilities, and restaurants. The survey results confirm the need to develop more entertainments, restaurants and sports facilities--recommendations that were first made by a consultant provided by the World Tourism Organization in 1980.

2.29 The results of the survey also confirm the improvement in air connections to and from Montserrat. Up until the 1982-83 season, it had been estimated that 40% of the tourists to Montserrat were forced to make an unanticipated stopover in Antigua. According to the survey, only 20% of the respondents had difficulty obtaining same day air connections to Montserrat with about a quarter spending the night in Antigua. Air service to Montserrat should improve further with the purchase of a second aircraft which will be able to fly at night, in addition to having a somewhat longer range, and the installation of computer and telex facilities to expand the capacity for handling reservations beyond what is now available through Leeward Islands Air Transport (LIAT). Service to St. Kitts-Nevis and Guadeloupe which began in late 1983 is proving successful, although the traffic originating in the French island is less than had been hoped, primarily because of the depreciation of the franc against the US\$, to which the EC\$ is tied. The remaining problem regarding air connections to Montserrat is the lack of facilities for in-transit passengers at Coolidge Airport in Antigua. Montserrat Aviation Service (MAS) is testing different ways to improve the service to transit passengers continuing on to Montserrat within the constraints of the physical facilities at the airport. These attempts should continue.

Government Strategy and Recommendations

2.30 The Government's strategy in the tourism sector is to emphasize the potential of the tourist industry and its capacity to contribute to the economy; to ensure that tourism secures an adequate level of investment; to provide a framework which encourages private sector activity; and to diversify the tourism market, while continuing to rely on the "up-market" segment. The main actions which need to be taken in order to meet these objectives are, first, an increase in advertising. This would include drawing up a program of visits by travel writers and press personnel and preparing an audiovisual presentation to use for promotion. Efforts to increase the participation of the private sector in marketing also would be beneficial. Second, there is a need for some improvement in the tourism plant, primarily a simple beautification program and the expansion of beach facilities. Third, the sector would benefit from more training of personnel employed in tourism, which could be included in the Government Training Center.

2.31 The main project which the Government is proposing for the tourism sector is the Little Bay project, which was described in some detail in the previous Economic Memorandum. Although the Government has discussed the project with several potential developers, thus far no serious, non-speculative investor with access to financing has made a firm commitment to undertake the project. The BDD has agreed to fund consulting services to be used to assist the Government in the investment search and negotiations. Work on the Little Bay access road is scheduled to start before the end of 1984. Several donors have agreed in principle to assist the Government in funding its share of the infrastructure development of the project (US\$7 million) as soon as there is a commitment by a private developer.

D. Other Sectors

Utilities

Electricity

2.32 The Montserrat Electricity Services Limited (MONLEC) has consistently improved its operating performance over the past several years. Profits rose sharply from EC\$123,000 in 1982 to EC\$681,000 in 1983, enabling the company to exceed the CDB required rate of return of 12% on capital employed and to finance capital expenditures from internal sources. The capital expenditure and maintenance program which went toward replacement of aging equipment and improvement of transmission and distribution lines, was EC\$360,000 in 1983 and is expected to be about EC\$300,000 in 1984. The remarkable increase in profits resulted from a combination of an 11.6% increase in electricity consumption, a 9.2% growth in dollar sales, cost reductions of 3.3%, tariff increases (effective April 1, 1983), and fewer power outages due to production efficiency. Radio Antilles, which accounts for 16% of MONLEC power sales, maintained a stable level of demand in 1983. The trend of growth is expected to continue into 1984/85, though at a slower rate. The overall performance of MONLEC is attributable to the presence of a strong management team, which has evolved through the direct involvement of the Commonwealth Development Corporation (CDC) as major shareholder and managing agent and the periodic review of tariff rates by the authorities. CDC is now set to withdraw from direct involvement in MONLEC by sale of its shares to the Government of Montserrat. However, to facilitate a smooth transition, CDC will be retained as management, purchasing and procurement consultant. The Government should enact an ordinance that gives MONLEC autonomous legal status, defines its objectives and responsibilities and sets forth criteria by which performance can be measured and regulated.

2.33 Montserrat has adequate electricity supply for its domestic requirements until 1987, with a generating capacity of 5.0 Mw and consumption averaging 82% of the power generated over the last five years and a peak demand of 2.24 Mw. However, to meet projected demand increases beyond 1987 and to replace older equipment, MONLEC is undertaking an EC\$4.0 million expansion program to be phased over two years (1985 and 1986), with financing equally split between an EIB loan and internally generated funds. The EIB loan of EC\$2 million, guaranteed by the British Government, has a maturity of 15 years, an interest rate of 3 percentage points below prime, and a grace period of 3 years. EC\$2.0 million will be used to purchase a 1500 kilowatt generator to replace two (700 kilowatts each) generating sets that are fourteen years old. The balance will be used to improve transmission and distribution lines and computerize operations. MONLEC should seek to fully utilize the computer's capacity by examining the possibility of offering computer services to other sectors in Montserrat.

Water

2.34 The major problem confronting the Montserrat Water Authority is financial. In 1983, the Authority registered a loss of EC\$78,000, after a profit of EC\$135,000 in 1982. The losses are expected to widen in 1984, reaching EC\$171,000 by the end of the year. The problem stems from the disparity between costs (which rose by 20% in 1983) and water revenues which increased by 3.4% in the same period (this includes loss of revenue from stand pipe payments owed by the Government). A share of the stand-pipe payments owed are being applied by the Government to the newly introduced subsidy for irrigation water. Given the worsening financial condition, it is recommended that the authorities review the water rate structure with the objective of increasing tariffs to a level whereby the Water Authority can cover operating costs and make a reasonable contribution to investment. At the same time efforts should be made by the Water Authority to reduce and control costs. A large proportion (81%) of the rise in production and maintenance costs was accounted for by substantial increases in salaries, wages and travelling allowances.

2.35 There is at present no water supply problem in Montserrat, although a slight shortage might occur in early 1985 due to the recent drought. To cater for future increases in demand, the Water Authority, using available technical assistance, has drawn up a Master Plan, covering the supply and use of water resources in Montserrat over the next decade. The focus is to improve spring water sources and transmission lines, to increase storage capacity, to provide cathodic protection to reservoirs and replace existing equipment. Continued technical assistance and financial support will be necessary for the effective execution of this ambitious program.

Transportation

The Port

2.36 The financial position of the Port Authority remains weak. Port traffic in 1983 was low, resulting from a drop in import volume. The losses for 1983 stood at EC\$55,000, while those for 1984 are estimated at EC\$105,000. As has been pointed out in earlier reports, the solution to the problems of the ports in the OECS requires a regional approach. Therefore, it is doubtful that a rate hike alone, as requested by the Port Authority, would be sufficient to solve the problem or improve its finances. Due to unemployment pressures in Montserrat, the Port Authority management has found it difficult to reduce the workforce. As a result labor costs as a percentage of total expenses have risen from 48% in 1982 to 60% in the first nine months of 1984. It is imperative that the coordinated efforts of both the Port Authority and the Government be used to arrest the escalation in labor costs^{2/}. Repairs to the port for

^{2/} The Government supports the efforts being made by the Port Authority to cut down on its labor costs. The Chief Minister, in his budget speech to the Legislative Council in February 1985, announced that the Port Authority would reduce its labor force to 34 longshoremen from 54 through early retirement.

hurricane inflicted damage are planned to start in January 1985. Work on the Roll-on Roll-off (Ro-Ro) facility which was to have been started in early 1984 and completed late in 1985 has been postponed and is now being reconsidered given the port's lower traffic volume.

Aviation

2.37 Montserrat Aviation Services Limited (MASL), the only scheduled operator to the island, continued to register substantial growth in services and revenues during 1983 and 1984. The company took delivery of a second aircraft in October, 1984 and hoped to commission the plane before the end of the year. Although the loan for the plane has a Government guarantee, MASL will be responsible for paying the debt service. Profits for 1983 were EC\$500,000 and further improvement is expected in 1984-85. The last Economic Report recommended that although the Government covers debt service on the Twin Otter (purchased in 1981), the depreciation, interest charges, and amortization payments associated with the aircraft should be taken into account in making an evaluation of MASL operations. In 1983, interest and amortization payments for the loan were EC\$700,000 and estimates for 1984 show interest of EC\$275,000 and amortization of EC\$545,000. Based on the operating profit of EC\$500,000 (before depreciation charges and interest and amortization payments) which went into the Government's Consolidated Fund, MASL covered 61% of its debt service obligations in 1983. If the current growth trends in services and revenue are maintained, the company should be able to cover a higher proportion of interest and amortization payments from its operating profit.

Social Services

2.38 The Government is currently modifying the educational system at the high school level by placing emphasis on technical and vocational training as a supplement to the academic subjects. The facilities of the Technical College are being used to support the new curriculum by offering courses in business studies and industrial arts. These changes are a follow up on recommendations made by a UNESCO technical assistance mission to the island. The implementation process is benefitting from the Multi-Island Project for technical skills training sponsored by ILO, UNESCO and UNDP. However, the shortage of local technical teachers is threatening to retard progress of the program. Therefore, to alleviate the shortage and reduce the current reliance on contract teachers (usually Volunteer Service Officers from the United Kingdom), Montserrat is looking at the possibility of establishing a resource center for curriculum development. The Center, once established, would offer first year technical teacher training programs in conjunction with regional institutions. The authorities should also consider enhancing computer literacy by introducing computer courses in high school, as mentioned earlier in this report.

2.39 Progress has been made toward establishing a self-help program for the provision of community services. First, a school leavers' program aimed at providing working experience to high school graduates has been instituted through cooperation between the Government and employers. Employers who participate in the program share equally with the Government in providing a stipend to the high school graduate. Second, over the last year two buildings have been equipped to serve as community centers through local volunteer assistance. Third, USAID has offered some assistance to a revolving loans scheme for small business start-ups. The concept of a self-help program could make a strong contribution to development projects on the island. It is utilized elsewhere in the world to mobilize domestic resources for projects that otherwise would not benefit from donor assistance or are not part of the Government's priority list due to a shortage of investment funds.

2.40 In housing, the Government is examining some traditional capital market instruments as new sources of long-term financing to provide shelter for Montserratians. A prospectus is being prepared for a proposed 15-year tax-free bond to finance housing. The range of income level groups which would be included in the program is still to be decided.

III. THE PUBLIC SECTOR INVESTMENT PROGRAM

A. Introduction

3.1 The Montserrat Government's first draft of the Three-Year Public Sector Development Plan establishes investment targets and priorities for economic and social development for the period 1984/85 - 1987/88 and lays out a broad strategy and policy framework for achieving them. The Plan (which is still under review by the Executive Council) has an investment target of EC\$81 million over a three year period that is ambitious compared to the last four years, (1980-83), when the Government's public sector investment program averaged EC\$8 - 9 million per year. The Government recognizes the constraints, specifically the amount of donor financing, that may inhibit the realization of the Plan's goals. The priorities of the Government strategy are infrastructure development, agricultural rehabilitation, promotion of industry and tourism, and improvement of social welfare. The Government has undertaken to make substantial investments to develop support infrastructure, however, the Plan envisages that the private sector will play a central role in the productive sectors, particularly manufacturing. Although the Plan provides the economic strategy and framework for project proposals, successful implementation will depend on the ability of the Government to evaluate the proposals and monitor the projects. The Plan outlines an extensive list of potential projects for donor consideration.

B. Progress of the Program - 1984

3.2 The public sector investment program expenditures for 1984 are estimated to be EC\$7.3 million, almost double the EC\$4.2 million in 1983, resulting from resources being committed to several major projects. Allocation of investment expenditures is 69% to economic infrastructure, 23% to social infrastructure, and 8% to agriculture. Major ongoing projects in agriculture included agricultural reconstruction and irrigation with expenditures of EC\$319,000 in 1984. In economic infrastructure, the U.K. is financing major ongoing projects with expenditures in 1984 of: EC\$790,000 for road improvements and construction of a bitumen storage tank (due for completion in 1985) out of a total cost of EC\$2.8 million; EC\$250,000 for the port protection program and EC\$145,000 for water supply protection. The construction of the old people's home (on which EC\$150,000 was spent in 1984) and the West Indies scholarship program (with an allocation of EC\$220,000 in 1984) were the major projects undertaken in the social infrastructure sector. Most of the projects were financed by external grants and the process of their implementation was satisfactory. The lack of development finance, due to the financial difficulties of the DFMC continues to preclude access to CDB credit lines for the productive sectors and to loans for construction of factory shells.

C. The Public Sector Investment Program 1985-87

3.3 The total public sector investment program expenditures for 1985/87 are projected at EC\$30.0 million, about 37% of the Government's target of EC\$81 million in the Development Plan. Mission estimates are derived from projects that either have identified financing or have had substantial project preparation work done and from historical levels of financing available to support the program. In general, the mission estimated PSIP reflects the same strategy and priorities as the Government's larger Development Plan, the major difference being that expenditures on the Little Bay tourism project are not included in the mission estimates (see para. 2.31). The distribution among sectors of the mission estimated public sector investment expenditures is 33% for directly productive projects, 44% for economic infrastructure development and 23% for social infrastructure projects. The table below gives a breakdown by sector of investment expenditures. Agriculture accounts for an estimated EC\$5.2 million, earmarked for the development of fisheries, livestock and tree crops, reforestation, farmer training, and farm improvement credit. Expenditures in industry are estimated at a total of EC\$4.3 million for the construction of industrial estates and a small industry credit facility. Tourism will benefit from the construction of an access road to the Little Bay area. The Government expects to spend an estimated EC\$13.1 million on economic infrastructure development projects which include a water supply development program (part of the ten-year Master Plan, see 2.35 above), purchase of new generating sets and a computer for MONLEC, purchase of equipment for the airport and improvements in fire fighting services (the improvements are part of the CIDA sponsored airports project). A total of EC\$3.6 million is the estimated expenditure for restructuring and expanding the education system. As noted in the last economic report, the successful implementation of the investment program will depend on: first, expediting the restructuring of the Development Finance and Marketing Corporation in order to make available credit to tourism, industry and agriculture and second, substantial external technical and financial support from donors.

D. Financing the Program, 1985-87

3.4 EC\$26 million (equivalent to 87% of the mission projected public sector investment program) represents either committed or identified sources of financing. This leaves EC\$4.0 million plus about EC\$2 million in external amortization payments to be mobilized. Since the draft Plan states that there are no prospects for a recurrent budgetary surplus of any significant size for the next few years, public sector savings are expected to total only EC\$2.2 million during the period. This assumes that the central government would aim to achieve small recurrent surpluses in order to avoid recourse to U.K. budgetary grants and that some savings would be generated by major parastatals such as MONLEC. The public sector is likely to be a net creditor to the commercial banking system over the next couple of years as it repays the aircraft loans.

Table 3.1: MONTSERRAT - COMPOSITION OF THE PUBLIC SECTOR

INVESTMENT PROGRAM, 1984-1987
(EC\$ million)

	1984	1985	1986	1987	1985-87	% Share of Total
ONGOING PROJECTS	7.3	5.8	2.0	1.8	9.6	32.0
NEW PROJECTS	-	4.5	8.3	7.6	20.4	68.0
	<u>7.3</u>	<u>10.3</u>	<u>10.3</u>	<u>9.4</u>	<u>30.0</u>	<u>100.0 %</u>
Projects Under Study	-	0.5	2.2	2.8	5.5	-
By Sector (%)						
<u>Productive Sectors</u>	<u>8.2</u>	<u>9.3</u>	<u>46.3</u>	<u>47.0</u>	<u>33.9</u>	
Agriculture	8.2	5.9	21.0	25.3	17.3	
Industry	-	0.6	22.6	20.2	14.3	
Tourism	-	2.8	2.7	1.5	2.3	
<u>Economic Infrastructure</u>	<u>68.6</u>	<u>75.0</u>	<u>32.3</u>	<u>23.0</u>	<u>43.7</u>	
Transport	61.8	32.7	3.1	6.1	14.0	
Water and Electricity	6.8	42.3	29.2	16.9	29.7	
<u>Social Infrastructure</u>	<u>23.2</u>	<u>15.7</u>	<u>21.4</u>	<u>30.0</u>	<u>22.4</u>	
Education	4.1	6.1	12.6	17.3	12.0	
Housing	0.3	-	-	5.3	1.7	
Other	18.8	9.6	8.8	7.4	8.7	
Total	100.0	100.0	100.0	100.0	100.0	

Source: Planning Unit and Mission Estimates.

IV. PROSPECTS

4.1 Montserrat's economic and financial performance in the recent past indicates that satisfactory economic growth can be achieved, provided the Government continues its efforts to broaden the economic base of the island while maintaining a sound fiscal position. In 1984, it is estimated that the economy recorded no growth in real GDP. However, between 1985 and 1987, the annual level of real economic growth is projected to average between 2% and 3%. This level of growth is expected to be supported by a 6% increase in stay-over tourists and a rise in manufactured exports. Growth prospects also will depend on the implementation of several major projects in the Development Plan, such as agricultural rehabilitation, the ten-year water master plan and electricity upgrading and expansion. From past experience in Montserrat, implementation of additional major projects would radically raise growth prospects. The Little Bay project, if undertaken during the period 1985-87, would add about 60% to the public sector investment program. This would be in addition to an estimated EC\$28 million of private sector investments in the Little Bay project. Investment levels for 1984-87 are now projected to average 31% of GDP. The public sector would account for somewhat less than 30% of total investment given the Government's stated intention to rely on the private sector as the main source of economic growth. National savings are not expected to finance a rising share of investment, primarily because public sector finances are not expected to show much improvement over the next three years. After substantial increases in recent years, private consumption is estimated to decline in real terms in 1984 and resume a gradual rise thereafter. As a result, the growth of expenditures on imports should slow down. That, coupled with the rise in exports and tourism receipts, would result in a narrowing of the current account balance.

4.2 External public and publicly guaranteed debt at the end of 1983 was estimated at US\$2.6 million (equivalent to 8% of GDP) and debt service payments represented 2.2% of exports of goods and nonfactor services. Although debt service probably will rise slightly during the period 1984-1987, payments are expected to remain manageable. The low debt service ratio reflects the high proportion of external grants and concessional lending to Montserrat. Given the vulnerability of the economy and a narrow resource base, Montserrat is expected to continue to rely on grants and concessional loans to finance a major share of its investment program.

MONTSERRAT

GOVERNMENT'S PROJECT LIST

1. This annex contains a list of major ongoing projects, a list of projects for which external assistance will be sought during the period 1984-87 and individual project descriptions. Each list contains the name of the project, the executing agency, the lender/donor if any, the total cost, the external financing obtained or required, the counterpart contribution required, and the estimated recurrent costs during the 1984-87 period. The individual profiles contain additional information which should be of interest to potential donors or lenders, including technical assistance requirements and the present status of the project.

2. Data for these projects, which form part of the Economic Memorandum to be presented to the meeting of the Caribbean Group for Cooperation in Economic Development scheduled for June 24-28, 1985, were provided by the Government of Montserrat, assisted by the World Bank-led mission of October 1984.

MONTERRAT: MAJOR ONGOING PROJECTS
(US\$ 000)

	Total Cost	External Financing Secured	Source	Interest %	Amortization Period (Years)	Grace Period (Years)	Counterpart Amount	Financing %
<u>Directly Productive Projects</u>								
Agricultural Reconstruction and Irrigation Schemes	646	646	UK	Grant	-	-	-	-
Abattoir	402	402	UK	Grant	-	-	-	-
Sources of Energy-Charcoal Production	203	203	CDB/USAID	Grant	-	-	-	-
Tannery (MIEL) <u>1/</u>	373	194	CFC/UK	10	9	1	179	25
Integrated Sea Island Cotton	858 <u>2/</u>	716	CDB/CIDA	4	15	5	142 <u>2/</u>	17
<u>Economic Infrastructure</u>								
New Aircraft	319	163	Royal Bank	9	8	-	156	49
Road Improvement	1037	1037	UK	Grant	-	-	-	-
Port Protection	926	926	UK	Grant	-	-	-	-
PWD Equipment, Plant and Workshops	651	651	UK	Grant	-	-	-	-
Water Supply Protection	574	537	CIDA	Grant	-	-	37	6
<u>Others</u>								
Old Peoples Home	394	323	UK	Grant	-	-	39	10
MAF Projects	340	340	CIDA	Grant	-	-	-	-
Programme Aid (BDD)	286	286	UK	Grant	-	-	-	-
USAID Projects	374	374	USAID	Grant	-	-	-	-
West Indies Scholarships	326	326	UK	Grant	-	-	-	-

1/ Loan conditions apply to CFC portion of external financing only (amount equal to US\$128,000).

2/ Counterpart is represented by existing equipment.

MONTERRAT: MAJOR NEW PROJECTS AND SOURCES OF FINANCING
(US\$ 000)

	Total Cost	External Financing Required	Source
<u>Directly Productive Projects</u>			
Fisheries Development	167	167	CIDA
Farmer Staff Training and Training Center	122	122	UK
Farm Improvement Credit	241	241	CDB
Development of Fruit Orchards	611	611	UK
Livestock Development	1,121	1,121	Unknown
Industrial Estates IV	1,300	1,170	CDB
Small Industry Credit	500	500	CDB
Tourist Facilities	161	148	Unknown
<u>Economic Infrastructure</u>			
Equipment For Airport	517	517	CIDA
Improvement to Fire Services	193	193	UK
Little Bay Access Road	99	99	UK
Water Development	1,006	1,006	EDF
Purchase of Equipment and Plant	336	336	CIDA
Replacement of Generating Sets	1,481	741	EIB
<u>Other</u>			
Watershed Protection	62	62	EDF/CARD I
Reafforestation	285	285	CIDA
Housing	741	-	-
Reconstruction of Secondary Schools	519	519	Unknown
Technical Education Program	423	423	Unknown
Community/Resource Centers	94	70	UK
Basic Needs II	400	400	CDB/USAID

MONTSERRAT - LIST OF NEW PROJECTS UNDER STUDY

	Estimated Cost (US\$'000)	Probable Start-Up Date	Status
Ministry of Finance Building	1,111	1986	Architectural design needs revision. BDD has been approached.
Facilities for Agro-Processing Industry	467	1986	Identified.
Dairy Project	370	1986	CFTC produced a feasibility study in 1977. CIDA has been approached.
Drainage System Improvements	555	1986	Identified
Port Facilities	315	1986	Feasibility study needs to be done of Roll On-Roll Off facilities.

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1985/87 Project List - Individual Project Description

Agriculture
(US\$ '000)

- I. NAME OF PROJECT: Farmer Staff Training Center and Farmer Training
- II. EXECUTING GOVERNMENT AGENCY: Ministry of Agriculture, Trade, Lands, and Housing.
- III. TOTAL ESTIMATED COST: 122
- IV. EXTERNAL FINANCING REQUIRED: 122
- V. LENDING AGENCY:
- VI. DESCRIPTION AND JUSTIFICATION:

A. Description:

1. Construction of a training center consisting of dormitory, cooking facilities and store room.
2. Development of a 17 acre plot to be farmed by trainees.

B. Justification: Resuscitation of agriculture.

VII. COST COMPONENTS AND FINANCING:

	<u>Financed by</u>		<u>Total</u>	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	-	12	12	10
Foreign Costs	-	110	110	90
Total Costs - Amount	-	122	112	100

VIII. DISBURSEMENT PERIOD:

	1985	1986	1987	Total	Post 1987
Local Sources	-	-	-	-	-
External Sources	-	7	70	77	45
Total	-	7	70	77	45

- IX. STATUS OF PREPARATION: Project has been identified. BDD was been approached.
- X. PROJECT IMPLICATIONS: Operating and Maintenance Costs:
Debt Obligations:
- XI. TECHNICAL ASSISTANCE REQUIRED:

MONTERRAT

1985/87 Project List - Individual Project Description

Agriculture
(US\$ '000)

- I. NAME OF PROJECT: Farm Improvement Credit.
- II. EXECUTING GOVERNMENT AGENCY: DFMC
- III. TOTAL ESTIMATED COST: 241
- IV. EXTERNAL FINANCING REQUIRED: 241
- V. LENDING AGENCY: CDB
- VI. DESCRIPTION AND JUSTIFICATION: Continuation of farm improvement credit scheme.
- VII. COST COMPONENTS AND FINANCING:

	Financed by		Total	
	Local Sources	External Sources	Amount	%
Local Costs	-	-	-	-
Foreign Costs	-	241	241	100
Total Costs - Amount	-	241	241	100

VIII. DISBURSEMENTS PERIOD:

	1985	1986	1987	Total	Post 1987
Local Sources	-	-	-	-	-
External Sources	-	37	37	74	167
Total	-	37	37	74	167

- IX. STATUS OF PREPARATION: CDB approached. DFMC is to be restructured
- X. TERMS OF FINANCING: Interest Rate: 4%
Amortization Period: 15 years.
- XI. PROJECT IMPLICATIONS: Operating and Maintenance Costs: None.
Debt Obligations: See X.
- XII. TECHNICAL ASSISTANCE REQUIRED:

MONTSERRAT

1985/87 Project List - Individual Project Description

Agriculture
(US\$ '000)

- I. NAME OF PROJECT: Development of Fruit Orchards
- II. EXECUTING GOVERNMENT AGENCY: Ministry of Agriculture, Trade, Lands, and Housing.
- III. TOTAL ESTIMATED COST: 611
- IV. EXTERNAL FINANCING REQUIRED: 611
- V. LENDING AGENCY: UK
- VI. DESCRIPTION AND JUSTIFICATION:
- A. Description: Development of 1,500 acres of Orchards over five years.
- B. Justification: Project would expand and diversify the agricultural base.
- VII. COST COMPONENTS AND FINANCING:

	<u>Financed by</u>		<u>Total</u>	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	-	183	183	30
Foreign Costs	-	428	428	70
Total Costs - Amount	-	611	611	100

VIII. DISBURSEMENT PERIOD:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>	<u>Post 1987</u>
Local sources	-	-	-	-	-
Foreign Costs	-	122	122	244	366
Total Costs - Amount	-	122	122	244	366

- IX. STATUS OF PREPARATION: Project has been identified. BDD has been approached.
- X. PROJECT IMPLICATIONS: Operating and Maintenance Costs:
Debt Obligations:
- XI. TECHNICAL ASSISTANCE REQUIRED:

MONTSERRAT

1985/87 Project List - Individual Project Description

Agriculture
(US\$ '000)

- I. NAME OF PROJECT: Livestock Development
- II. EXECUTING GOVERNMENT AGENCY: Ministry of Agriculture, Trade, Lands and Housing.
- III. TOTAL ESTIMATED COST: 1,121
- IV. EXTERNAL FINANCING REQUIRED: 1,121
- V. LENDING AGENCY: Unknown
- VI. DESCRIPTION AND JUSTIFICATION:
- A. Description: Project entails the development of 1500 acres of pasture land for the rearing of livestock.
- B. Justification: Project will develop the potential for beef and hides production.
- VII. COST COMPONENTS AND FINANCING:

	<u>Financed by</u>		<u>Total</u>	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	-	448	448	40
Foreign Costs	-	673	673	60
Total Costs - Amount	-	1,121	1,121	100

VIII. DISBURSEMENT PERIOD:

	1985	1986	1987	Total	Post 1987
Local Sources	-	-	-	-	-
External Sources	-	222	230	452	669
Total	-	222	230	452	669

- IX. STATUS OF PREPARATION Concept identified. Project needs to be developed. BDD and CIDA have been approached.
- X. PROJECT IMPLICATIONS: Operating and Maintenance Costs:
Debt Obligations:
- XI. TECHNICAL ASSISTANCE REQUIRED: T.A. required for preparation of project.

MONTSERRAT

1985/87 Project List - Individual Project Description

Agriculture
(US\$ '000)

- I. NAME OF PROJECT: Watershed Protection and Soil Conservation.
- II. EXECUTING GOVERNMENT AGENCY: Ministry of Agriculture, Trade, Lands, and Housing.
- III. TOTAL ESTIMATED COST: 62
- IV. EXTERNAL FINANCING REQUIRED: 62
- V. LENDING AGENCY: EDF/CARDI
- VI. DESCRIPTION AND JUSTIFICATION:

A. Description: Watershed sites will be fortified by means of plantings and ground cover and other methods of preservation. Soil conservation practices will be applied to areas in danger of erosion.

B. Justification: Parts of the island, particularly areas where formerly cotton was grown suffer from soil erosion, watershed protection is necessary to support an expansion of irrigation.

VII. COST COMPONENTS AND FINANCING:

	<u>Financed by</u>		<u>Total</u>	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	-	62	62	100
Foreign Costs	-	-	-	-
Total Costs - Amount	-	62	62	100

VIII. DISBURSEMENT PERIOD:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>	<u>Post 1987</u>
Local Sources	-	-	-	-	-
External Sources	21	21	20	62	-
Total	21	21	20	62	-

- IX. STATUS OF PREPARATION: Funding has been approved. Project is part of a regional program.
- X. PROJECT IMPLEMENTATION: Operating and Maintenance Costs: None
Debt Obligations: None.
- XI. TECHNICAL ASSISTANCE REQUIRED: CARDI will provide some technical assistance.

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1984/87 Project List- Individual Project Description

Agriculture
(US\$ '000)

- I. NAME OF PROJECT: Fisheries Development
- II. EXECUTING GOVERNMENT AGENCY: Ministry of Agriculture, Trade, Lands, and Housing.
- III. TOTAL ESTIMATED COST: 167
- IV. EXTERNAL FINANCING REQUIRED: 167
- V. LENDING AGENCY: CIDA
- VI. DESCRIPTION AND JUSTIFICATION:

A. Description:

1. Establishment of fish marketing facilities (building).
2. Project includes services of a gear technologist for 3 man-years and training of a local during that time.
3. Justification
4. Promotion of fishing industry

VII. COST COMPONENTS AND FINANCING:

	<u>Financed by</u>		<u>Total</u>	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	-	-	-	-
Foreign Costs	-	167	167	100
Total Costs - Amount	-	167	167	100

VIII. DISBURSEMENT PERIOD:

	1985	1986	1987	Total	Post 1987
Local Sources	-	-	-	-	-
External Sources	-	52	80	132	35
Total	-	52	80	132	35

XI. STATUS OF PREPARATION: CIDA has been approached.

X. PROJECT IMPLICATIONS;

Operating and Maintenance Cost: Unknown.
Debt Obligations: Unknown.

XI. TECHNICAL ASSISTANCE REQUIRED: Technical assistance is a component of the project.

MONTSERRAT

1985/87 Project List - Individual Project Description

Agriculture
(US\$ '000)

- I. NAME OF PROJECT: Reafforestation
- II. EXECUTING GOVERNMENT AGENCY: Ministry of Agriculture, Trade, Lands, and Housing
- III. TOTAL ESTIMATED COST: 285
- IV. EXTERNAL FINANCING REQUIRED: 285
- V. LENDING AGENCY: CIDA
- VI. DESCRIPTION AND JUSTIFICATION:

- A. Description: Project includes the following activities:
(i) survey and boundary marketing of proposed reserves; (ii) fencing planting nursery and seed purchase; and (iii) staff training.
- B. Justification: The primary objective is watershed protection.

VII. COST COMPONENTS AND FINANCING:

	Financed by		Total	
	Local Sources	External Sources	Amount	%
Local Costs	-	171	171	60
Foreign Costs	-	114	114	40
Total Costs - Amount	-	285	285	100

VIII. DISBURSEMENT PERIOD:

	1985	1986	1987	Total	Post 1987
	Local Sources	-	-	-	-
External Sources	58	91	70	219	66
Total	58	91	70	219	66

- IX. STATUS OF PREPARATION: Work has commenced on surveys. CIDA has been approached.
- X. PROJECT IMPLEMENTATION: Operating and Maintenance Costs: None
Debt Obligations: None.
- XI. TECHNICAL ASSISTANCE REQUIRED: Technical assistance will be required.

MONTERRAT

1985/87 Project List - Individual Project Description

Industry
(US\$ '000)

I. NAME OF PROJECT: Industrial Estates, IV

II. EXECUTING GOVERNMENT AGENCY: DFMC

III. TOTAL ESTIMATED COST: 1,300

IV. EXTERNAL FINANCING REQUIRED: 1,170

V. LENDING AGENCY: CDB

VI. DESCRIPTION AND JUSTIFICATION:

A. Description: The project consists of 48,000 square feet of factory shell space constructed when industrial tenants are identified.

B. Justification: To promote the establishment of private sector industrial enterprises in Montserrat.

VII. COST COMPONENTS AND FINANCING:

	<u>Financed by</u>		<u>Total</u>	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	130	260	390	30
Foreign Costs	-	910	910	70
Total Costs - Amount	<u>130</u>	<u>1,170</u>	<u>1,300</u>	<u>100</u>

VIII. DISBURSEMENT PERIOD:

	<u>1981</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>	<u>Post 1987</u>
Local Sources	-	130	-	130	-
External Sources	-	370	390	760	410
Total	-	<u>500</u>	<u>390</u>	<u>890</u>	<u>520</u>

IX. STATUS OF PREPARATION: CDB approached. DFMC is to be restructured and a site identified.

X. PROJECT IMPLICATIONS: Operating and Maintenance Costs: None.
Debt Obligations: Interest: 4%; Amortization: 15 years.

XI. TECHNICAL ASSISTANCE REQUIRED: None.

MONTserrat

1985/87 Project List - Individual Project Description

Industry
(US\$ '000)

- I. NAME OF PROJECT: Small Industry Credit.
- II. EXECUTING GOVERNMENT AGENCY: DFMC
- III. TOTAL ESTIMATED COST: US\$500
- IV. EXTERNAL FINANCING REQUIRED: US\$500
- V. LENDING AGENCY: CDB (CFC)
- VI. DESCRIPTION AND JUSTIFICATION: The project is a continuation of the small industry credit scheme to industry and agriculture.
- VII. COST COMPONENTS AND FINANCING:

	<u>Financed by</u>		<u>Total</u>	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	-	-	-	-
Foreign Costs	-	250	250	100
Total Costs - Amount	-	100	250	-
- %	-	100	-	100

VIII. DISBURSEMENT PERIOD:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>	<u>Post 1987</u>
Local Sources	-	-	-	-	-
External Sources	-	250	250	500	-
Total	-	250	250	500	-

- IX. STATUS OF PREPARATION: CDB has been approached. Arrangement for credit management is to be agreed upon.
- X. PROJECT IMPLICATIONS:
- XI. TECHNICAL ASSISTANCE REQUIRED:

MONTERRAT

1985/87 Project List - Individual Project Description

Transport
(US\$ '000)

- I. NAME OF PROJECT: Equipment for Airport and Improvements to Airport
- II. EXECUTING GOVERNMENT AGENCY: Ministry of Communications and Works
- III. TOTAL ESTIMATED COST: 517
- IV. EXTERNAL FINANCING REQUIRED: 517
- V. LENDING AGENCY: CIDA
- VI. DESCRIPTION AND JUSTIFICATION:

A. Description: Project provides for purchase of telecommunications and electronic equipment for the control tower, and a tractor and fire fighting equipment. Construction work includes a beacon shelter, extension of the fire station and improvements to the terminal building.

B. Justification: To upgrade the facilities at the airport to comply with international safety standards and provide comfort for travellers.

VII. COST COMPONENTS AND FINANCING:

	Financed by		Total	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	-	155	155	30
Foreign Costs	-	362	362	70
Total Costs - Amount	-	517	517	100

VIII. DISBURSEMENT PERIOD:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>	<u>Post 1987</u>
Local Sources	-	-	-	-	-
External Sources	37	119	210	366	151
Total - Amount	37	119	210		151

- IX. STATUS OF PREPARATION: CIDA is expected to begin funding equipment for the airport in 1985. The improvements are scheduled to begin in 1986. This project is part of a regional Airports (OECS) program.
- X. PROJECT IMPLICATIONS: Operation and Maintenance Costs:
- XI. TECHNICAL ASSISTANCE REQUIRED: CIDA is providing technical assistance.

1985/87 Project List - Individual Project Description

Transport
(US\$ '000)

- I. NAME OF PROJECT: Improvement to Fire Services
- II. EXECUTING GOVERNMENT AGENCY: Manpower and Administration
- III. TOTAL ESTIMATED COST: 193
- IV. EXTERNAL FINANCING REQUIRED: 193
- V. LENDING AGENCY: UK
- VI. DESCRIPTION AND JUSTIFICATION:
- A. Description: Project includes refurbishing the existing fire engines and purchasing a new fire tender and two new Land Rovers with fire equipment.
- B. Justification: A properly organized and equipped fire service is needed.
- VII. COST COMPONENTS AND FINANCING:

	<u>Financed by</u>		<u>Total</u>	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	-	39	39	20
Foreign Costs	-	154	154	80
Total Costs - Amount	-	193	193	100

VIII. DISBURSEMENT PERIOD:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>	<u>Post 1987</u>
Local Sources	-	-	-	-	-
External Sources	111	82	-	193	-
Total - Amount	111	82	-	193	-

- X. STATUS OF PREPARATION: Project has been identified. BDD has been approached.
- IX. PROJECT IMPLICATIONS:
- X. TECHNICAL ASSISTANCE REQUIRED: None.

MONTSERRAT

1985/87 Project List - Individual Project Description

Electricity
(US\$ '000)

I. NAME OF PROJECT: Replacement of Generating Sets and Improvements to Transmission and Distribution System.

II. EXECUTING GOVERNMENT AGENCY: Montserrat Electricity Services Ltd.

III. TOTAL ESTIMATED COST: 1481

IV. EXTERNAL FINANCING REQUIRED: 741

V. LENDING AGENCY: EIB

VI. DESCRIPTION AND JUSTIFICATION:

A. Description: Two generating sets will reach the end of their useful life in 1985/86 and their capacity must be replaced. Upgrading and improvements to the transmission and distribution system is necessary to maintain safety standards and supply areas not yet receiving services.

B. Justification: To meet increasing electricity demand and maintain (or replace) system in existence.

VII. COST COMPONENTS AND FINANCING:

	<u>Financed by</u>		<u>Total</u>	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	444	74	518	35
Foreign Costs	296	667	963	65
Total Costs - Amount	740	741	1481	100

VIII. DISBURSEMENT PERIOD:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>	<u>Post 1987</u>
Local Sources	148	296	296	740	-
External Sources	741	-	-	741	-
Total - Amount	889	296	296	1481	-

IX. STATUS OF PREPARATION: EIB has approved funding for the generating sets are expected to be purchased in 1985. The improvements to the system are an ongoing, local activity.

X. PROJECT IMPLICATIONS: Operation and Maintenance Costs: To be covered by electricity charges.

Debt Obligations: Interest: 6%;
Amortization: 15 years; Grace: 3 year.

XI. TECHNICAL ASSISTANCE REQUIRED: None.

MONTSERRAT

1985/87 Project List - Individual Project Description

Tourism
(US\$ '000)

- I. NAME OF PROJECT: Little Bay Access Road.
- II. EXECUTING GOVERNMENT AGENCY: Ministry of Communications and Works
- III. TOTAL ESTIMATED COST: 99
- IV. EXTERNAL FINANCING REQUIRED: 99
- V. LENDING AGENCY: U.K.
- VI. DESCRIPTION AND JUSTIFICATION:

- A. Description: Construction of approximately 1900 ft. of road in Little Bay.
- B. Justification: The road would open up the area for possible tourism development.

VII. COST COMPONENTS AND FINANCING:

	<u>Financed by</u>		<u>Total</u>	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	-	30	30	30
Foreign Costs	-	69	69	70
Total Costs - Amount	-	99	99	100

VIII. DISBURSEMENT PERIOD:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>	<u>Post 1987</u>
Local Sources	-	-	-	-	-
External Sources	9	50	-	99	-
Total	9	50	-	99	-

- IX. STATUS OF PREPARATION: Project has been approved and should begin in 1985.

X. PROJECT IMPLICATIONS:

Operating and Maintenance Costs: None.
Debt Obligations: None.

- XI. TECHNICAL ASSISTANCE REQUIRED: The U.K. is providing the required technical assistance.

MONTSERRAT

1985/87 Project List - Individual Project Description

Tourism
(US\$ '000)

- I. NAME OF PROJECT: Tourist Facilities
- II. EXECUTING GOVERNMENT AGENCY: Chief Minister's Office
- III. TOTAL ESTIMATED COST: 161
- IV. EXTERNAL FINANCING REQUIRED: 148
- V. LENDING AGENCY: Unknown.
- VI. DESCRIPTION AND JUSTIFICATION:

A. Description: To improve beach facilities and introduce other tourism infrastructure such as nature trails and maps.

B. Justification: To attract additional tourists to the island.

VII. COST COMPONENTS AND FINANCING:

	Financed by		Total	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>z</u>
Local Costs	13	148	161	100
Foreign Costs	-	-	-	-
Total Costs - Amount	<u>13</u>	<u>148</u>	<u>161</u>	<u>100</u>

VIII. DISBURSEMENT PERIOD:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>	<u>Post 1987</u>
Local Sources	5	4	4	13	-
External Sources	52	48	48	148	-
Total	<u>57</u>	<u>52</u>	<u>52</u>	<u>161</u>	<u>-</u>

IX. STATUS OF PREPARATION: The need has been identified.

X. PROJECT IMPLICATIONS:

Operating and Maintenance Costs: Potentially self-liquidating.
Debt Obligations: Unknown

XI. TECHNICAL ASSISTANCE REQUIRED: None.

MONTSERRAT

1985/87 Project List - Individual Project Description

Water
(US\$ '000)

I. NAME OF PROJECT: Equipment and Plant for Water Authority

II. EXECUTING GOVERNMENT AGENCY: Water Authority

III. TOTAL ESTIMATED COST: 336

IV. EXTERNAL FINANCING REQUIRED: 336

V. LENDING AGENCY: CIDA

VI. DESCRIPTION AND JUSTIFICATION:

A. Description: Includes duplication of all pumping sets and provision of stand-by generating power at all pumping stations plus additional vehicles and mechanical plant.

B. Justification: To replace obsolete pumping sets as well as to meet increasing demand for water.

VII. COST COMPONENTS AND FINANCING:

	<u>Financed by</u>		<u>Total</u>	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>Z</u>
Local Costs	-	-	-	-
Foreign Costs	-	336	336	100
Total Costs - Amount:	-	336	336	100

VIII. DISBURSEMENT PERIOD:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>	<u>Post 1987</u>
Local Sources	-	-	-	-	-
External Sources	67	185	84	-	-
Total	67	185	84	-	-

IX. STATUS OF PREPARATION: Project identified. CIDA has been approached.

X. PROJECT IMPLICATIONS:

Operating and Maintenance Costs: To be covered from water charges.
Debt Obligations: Unknown.

XI. TECHNICAL ASSISTANCE REQUIRED: None.

MONTSERAT

1985/87 Project List - Individual Project Description

Water
(US\$ '000)

- I. NAME OF PROJECT: Water Development
- II. EXECUTING GOVERNMENT AGENCY: Water Authority
- III. TOTAL ESTIMATED COST: 1,006
- IV. EXTERNAL FINANCING REQUIRED: 1,006
- V. LENDING AGENCY: EDF
- VI. DESCRIPTION AND JUSTIFICATION:

A. Description: The project will: develop spring sources to improve the quantity and quality of yield; provide additional storage reservoirs; replace existing transmission mains.

B. Justification: To meet increasing demand for water.

VII. COST COMPONENTS AND FINANCING:

	<u>Financed by</u>		<u>Total</u>	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	-	-	-	-
Foreign Costs	-	1006	1006	100
Total Costs - Amount	-	1006	1006	100

VIII. DISBURSEMENT PERIOD:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>	<u>Post 1987</u>
Local Sources	-	-	-	-	-
External Sources	222	580	204	1006	-
Total	222	580	204	1006	-

- IX. STATUS OF PREPARATION: Project has been identified. EDF has been approached.
- X. PROJECT IMPLICATIONS:
- Operating and Maintenance Costs: To be covered from water charges.
Debt Obligations: None.
- XI. TECHNICAL ASSISTANCE REQUIRED: Technical assistance will be required at all stages.

MONTSERRAT

1985/87 Project List - Individual Project Description

Water
(US\$ '000)

- I. NAME OF PROJECT: Extension of Distribution Network.
- II. EXECUTING GOVERNMENT AGENCY: Water Authority
- III. TOTAL ESTIMATED COST: 267
- IV. EXTERNAL FINANCING REQUIRED: 267
- V. LENDING AGENCY: Unknown
- VI. DESCRIPTION AND JUSTIFICATION:
- A. Description: Extension of distribution network on the East and West Coasts and in Little Bay.
- B. Justification: To meet increasing demand for water.
- VII. COST COMPONENTS AND FINANCING:

	<u>Financed by</u>		<u>Total</u>	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	-	-	-	-
Foreign Costs	-	267	267	100
Total Costs - Amount	-	267	267	100

VIII. DISBURSEMENT PERIOD:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>	<u>Post 1987</u>
Local Sources	-	-	-	-	-
External Sources	-	134	133	267	-
Total	-	134	133	267	-

- IX. STATUS OF PREPARATION: Project identified.
- X. PROJECT IMPLICATIONS:
- Operating and Maintenance Costs: To be covered from water charges.
- Debt Obligations: Unknown.
- XI. TECHNICAL ASSISTANCE REQUIRED: None

MONTSERRAT

1985/87 Project List - Individual Project Description

Water
(US\$ '000)

I. NAME OF PROJECT: Water Authority Office Building

II. EXECUTING GOVERNMENT AGENCY: Water Authority

III. TOTAL ESTIMATED COST: 370

IV. EXTERNAL FINANCING REQUIRED: 370

V. LENDING AGENCY: Unknown

VI. DESCRIPTION AND JUSTIFICATION:

A. Description: Construction of new office building, workshop garages, store, and laboratory.

B. Justification: Existing office space is too small for future requirements.

VII. COST COMPONENTS AND FINANCING:

	<u>Financed by</u>		<u>Total</u>	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	-	370	370	100
Foreign Costs	-	370	370	100
Total Costs - Amount	-	370	370	100

VIII. DISBURSEMENT PERIOD:

	1985	1986	1987	Total	Post 1987
Local Sources	-	-	-	-	-
External Sources	-	-	185	185	185
Total	-	-	185	185	185

IX. STATUS OF PREPARATION: Concept identified. Project needs to be developed.

X. PROJECT IMPLICATIONS:

Operating and Maintenance Costs: Unknown.
Debt Obligations: Unknown.

XI. TECHNICAL ASSISTANCE REQUIRED: Technical assistance required at all stages of project development.

MONTserrat

1985/87 Project List - Individual Project Description

Water
(US\$ '000)

I. NAME OF PROJECT: Replacement of Service Mains

II. EXECUTING GOVERNMENT AGENCY: Water Authority

III. TOTAL ESTIMATED COST: 86

IV. EXTERNAL FINANCING REQUIRED: 86

V. LENDING AGENCY: Unknown

VI. DESCRIPTION AND JUSTIFICATION:

A. Description: Project provides for the replacement of service mains in the following areas: Paradise to Rileys; Paradise to Windy Hill; Spring Ghaut to Trials and; Underwood to Mongo Hill.

B. Justification: The main distribution system is corroding and needs to be replaced.

VII. COST COMPONENTS AND FINANCING:

	<u>Financed by</u>		<u>Total</u>	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	-	34	34	40
Foreign Costs	-	52	52	60
Total Costs - Amount	-	86	86	100

VIII. DISBURSEMENT PERIOD:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>	<u>Post 1987</u>
Local Sources	-	-	-	-	-
External Sources	-	37	28	65	21
Total - Amount	-	37	28	65	21

IX. STATUS OF PREPARATION: Study needs to be undertaken, but project has been identified.

X. PROJECT IMPLICATIONS: Operation and Maintenance Costs: Unknown.
Debt Obligations: Unknown.

XI. TECHNICAL ASSISTANCE REQUIRED: None.

MONTISERRAT

1985/87 Project List - Individual Project Description

Water
(US\$ '000)

I. NAME OF PROJECT: Access Roads and Fencing of Reservoir Sites.

II. EXECUTING GOVERNMENT AGENCY: Water Authority

III. TOTAL ESTIMATED COST: 257

IV. EXTERNAL FINANCING REQUIRED: 257

V. LENDING AGENCY: Unknown

VI. DESCRIPTION AND JUSTIFICATION:

A. Description: Project provides for the construction of access roads and the fencing of reservoir sites in conjunction with the development of springs and increase in reservoir capacity.

B. Justification: Better access is needed to reservoirs for maintenance and monitoring. Fencing will increase security around reservoirs.

VII. COST COMPONENTS AND FINANCING:

	<u>Financed by</u>		<u>Total</u>	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	-	154	154	60
Foreign Costs	-	103	103	40
Total Costs - Amount	-	257	257	100

VIII. DISBURSEMENT PERIOD:

	1985	1986	1987	Total	Post 1987
	Local Sources	-	-	-	-
External Sources	-	-	128	128	129
Total - Amount	-	-	129	129	129

IX. STATUS OF PREPARATION: Project has been identified.

X. PROJECT IMPLICATIONS: Operation and Maintenance Costs: Unknown.
Debt Obligation: Unknown.

XI. TECHNICAL ASSISTANCE REQUIRED: Unknown.

MONTSERRAT

1985/87 Project List - Individual Project Description

Education
(US\$ '000)

- I. NAME OF PROJECT: Reconstruction of Secondary Schools
- II. EXECUTING GOVERNMENT AGENCY: Ministry of Education, Health and Community Service.
- III. TOTAL ESTIMATED COST: 519
- IV. EXTERNAL FINANCING REQUIRED: 519
- V. LENDING AGENCY: Unknown
- VI. DESCRIPTION AND JUSTIFICATION:
- A. Description: The project includes the reconstruction and expansion of two junior secondary schools at Salem and Plymouth, and the Montserrat Secondary School.
- B. Justification: The project will enlarge the access to secondary education especially for the 15 -17 age group.
- VII. COST COMPONENTS AND FINANCING:

	<u>Financed by</u>		<u>Total</u>	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	-	130	130	25
Foreign Costs	-	389	389	75
Total Costs - Amount	-	519	519	100

VIII. DISBURSEMENT PERIOD:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>	<u>1987</u>
Local Sources	-	-	-	-	-
External Sources	-	130	194	324	194
Total	-	130	194	324	194

- IX. STATUS OF PREPARATION: Project identified in a UNESCO Sector Study Report. CDB approached.
- X. PROJECT IMPLICATIONS: Operating and Maintenance Costs: Unknown.
Debt Obligations: Unknown.
- XI. TECHNICAL ASSISTANCE REQUIRED: Technical assistance required for implementation.

MONTSEERRAT

1985/87 Project List - Individual Project Description

Education
(US\$ '000)

- I. NAME OF PROJECT: Technical Education Program
- II. EXECUTING GOVERNMENT AGENCY: Ministry of Education, Health and Community Service
- III. TOTAL ESTIMATED COST: 423
- IV. EXTERNAL FINANCING REQUIRED: 423
- V. LENDING AGENCY: Unknown
- VI. DESCRIPTION AND JUSTIFICATION:
- A. Description: Project includes the expansion of the technical college.
- B. Justification: To offer increased opportunities for technical training geared to the employment market.

VII. COST COMPONENTS AND FINANCING:

	Financed by		Total	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	-	106	106	25
Foreign Costs	-	317	317	75
Total Costs - Amount	-	423	423	100
- %				

VIII. DISBURSEMENT PERIOD:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>	<u>Post 1987</u>
Local Sources	-	-	-	-	-
External Sources	-	106	158	264	159
Total	-	106	158	264	159

- IX. STATUS OF PREPARATION: Project identified in a UNESCO Sector Study Report.
- X. PROJECT IMPLICATIONS: Operating and Maintenance Costs: Unknown. Debt Obligations: Unknown.
- XI. TECHNICAL ASSISTANCE REQUIRED: Technical assistance required for implementation.

MONTSERRAT

1985/87 Project List - Individual Project Description

Education
(US\$ '000)

- I. NAME OF PROJECT: Basic Needs II
- II. EXECUTING GOVERNMENT AGENCY: Ministry of Agriculture/Ministry of Education.
- III. TOTAL ESTIMATED COST: 400
- IV. EXTERNAL FINANCING REQUIRED: 400
- V. LENDING AGENCY: USAID (Administered through CDB)
- VI. DESCRIPTION AND JUSTIFICATION:

- A. Description: Program includes the following
- i) improvements to clinics and health centers;
 - ii) irrigation development;
 - iii) post harvest pest control;
 - iv) vocational/technical center;
 - v) rehabilitation of Salem Junior Secondary School.

B. Justification: continuation of Basic Needs I Program.

VII. COST COMPONENTS AND FINANCING:

	<u>Financed by</u>		<u>Total</u>	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	-	160	160	40
Foreign Costs	-	240	240	60
Total Costs - Amount	-	400	400	100

VIII. DISBURSEMENT PERIOD:

	1985	1986	1987	Total	Post 1987
	Local Sources	-	-	-	-
External Sources	133	134	133	400	-
Total - Amount	133	134	133	400	-

- IX. STATUS OF PREPARATION: Project has been approved and will begin in 1985 with USAID funding.
- X. PROJECT IMPLICATIONS: Operation and Maintenance Costs: None.
Debt Obligations: None.
- XI. TECHNICAL ASSISTANCE REQUIRED: Technical assistance required form implementation.

MONTERRAT

1985/87 Project List - Individual Project Description

Education
(US\$ '000)

- I. NAME OF PROJECT: Community and Resource Centers
- II. EXECUTING GOVERNMENT AGENCY: Ministry of Education, Health, and Community Service.
- III. TOTAL ESTIMATED COST: 94
- IV. EXTERNAL FINANCING REQUIRED: 70
- V. LENDING AGENCY: UK
- VI. DESCRIPTION AND JUSTIFICATION:

- A. Description: Project provides for the building of community centers and resource centers on a voluntary basis. Equipment for resource centers would also be purchased.
- B. Justification: Schools are presently substituting for both community and resource centers, Separate facilities are needed due to scarce resources in the schools (i.e. equipment, books, etc.).

VII. COST COMPONENTS AND FINANCING:

	<u>Financed by</u>		<u>Total</u>	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	10-	28	38	40
Foreign Costs	14-	43	56	60
Total Costs - Amount	24-	70	94	100

VIII. DISBURSEMENT PERIOD:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>	<u>Post 1987</u>
Local Sources	-	8	8	16	8
External Sources	-	23	23	46	24
Total - Amount	-	31	31	62	32

- IX. STATUS OF PREPARATION: Project has been identified. BDD has been approached.
- X. PROJECT IMPLICATIONS: Operation and Maintenance Costs: Unknown.
- XI. TECHNICAL ASSISTANCE REQUIRED: Technical assistance is required for implementation.

MONTserrat

1985/87 Project List - Individual Project Description

Housing
(US\$ '000)

- I. NAME OF PROJECT: Housing
- II. EXECUTING GOVERNMENT AGENCY: Ministry of Agriculture, Trade, Lands and Housing
- III. TOTAL ESTIMATED COST: 741
- IV. EXTERNAL FINANCING REQUIRED: -
- V. LENDING AGENCY: Capital Market instruments (most probably Development Bonds) issued by the Government Montserrat.

VI. DESCRIPTION AND JUSTIFICATION:

- A. Description: The Government of Montserrat would issue capital market instruments (Development Bonds) for financing at middle income housing with possibly a low income housing component.
- B. Justification: To satisfy the growing demand for middle/low income housing.

VII. COST COMPONENTS AND FINANCING:

	Financed by		Total	
	<u>Local Sources</u>	<u>External Sources</u>	<u>Amount</u>	<u>%</u>
Local Costs	445	-	445	60
Foreign Costs	296	-	296	40
Total Costs - Amount	<u>741</u>	<u>-</u>	<u>741</u>	<u>100</u>

- VIII. STATUS OF PREPARATION: Project identified. ECCB has been approached.

IX. PROJECT IMPLICATIONS:

Operating and Maintenance Costs: None.

Debt Obligations: Development Bonds would yield 7.5% annually and would be redeemable in 15 years.

X. TECHNICAL ASSISTANCE REQUIRED:

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Table No.

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Table 1.1: MONTSEMMAT - POPULATION TRENDS, 1977-83

	1977	1978	1979	1980 ^{a/}	1981	1982	Prel. 1983
Mid-Year Population Estimates	11,494	11,252	11,221	11,606	11,620	11,675	11,733
Crude Birth Rate of Mid-Year Estimated Population (per 1000)	17.8	17.1	21.2	19.3	19.9	22.3	22.7
Crude Death Rate of Mid-Year Estimated Population (per 1000)	12.0	13.1	10.3	8.9	10.1	9.9	10.6
Rate of Natural Increase of Mid-Year Estimated Population (per 1000)	5.8	4.0	10.9	10.4	9.8	12.4	12.1
Total Births	205	192	238	224	231	260	266
Total Deaths	138	147	116	103	117	114	124
Natural Population Increase	67	45	122	121	114	146	142
Net Migration	-220	-287	-153	+264	-100	-91	-84
Net Population Increase	-153	-242	-31	+385	+14	+55	+58
Infant Mortality Rate	34.1	46.9	46.2	40.2	21.6	7.7	30.1

^{a/} 1980 Population Census.

Source: Statistics Office.

Table 1.2: MONTSERAT - EMPLOYMENT TRENDS AND UNEMPLOYMENT, 1975-83

	1975	1980 ^{a/}	1981	1982	Prel. 1983
Agriculture, Forestry, Fisheries	615	476	470	470	450
Mining and Quarrying	10	9	9	10	10
Manufacturing	250	464	520	510	533
Electricity and Water	70	89	89	90	100
Construction	630	713	735	740	690
Trading, Hotels, Restaurants	485	605	625	635	626
Transport and Communications	200	237	250	265	270
Finance, Insurance, Real Estate and Business Services	160	166	170	172	164
Other Services	1,626	1,812	1,796	1,861	1,900
TOTAL EMPLOYMENT	4,046	4,574	4,664	4,753	4,743
No. of Persons Unemployed	306	298	271	282	357
Total Labor Force	4,352	4,872	4,935	5,035	5,100
Unemployment Rate	7.0	6.1	5.5	5.6	7.0

^{a/} Census figures.

Source: Statistics Office

Table 1.3: MONTSERRAT - Population by Age and Sex, 1970, 1980, 1981 and 1983

Age Group	1970 ^{a/}			1980 ^{a/}			1981 ^{b/}			1983 ^{b/}		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Under 10	1593	1560	<u>3153</u>	1122	1177	<u>2299</u>	1131	1121	<u>2252</u>	1122	1106	<u>2228</u>
10 to 14	692	710	<u>1402</u>	678	675	<u>1353</u>	669	677	<u>1346</u>	650	661	<u>1311</u>
15 to 39	1625	1616	<u>3241</u>	2261	2126	<u>4387</u>	2314	2214	<u>4528</u>	2403	2347	<u>4750</u>
40 to 64	1034	1391	<u>2425</u>	901	1159	<u>2060</u>	877	1115	<u>1992</u>	888	1072	<u>1960</u>
65+	430	807	<u>1237</u>	620	887	<u>1507</u>	617	885	<u>1512</u>	601	884	<u>1485</u>
TOTAL	<u>5374</u>	<u>6084</u>	<u>11458</u>	<u>5582</u>	<u>6024</u>	<u>11606</u>	<u>5608</u>	<u>6012</u>	<u>11620</u>	<u>5663</u>	<u>6070</u>	<u>11733</u>
Dependency Ratio ^{c/}			<u>102</u>			<u>80</u>			<u>78</u>			<u>75</u>

Notes: ^{a/} Population Census Figures
^{b/} Estimates
^{c/} Population under 15 and over 65 per 100 of the working population (15-64).

Source: Statistics Office.

Table 2.1: MONTSERRAT - SECTORAL ORIGIN OF GROSS DOMESTIC PRODUCT AT CURRENT PRICES, 1975-83
(In thousands of EC dollars)

	1975	1976	1977	1978	1979	1980	1981	Actual 1982	Preliminary 1983
Agriculture	1,190	1,313	1,335	1,509	2,033	2,405	2,994	3,308	3,263
Mining and Quarrying	222	266	240	350	350	356	454	1,108	582
Manufacturing	1,389	1,430	1,787	2,277	3,015	3,479	4,100	4,033	5,304
Electricity and Water	676	600	907	1,078	992	1,859	2,034	2,118	2,553
Construction	2,753	2,959	2,809	2,946	4,907	5,226	6,386	8,263	6,507
Wholesale and Retail Trade	3,600	4,269	4,956	5,842	5,227	8,921	12,651	13,468	13,680
Hotels and Restaurants	593	778	984	966	1,330	1,751	2,404	2,674	2,844
Transport and Communications	1,469	1,641	1,980	3,135	3,600	4,256	5,205	6,529	7,374
Banking, Insurance, Business Services	1,504	1,318	1,703	1,947	2,494	3,438	4,483	5,235	5,453
Real Estate and Ownership of Dwellings	5,177	5,292	5,745	5,933	6,423	14,277	11,262	11,437	13,491
Public Administration	4,610	4,441	4,734	5,372	7,148	10,687	12,052	13,427	15,421
Other Services	797	1,233	1,517	1,768	1,875	2,851	2,799	3,055	3,166
TOTAL	23,980	25,540	28,697	33,123	39,394	59,506	66,824	74,655	79,638
Imputed Banking Service Charges	849	984	1,112	1,186	1,335	1,894	2,780	3,666	3,645
GD ^P at current f.c.	23,131	24,556	27,585	31,937	38,059	57,612	64,044	70,989	75,993
Net Indirect Taxes	2,307	2,316	2,942	3,345	5,225	7,828	9,314	10,020	11,588
GD^P at current m.p.	25,438	26,872	30,527	35,282	43,284	65,440	73,358	81,009	87,581

Source: Statistics Office

Table 2.2: MONTERRAT - SECTORAL ORIGIN OF GROSS DOMESTIC PRODUCT AT CONSTANT PRICES, 1975-83
(In thousands of 1977 EC dollars)

	1975	1976	1977	1978	1979	1980	1981	Actual 1982	Preliminary 1983
Agriculture	1,573	1,660	1,335	1,322	1,633	1,523	1,707	1,616	1,373
Mining and Quarrying	250	273	240	348	328	295	325	727	383
Manufacturing	1,685	1,753	1,787	2,360	2,831	3,128	3,505	3,438	3,593
Electricity and Water	837	849	907	972	1,013	1,139	1,140	1,107	1,210
Construction	3,774	3,317	2,809	2,618	3,848	3,557	3,963	4,720	3,697
Wholesale and Retail Trade	5,364	5,444	4,956	5,514	5,770	6,463	6,965	7,064	6,941
Hotels and Restaurants	965	956	984	1,009	1,029	1,291	1,138	1,090	1,067
Transport and Communications	1,906	1,829	1,980	2,498	2,590	2,770	2,883	3,108	3,191
Banking, Insurance, Business Services	1,978	2,002	1,703	1,825	2,126	2,367	2,417	2,477	2,544
Real Estate and Ownership of Dwellings	5,551	5,651	5,745	5,988	6,090	6,162	6,285	6,345	6,410
Public Administration	4,519	4,441	4,734	4,790	4,893	6,617	6,516	6,552	7,119
Other Services	1,363	1,406	1,517	1,549	1,590	1,630	1,435	1,397	1,274
TOTAL	29,765	29,581	28,697	30,793	33,741	36,942	38,279	39,641	38,782
Imputed Banking Service Charges	1,398	1,377	1,112	1,194	1,389	1,583	1,610	1,636	1,610
GDP at Constant f.c.	28,367	28,204	27,585	29,599	32,352	35,359	36,669	38,005	37,172
Net Indirect Taxes	3,015	2,752	2,942	2,878	3,835	4,543	4,395	4,776	5,378
GDP at Constant m.p.	31,382	30,956	30,527	32,477	36,187	39,902	41,064	42,781	42,550
<u>Growth Rate (%)</u>		<u>-1.4</u>	<u>-1.4</u>	<u>6.4</u>	<u>11.4</u>	<u>10.3</u>	<u>2.9</u>	<u>4.2</u>	<u>-0.5</u>

Source: Statistics Office

Table 2.3: MONTSERRAT - EXPENDITURE ON GROSS DOMESTIC PRODUCT AT CURRENT PRICES, 1975-83
(In thousands of EC dollars)

	1975	1976	1977	1978	1979	1980	1981	1982	1983
Final Consumption									
Expenditure	27,726	30,334	32,321	38,888	48,860	74,601	80,991	90,619	96,457
Government	6,280	6,937	6,704	7,786	9,906	12,242	14,119	16,877	19,316
Private	21,446	23,397	25,617	31,102	38,954	62,359	66,872	73,742	77,141
Investment	8,710	11,921	9,854	14,299	19,596	26,857	33,675	32,092	27,841
Fixed Capital Formation	8,367	10,505	9,243	11,980	18,195	21,644	29,354	30,613	25,981
Public	(n.a.)	(4,580)	(3,383)	(2,219)	(3,583)	(6,107)	(8,112)	(6,347)	(n.a.)
Private	(n.a.)	(5,925)	(5,860)	(9,761)	(14,612)	(15,537)	(21,242)	(24,266)	(n.a.)
Change in Stocks	343	1,416	611	2,319	1,401	5,213	4,321	1,479	1,860
Exports of Goods & Services	7,200	7,500	9,244	11,715	11,589	13,660	18,606	20,204	21,549
Imports of Goods & Services ^{a/}	18,198	22,883	20,892	29,620	36,761	49,678	59,914	61,906	58,266
GDP at m.p.	25,438	26,872	30,527	35,282	43,284	65,440	73,358	81,009	87,581

^{a/} Note: Figures differ from balance of payments due to inclusion of estimated unrecorded imports.

Source: Statistics Office and mission estimates.

Table 2.4: MONTSERRAT - EXPENDITURE ON GROSS DOMESTIC PRODUCT AT CONSTANT PRICES, 1975-83
(In thousands of 1977 EC dollars)

	1975	1976	1977	1978	1979	1980	1981	1982	1983
Final Consumption									
Expenditure	32,855	30,780	32,321	32,016	37,576	41,700	39,797	44,184	44,390
Government	6,873	7,771	6,704	7,090	6,985	7,502	8,250	9,072	10,071
Private	25,982	23,009	25,617	24,926	30,591	34,198	31,547	35,112	34,319
Investment	12,379	14,111	9,854	12,590	15,074	18,060	20,660	18,362	15,530
Fixed Capital Formation	11,907	12,195	9,243	10,451	14,079	15,090	18,291	17,567	14,538
Public	(n.a.)	(5,201)	(3,383)	(1,953)	(2,816)	(4,301)	(5,288)	(3,641)	(n.a.)
Private	(n.a.)	(6,994)	(5,860)	(8,498)	(11,263)	(10,789)	(13,003)	(13,923)	(n.a.)
Change in Stocks	472	1,916	611	2,139	995	2,970	2,369	795	992
Exports of Goods & Services	8,857	9,001	9,244	11,715	9,272	9,487	12,004	11,678	10,829
Imports of Goods & Services	22,709	22,936	20,892	23,844	25,735	29,345	32,370	31,443	28,199
GDP at m.p.	31,382	30,956	30,527	32,477	36,187	39,902	41,064	42,781	42,550

Source: Statistics Office

Table 2.5: MONTSERRAT - ACTUAL AND PROJECTED SOURCES AND USES OF RESOURCES, 1982-87

(In millions of East Caribbean dollars)

	Actual 1982	Prelim. 1983	Projected ^{a/}			
			1984	1985	1986	1987
<u>Gross Domestic Product</u>	<u>81.0</u>	<u>87.6</u>	<u>87.6</u>	<u>89.4</u>	<u>92.0</u>	<u>94.8</u>
Imports (including NFS)	61.9	58.3	50.1	64.3	67.8	72.2
Exports (including NFS)	20.2	21.5	23.4	26.5	31.3	34.0
<u>Consumption</u>	<u>90.6</u>	<u>96.5</u>	<u>93.6</u>	<u>95.9</u>	<u>98.1</u>	<u>100.6</u>
Public	16.9	19.3	19.8	20.6	21.2	21.8
Private	73.7	77.1	73.8	75.3	76.9	78.8
<u>Investment</u>	<u>32.1</u>	<u>27.8</u>	<u>20.7</u>	<u>31.3</u>	<u>30.4</u>	<u>32.4</u>
Public	6.3	6.1	7.0	9.8	8.9	8.0
Private	25.7	21.7	13.7	21.5	21.5	24.4
<u>Gross National Savings</u>	<u>7.5</u>	<u>18.6</u>	<u>12.6</u>	<u>12.9</u>	<u>13.9</u>	<u>15.7</u>
Public	3.2	3.0	3.2	3.1	3.2	3.2
Private	4.3	15.6	9.4	9.8	10.7	12.5
<u>Memorandum Item</u>						
<u>Investment Financing</u>	<u>32.1</u>	<u>27.8</u>	<u>20.7</u>	<u>31.3</u>	<u>30.4</u>	<u>32.4</u>
National Savings	7.5	18.6	12.6	12.9	13.9	15.7
Current Account Balance	24.6	9.2	8.1	18.4	16.5	16.7
			(As of % of GDP)			
<u>Gross Domestic Product</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
<u>Resource Balance</u>	<u>51.5</u>	<u>42.0</u>	<u>30.5</u>	<u>42.3</u>	<u>39.7</u>	<u>40.3</u>
Imports (including NFS)	76.4	66.5	57.2	71.9	73.7	76.2
Exports (including NFS)	24.9	24.5	26.7	29.6	34.0	35.9
<u>Consumption</u>	<u>111.9</u>	<u>110.1</u>	<u>106.8</u>	<u>107.3</u>	<u>106.6</u>	<u>106.1</u>
Public	20.9	22.0	22.6	23.0	23.0	23.0
Private	91.0	88.1	84.2	84.3	83.6	83.1
<u>Investment</u>	<u>39.6</u>	<u>31.7</u>	<u>23.6</u>	<u>35.0</u>	<u>33.0</u>	<u>34.2</u>
Public	7.8	6.9	8.0	11.0	9.7	8.4
Private	31.8	24.8	15.6	24.0	23.3	25.8
<u>Gross National Savings</u>	<u>9.3</u>	<u>21.2</u>	<u>14.4</u>	<u>14.4</u>	<u>15.1</u>	<u>16.6</u>
Public	4.0	3.4	3.7	3.4	3.5	3.4
Private	5.3	17.8	10.7	11.0	11.6	13.2
<u>Memorandum Item</u>						
<u>Investment Financing</u>	<u>39.6</u>	<u>31.7</u>	<u>23.6</u>	<u>35.0</u>	<u>33.0</u>	<u>34.2</u>
National Savings	9.3	20.9	14.4	14.4	15.1	16.6
Current Account Balance	30.3	10.8	9.2	20.6	17.9	17.6

^{a/} At constant 1983 prices.

Source: Mission estimates.

Table 3.1: MONTSERRAT - BALANCE OF PAYMENTS, 1977-83

(In millions of US dollars)

	1977	1978	1979	1980	1981	1982	Prel. 1983
Exports of Goods and NFS	3.4	4.4	4.5	5.1	6.9	7.5	8.0
Imports of Goods and NFS	7.0	10.0	12.0	16.9	22.2	22.9	21.6
<u>Resource Balance</u>	<u>-3.6</u>	<u>-5.6</u>	<u>-7.5</u>	<u>-11.8</u>	<u>-15.3</u>	<u>-15.4</u>	<u>-13.6</u>
Net Factor Service Payments	-0.03	-0.03	-0.03	-0.01	-0.01	-0.2	0.2
Transfers (net) ^{a/}	4.7	4.7	4.9	5.6	5.0	6.5	10.0
<u>Current Account Balance</u>	<u>1.1</u>	<u>-0.9</u>	<u>-2.6</u>	<u>-6.2</u>	<u>-10.3</u>	<u>-9.1</u>	<u>-3.4</u>
Private Capital ^{b/}	-3.3	-0.2	0.7	3.8	6.9	5.0	1.9
Public Capital	3.4	1.4	1.8	2.2	2.7	3.0	1.5
Grants	3.1	1.3	1.7	2.0	2.2	2.6	1.3
Loans	0.3	0.2	0.2	0.3	0.6	0.4	0.3
Amortization	-	-0.1	-0.1	-0.1	-0.1	-	-0.1
Change in International Reserves	-1.2	-0.3	0.2	0.2	0.7	1.1	-
(-increase)							

^{a/} Includes budgetary grants up through 1980.

^{b/} Including errors, omissions and commercial banks.

Source: Mission estimates.

Table 3.2: MONTSERRAT - MERCHANDISE IMPORTS BY END USE CATEGORY, 1978-84

(In millions of US dollars)

	1978	1979	1980	1981	1982	Prel. 1983	1984 a/
Total b/	10.0	12.0	16.5	18.9	20.3	20.1	10.9
Food	2.3	2.5	3.5	3.7	3.7	3.9	2.6
Beverages and Tobacco	0.7	0.7	1.0	1.2	1.4	1.4	0.6
Crude Materials	0.2	0.6	0.5	0.6	0.6	0.5	0.2
Fuels	0.7	1.1	1.8	2.2	2.2	2.3	1.1
Oils and Fats	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Chemicals	0.6	0.7	1.3	1.4	1.6	1.3	0.6
Manufactured Goods	1.8	2.4	2.6	2.9	3.6	3.0	1.6
Machinery and Transport	2.5	2.4	4.1	3.5	4.6	4.5	2.7
Miscellaneous Manufactured Articles	1.1	1.3	1.6	3.1	2.2	2.4	1.2
Miscellaneous Transactions	0.1	0.1	0.1	0.2	0.3	0.7	0.2

a/ January through August only.

b/ Totals may not add because of rounding.

Source: Statistics Office.

Table 3.3: MONTSERRAT - SELECTED MERCHANDISE EXPORTS BY MAJOR COMMODITIES, 1977-84

(In thousands of US dollars)

	1977	1978	1979	1980	1981	1982	1983	Preliminary 1984 a/
Cattle	32.6	11.5	45.9	1.1	40.7	8.0	—	—
Cotton Lint	50.1	21.5	0.4	—	—	—	—	—
Electronic Components	—	211.5	145.9	130.4	129.3	88.0	403.8	524.4
Hot Peppers	0.1	34.2	69.3	40.4	35.6	1.5	0.9	0.1
Live Plants	—	9.3	58.2	88.9	130.0	143.6	118.1	51.7
Pepper Paste	—	—	63.4	10.4	21.9	13.9	13.2	12.0
Plastic Bags	7.8	8.4	18.1	53.1	82.2	69.9	32.0	18.7
Polypropylene Bags	69.3	3.4	—	215.1	561.9	461.0	853.7	467.8
T-Shirts, Shirts & Jeans	—	—	—	55.9	121.9	118.3	70.2	123.6
Tomatoes	28.6	22.3	21.1	6.7	5.9	3.1	—	2.8
Sea Island Cotton Goods	—	—	—	—	21.1	0.4	7.2	9.8
Leather	1.1	1.1	3.3	17.8	48.9	43.9	32.3	9.3

Note: a/ January through July only.

Source: Statistics Office.

Table 3.4: MONTSERRAT - Exports by End-Use Category, 1977-1984

(In thousands of US dollars)

	1977	1978	1979	1980	1981	1982	1983	1984 ^{1/}
<u>Domestic Exports</u>	<u>408</u>	<u>712</u>	<u>551</u>	<u>658</u>	<u>1,302</u>	<u>1,018</u>	<u>1,581</u>	<u>1,276</u>
Food	95	103	237	78	148	32	19	40
Beverages and Tobacco	4	4	8	4	6	8	12	-
Crude Materials	70	96	79	89	135	151	120	52
Fuels	-	-	-	-	-	-	-	-
Animal and Vegetable Oils	-	-	-	-	-	-	-	-
Chemicals	4	3	-	-	-	-	-	-
Manufactured Goods	40	16	4	18	72	62	53	22
Machinery and Transport	-	213	145	130	130	88	404	524
Miscellaneous Manufactured Articles	195	277	78	339	810	677	973	638
Miscellaneous Transactions	-	-	-	-	1	-	-	-
<u>Re-exports ^{2/}</u>	<u>201</u>	<u>664</u>	<u>223</u>	<u>105</u>	<u>182</u>	<u>313</u>	<u>122</u>	<u>508</u>
<u>Total Exports</u>	<u>609</u>	<u>1,376</u>	<u>774</u>	<u>763</u>	<u>1,484</u>	<u>1,331</u>	<u>1,703</u>	<u>1,784</u>

Note: ^{1/} January through September only.

^{2/} From 1980 to 1984, categories previously classified as re-exports, i.e. musical instruments brought in as personal items by groups recording at the Air Studio and currency notes repatriated to ECCB, have been deducted. These items have probably also been included in earlier years (1977 to 1979), but no estimates were available.

Source: Statistics Office and Customs.

Table 3.5: MONTSERRAT - PROJECTED BALANCE OF PAYMENTS, 1982-87

(In millions of US dollars)

	Actual 1982	Prelim. 1983	Projected			
			1984	1985	1986	1987
Exports of Goods and NFS	7.5	8.0	9.0	10.3	12.5	13.6
Imports of Goods and NFS	22.9	21.6	19.3	25.0	27.1	28.9
<u>Resource Balance</u>	<u>-15.4</u>	<u>-13.6</u>	<u>-10.3</u>	<u>-14.7</u>	<u>-14.6</u>	<u>-15.3</u>
Net Factor Service Payments	-0.2	0.2	0.2	-0.1	-	-0.3
Transfers (net)	6.5	10.0	6.8	7.2	7.6	8.1
<u>Current Account Balance</u>	<u>-9.1</u>	<u>-3.4</u>	<u>-3.0</u>	<u>-6.8</u>	<u>-6.1</u>	<u>-6.2</u>
Private Capital <u>a/</u>	5.0	1.9	0.5	3.6	3.3	3.5
Public Capital	3.0	1.5	2.5	3.2	2.8	2.7
Grants and Loans	3.1	1.6	2.7	3.4	3.1	3.1
Amortization	-0.1	-0.1	-0.2	-0.2	-0.3	-0.4
Change in reserves (- = increase)	1.1	-	-	-	-	-

a/ Includes commercial banking system and uncommitted financing for public sector investment program.

Source: Mission estimates.

Table 4.1: MONTERRAT - SUMMARY OF EXTERNAL PUBLIC DEBT AND PUBLICLY GUARANTEED DEBT OPERATIONS, 1976-83^{a/}

(In thousands of US dollars)

	1976	1977	1978	1979	1980	1981	1982	1983
Outstanding and Disbursed Debt at end of Period	510.1	704.3	914.4	1,127.7	1,484.8	2,012.9 ^{c/}	2,407.2	2,639.7
Outstanding and Disbursed Debt at beginning of Period	359.8	520.2	704.3	914.4	1,127.7	1,484.8	2,012.9	2,407.2
Plus: Net Disbursements	217.0	194.2	210.1	213.3	357.1	528.1	394.3	232.5
Disbursements	217.0	194.2	256.9	224.8	379.8	547.1	436.4	303.3
Amortization	—	—	46.8	11.5	22.7	19.0	42.1	70.8
Valuation Adjustment	-66.7	—	—	—	—	—	—	—
Debt Service Payments	20.7	28.1	76.7	45.2	73.0	79.4	137.7	177.4
Amortization	—	—	46.8	11.5	22.7	19.0	42.1	70.8
Interest	20.7	28.1	29.9	33.7	50.3	60.4	95.6	106.6
	(In per cent)							
Disbursed Balance/GDP	5.6	7.4	8.5	7.3	8.5	10.0	8.0	8.1
Net Disbursement/GDP	2.4	2.0	2.0	1.4	2.1	2.6	1.3	0.7
Debt Service/GDP	0.2	0.3	0.6	0.3	0.3	0.3	0.5	0.5
Debt Service/Exports of Goods and NFS	0.7	0.8	1.8	1.0	1.4	1.2	1.8	2.2
Average Interest Rate ^{b/}	5.8	5.5	4.2	3.7	4.5	4.1	4.7	4.4

^{a/} Includes Central Government and Central Government guaranteed debt.

^{b/} Rates of interest payments to debt at beginning of period.

^{c/} Excludes EC\$3.7 million of local loans from a commercial bank.

Sources: Government of Montserrat, CDB, and mission estimates.

**Table 5.1: MONTSEERRAT - CENTRAL GOVERNMENT CURRENT EXPENDITURES,^{a/} 1978-84
(In thousands of EC dollars)**

	1978	1979	1980	1981	1982	1983	Estimate 1984
Current Expenditures	8,897	11,737	13,773	16,042	18,878	20,159	21,637
Wages and Salaries	4,885	7,351	7,949	8,087	9,958	11,139	13,185
Pensions and Gratuities	554	430	751	741	971	1,106	982
Purchase of Goods & Services	2,522	2,958	3,800	5,601	5,997	5,967	5,391
Interest Payments	54	45	57	303	370	324	318
Subsidies ^{b/}	93	80	120	135	156	130	155
Transfers to:	789	873	1,096	1,175	1,426	1,493	1,606
Households	(333)	(369)	(507)	(423)	(604)	(591)	(565)
Abroad	(367)	(429)	(478)	(550)	(515)	(599)	(795)
Other	(89)	(75)	(111)	(202)	(307)	(303)	(246)

^{a/} National Accounts definition.

^{b/} To Water Authority in lieu of rates.

Source: Statistics Office, Ministry of Finance and the Treasury, Audited Annual Accounts, 1982, and Annual Accounts Ended December 31, 1983.

Table 5.2: MONTSERRAT - CENTRAL GOVERNMENT CURRENT REVENUES,^{a/} 1978-84

(In thousands of East Caribbean dollars)

	1978	1979	1980	1981	1982	1983	Estimate 1984
Current Revenue	7,732	10,859	14,951	18,327	20,083	20,966	22,443
Tax Revenue	6,198	9,021	12,840	15,453	16,770	18,189	19,992
Direct Taxes	2,760	3,716	4,892	5,646	6,757	8,263	8,505
Personal Income Tax	1,705	2,358	2,853	3,299	4,040	5,210	5,100
Company Income Tax	314	377	919	1,163	1,427	1,710	1,900
Property Tax	600*	828	830	942	1,010	1,118	1,200
Others	141	153	290	242	280	225	305
Indirect Taxes and Fees	3,438	5,305	7,948	9,807	10,013	9,926	11,487
Import Duties	1,397	1,768	2,104	2,375	2,637	2,380	2,682
Hotel Occupancy Tax	75	76	128	173	168	205	280
Foreign Currency Levy	282	391	857	847	890	1,881	1,000
Consumption Tax	1,426	1,816	2,464	2,791	2,898	3,238	3,869
Stamp duties	137	199	210	220	276	162	200
Customs Service Tax	0	761	1,498	1,644	1,762	1,986	2,700
Bank Licenses	0	30	331	1,318	885	494	250
Others	121	264	356	439	497	580	506
Nontax Revenue	1,534	1,838	2,111	2,874	3,313	2,777	2,451
Interest and Rent Income	239	243	243	231	238	309	319
Profits from Government							
Corp. ^{b/}	414	830	847	1,763	1,977	1,451	1,090
o/w Share of ECCA Profit	(124)*	(249)	(339)	(568)	(617)	(731)	(650)
Sale of Goods & Services	175	333	258	310	273	259	275
Surplus of Departmental							
Enterprises ^{c/}	175	123	22	-358	-62	-206	-276
Current Transfers	531	309	741	928	887	964	1,043
from Households	(68)	(110)	(485)	(702)	(576)	(559)	(633)
Other	(463)	(199)	(256)	(226)	(311)	(405)	(410)
External Budgetary Grants	1,700	1,200	1,200	—	—	—	—

* Estimate

Notes: ^{a/} National Accounts definition.

^{b/} Comprised of the Philatelic Corporation and Share of ECCA Profit.

^{c/} Departmental Enterprises consist of the Post Office, Blackburne Airport, Radio Montserrat and the Harbour.

Source: Statistics Office, Ministry of Finance, and the Treasury, Audited Annual Accounts, 1982, and Annual Accounts Ended December 31, 1983.

Table 5.3: MONTSERRAT - CENTRAL GOVERNMENT OPERATIONS, 1978-84

(In millions of East Caribbean dollars)

	1978	1979	1980	1981	1982	1983	Estimate 1984
Current Revenue	7.7	10.9	15.0	18.3	20.1	21.0	22.4
Current Expenditure	8.9	11.7	13.8	16.0	18.9	20.2	21.6
Current Account Balance	<u>-1.2</u>	<u>-0.8</u>	<u>1.2</u>	<u>2.3</u>	<u>1.2</u>	<u>0.8</u>	<u>0.8</u>
External Budgetary Grants	1.7	1.3	1.1	—	—	—	—
Central Government Balance	<u>0.5</u>	<u>0.5</u>	<u>2.3</u>	<u>2.3</u>	<u>1.2</u>	<u>0.8</u>	<u>0.8</u>
Capital Expenditures	2.7	3.9	7.3	10.5	7.9	4.7	7.3
Overall Deficit	<u>-2.2</u>	<u>-3.4</u>	<u>-5.0</u>	<u>-8.2</u>	<u>-6.7</u>	<u>-3.9</u>	<u>-6.5</u>
Financing	<u>2.2</u>	<u>3.4</u>	<u>5.0</u>	<u>8.2</u>	<u>6.7</u>	<u>3.9</u>	<u>6.5</u>
Capital Grants	1.7	2.4	5.4	5.8	6.9	3.6	6.1
Net External Borrowing	0.1	0.6	0.6	1.3	0.2	0.1	1.2
Disbursement	(n.a.)	(n.a.)	(n.a.)	(n.a.)	(0.3)	(0.1)	(1.2)
Amortization	(n.a.)	(n.a.)	(n.a.)	(n.a.)	(0.1)	(—)	(—)
Net Commercial Bank Financing <u>b/</u>	-0.9	0.1	0.5	3.7	-0.8	-0.5	<u>-a/</u>
Other <u>c/</u>	1.3	0.3	-1.5	-2.6	0.4	0.7	-0.8

Note: a/ Loans (net) to the Central Government as of August 31, 1984.

b/ Includes amortization payments to local branch of foreign bank of EC\$.4 million in 1982, EC\$.5 million in 1983, and EC\$.5 million in 1984.

c/ Includes residual.

Source: Ministry of Finance and The Treasury.

Table 5.4: MONTSERRAT - FINANCING OF PUBLIC SECTOR INVESTMENT, 1978-83

(In millions of East Caribbean dollars)

	1978	1979	1980	1981	1982	1983
<u>Public Sector Capital Expenditure</u>	<u>2.7</u>	<u>4.3</u>	<u>6.9</u>	<u>10.5</u>	<u>7.8</u>	<u>4.2</u>
<u>Financing</u>	<u>2.7</u>	<u>4.3</u>	<u>6.9</u>	<u>10.5</u>	<u>7.8</u>	<u>4.2</u>
Public Sector Savings	-0.9	-0.1	1.1	2.3		0.8
External Budgetary Grants	1.7	1.2	1.2	—	—	-
Net Domestic Borrowing	0.5	-1.3	-0.9	1.1	-0.5	0.2
(Banking System)	(+0.4)	(-1.2)	(-)	(4.0)	(-)	-
(Other)	(0.1)	(-0.1)	(-0.9)	(-2.9)	(-0.5)	-
Net External Financing	1.4	4.5	5.5	7.1	6.4	3.2
(Grants)	(1.7)	(3.4)	(5.1)	(5.8)	(5.6)	(3.9)
(Development Loans)	(0.8)	(0.6)	(0.7)	(1.6)	(1.1)	(0.4)
(Amortization)	(-0.3)	(-0.1)	(-0.1)	(-0.3)	(-0.3)	(-0.3)
(Change in Foreign Assets)	(-0.8)	(0.6)	(-0.2)	—	—	-

Source: Ministry of Finance and the Treasury.

Table 5.5: MONTSERRAT - ACTUAL AND PROJECTED CENTRAL GOVERNMENT FINANCES

1982 - 1987

(In millions of East Caribbean dollars)

	Actual 1982	Prelim. 1983	Projected			
			1984	1985	1986	1987
Current Revenue	20.1	21.0	22.4	22.9	23.6	24.4
Direct Taxes	6.8	8.3	8.5	8.5	8.7	9.0
Indirect Taxes	10.0	9.9	11.5	11.6	12.0	12.3
Other	3.3	2.8	2.4	2.8	2.9	3.5
Current Expenditure	18.9	20.2	21.6	22.2	23.1	23.8
Wages and Salaries	10.0	11.1	13.2	13.5	13.8	14.2
Goods and Services	6.0	6.0	5.4	5.7	6.3	6.4
Other	2.9	3.1	3.0	3.0	3.0	3.2
Current Account Surplus/Deficit	1.2	0.8	0.8	0.7	0.5	0.6

Source: Statistics Office, Ministry of Finance, Treasury, and mission estimates.

Table 5.6: MONTSERRAT - ACTUAL AND PROJECTED FINANCING OF PUBLIC SECTOR INVESTMENT, 1982-87
(In millions of East Caribbean dollars)

	Actual	Prelim.	Projected			
	1982	1983	1984	1985	1986	1987
Total Program	<u>7.8</u>	<u>4.2</u>	<u>7.3</u>	<u>10.3</u>	<u>10.3</u>	<u>9.4</u>
Public Sector Capital Expenditures	7.8	4.2	7.3	10.3	10.3	9.4
Credit Program (to Private Sector)	-	-	-	-	1.8	1.8
Financing	<u>7.8</u>	<u>4.2</u>	<u>7.3</u>	<u>10.3</u>	<u>10.3</u>	<u>9.4</u>
Public Sector Savings <u>a/</u>	1.2	0.8	0.8	0.7	0.8	0.7
Net Domestic Borrowing	-0.4	0.2	-1.3			
Net External Financing	7.0	3.2	7.8	8.8	8.0	8.1
Grants <u>b/</u>	6.9	3.9	6.1	6.9	5.0	5.0
Loans <u>b/</u>	0.4	-0.4	2.0	2.2	3.4	3.5
Amortization	(-0.3)	(-0.3)	(-0.3)	(-0.3)	(-0.4)	(-0.4)
Additional Financing Required <u>c/</u>				0.8	1.5	0.6

a/ Includes Savings by major public enterprises.

b/ Includes committed financing only.

c/ Includes both net domestic borrowing and additional external borrowing commitments.

Source: Mission estimates.

Table 5.7: MONTSERRAT - PUBLIC SECTOR INVESTMENT PROGRAM, 1984-1987

(In thousands of East Caribbean dollars)

	1984			1985			1986			1987		
	Total	External	Local	Total	External	Local	Total	External	Local	Total	External	Local
ONGOING PROJECTS												
Agriculture	592.3	592.3	-	393.8	393.8	-	672.9	672.9	-	672.9	672.9	-
Sources of Energy-Charcoal Production	161.5	161.5	-	138.7	138.7	-	-	-	-	-	-	-
Energy Conservation	7.4	7.4	-	1.7	1.7	-	1.7	1.7	-	1.7	1.7	-
Phasing Out of Agricultural Subsidies	11.7	11.7	-	-	-	-	-	-	-	-	-	-
Agricultural Reconstruction and Irrigation Services	319.3	319.3	-	253.4	253.4	-	586.2	586.2	-	586.2	586.2	-
Integrated Sea Island Cotton	58.0	58.0	-	-	-	-	-	-	-	-	-	-
Estates Development - Richmond	7.0	7.0	-	-	-	-	-	-	-	-	-	-
Abattoir Improvements	-	-	-	-	-	-	85.0	85.0	-	85.0	85.0	-
Cotton Wet Processing Equipment	27.4	27.4	-	-	-	-	-	-	-	-	-	-
Industry	-	-	-	60.0	60.0	-	305.0	305.0	-	160.0	160.0	-
Tannery (MIEL)	-	-	-	60.0	60.0	-	305.0	305.0	-	160.0	160.0	-
Housing	20.1	20.1	-	-	-	-	-	-	-	-	-	-
Hurricane Resistant Housing	20.1	20.1	-	-	-	-	-	-	-	-	-	-
Transport	4543.3	3409.3	1134.0	3250.0	3250.0	-	-	-	-	-	-	-
Rescue Craft for Blackburne	58.8	58.8	-	-	-	-	-	-	-	-	-	-
PWD Hot Mix Plant	480.0	480.0	-	-	-	-	-	-	-	-	-	-
PWD Equipment	600.0	600.0	-	-	-	-	-	-	-	-	-	-
New Aircraft (Islander)	2322.0	1188.0	1134.0	-	-	-	-	-	-	-	-	-
Road Improvement and Bitumen Storage Tank	790.0	790.0	-	900.0	900.0	-	-	-	-	-	-	-
Repair of Emerald Star	42.5	42.5	-	-	-	-	-	-	-	-	-	-
Port Protection	250.0	250.0	-	2350.0	2350.0	-	-	-	-	-	-	-
Water	145.0	145.0	-	1160.0	1060.0	100.0	145.0	145.0	-	-	-	-
Water Supply Protection	145.0	145.0	-	1160.0	1060.0	100.0	145.0	145.0	-	-	-	-
Electricity	300.0	-	300.0	-	-	-	-	-	-	-	-	-
Electricity Improvements	300.0	-	300.0	-	-	-	-	-	-	-	-	-
Education	295.0	295.0	-	270.0	270.0	-	220.0	220.0	-	220.0	220.0	-
Social Development (Small Projects)	75.0	75.0	-	50.0	50.0	-	-	-	-	-	-	-
West Indies Scholarships and Training Scheme	220.0	220.0	-	220.0	220.0	-	220.0	220.0	-	220.0	220.0	-
Other	1373.6	1138.6	235.0	693.0	693.0	-	693.0	693.0	-	693.0	693.0	-
Police Radios	300.0	300.0	-	-	-	-	-	-	-	-	-	-
X-Ray Machine	100.0	100.0	-	-	-	-	-	-	-	-	-	-
MAF Projects	191.1	191.1	-	230.0	230.0	-	230.0	230.0	-	230.0	230.0	-
USAID Projects	180.9	180.9	-	270.0	270.0	-	270.0	270.0	-	270.0	270.0	-
Program Aid (BDD)	165.6	165.6	-	193.0	193.0	-	193.0	193.0	-	193.0	193.0	-
Computer	150.0	-	150.0	-	-	-	-	-	-	-	-	-
Old Peoples Home	85.0	-	85.0	-	-	-	-	-	-	-	-	-
Disaster Preparedness	60.0	60.0	-	-	-	-	-	-	-	-	-	-
Improvement to Prison	141.0	141.0	-	-	-	-	-	-	-	-	-	-

Table 5.7: (Cont'd)

	1984			1985			1986			1987		
	Total	External	Local	Total	External	Local	Total	External	Local	Total	External	Local
NEW PROJECTS												
Agriculture				211.7	211.7	-	1492.7	1492.7	-	1698.6	1698.6	-
Fisheries Development	-	-	-	-	-	-	141.0	141.0	-	215.0	215.0	-
Farmer Staff Training and Training Center	-	-	-	-	-	-	20.0	20.0	-	190.0	190.0	-
Farm Improvement Credit	-	-	-	-	-	-	100.0	100.0	-	100.0	100.0	-
Development of Fruit Orchards	-	-	-	-	-	-	330.0	330.0	-	330.0	330.0	-
Livestock Development	-	-	-	-	-	-	600.0	600.0	-	620.0	620.0	-
Watershed Protection	-	-	-	55.7	55.7	-	55.7	55.7	-	55.6	55.6	-
Reafforestation	-	-	-	156.0	156.0	-	246.0	246.0	-	188.0	188.0	-
Industry	-	-	-	-	-	-	2025.0	1675.0	350.0	1725.0	1725.0	-
Industrial Estates IV	-	-	-	-	-	-	1350.0	1000.0	350.0	1050.0	1050.0	-
Small Industry Credit	-	-	-	-	-	-	675.0	675.0	-	675.0	675.0	-
Housing	-	-	-	-	-	-	-	-	-	500.0	-	500.0
Housing	-	-	-	-	-	-	-	-	-	500.0	-	500.0
Transport	-	-	-	100.0	100.0	-	321.0	321.0	-	567.0	567.0	-
Equipment for Airport	-	-	-	100.0	100.0	-	321.0	321.0	-	567.0	567.0	-
Tourism	-	-	-	285.0	273.0	12.0	275.0	263.0	12.0	142.0	130.0	12.0
Little Bay Access Road	-	-	-	133.0	133.0	-	133.0	133.0	-	-	-	-
Tourist Facilities	-	-	-	152.0	140.0	12.0	142.0	130.0	12.0	142.0	130.0	12.0
Water and Electricity	-	-	-	3181.0	2781.0	400.0	2865.0	2065.0	800.0	1577.0	777.0	800.0
Water Development	-	-	-	600.0	600.0	-	1565.0	1565.0	-	550.0	550.0	-
Purchase of Equipment and Plant	-	-	-	181.0	181.0	-	500.0	500.0	-	227.0	227.0	-
Replacement of Generating Sets	-	-	-	2400.0	2000.0	400.0	800.0	-	800.0	800.0	-	800.0
Education	-	-	-	360.0	360.0	-	1081.0	1059.0	22.0	1399.1	1377.1	22.0
Reconstruction and Expansion of Secondary Schools	-	-	-	-	-	-	350.5	350.0	-	525.8	525.8	-
Technical Education Program	-	-	-	-	-	-	285.5	285.5	-	428.3	428.3	-
Community/Resource Centers	-	-	-	-	-	-	85.0	63.0	22.0	85.0	63.0	22.0
Basic Needs II	-	-	-	360.0	360.0	-	360.0	360.0	-	360.0	360.0	-
Other	-	-	-	300.0	300.0	-	220.0	220.0	-	-	-	-
Improvement to Fire Services	-	-	-	300.0	300.0	-	220.0	220.0	-	-	-	-
Summary												
ONGOING PROJECTS	7269.3	5600.3	1669.0	5826.8	5726.8	100.0	2035.9	2035.9	-	1745.9	1745.9	-
NEW PROJECTS	-	-	-	4437.7	4025.7	412.0	8279.7	7095.7	1184.0	7608.7	6274.7	1334.0
TOTAL	7269.3	5600.3	1669.0	10264.5	9752.5	512.0	10315.6	9131.6	1184.0	9354.6	8020.6	1334.0

Table 6.1: MONTSERRAT - SUMMARY OF COMMERCIAL BANK OPERATIONS, 1977-84

(In millions of East Caribbean dollars)

	December 31						-- August --		
	1977	1978	1979	1980	1981	1982	1983	1983	1984
<u>Net Foreign Assets</u>	<u>0.7</u>	<u>0.6</u>	<u>4.8</u>	<u>5.2</u>	<u>-0.5</u>	<u>-6.4</u>	<u>-1.3</u>	<u>-0.8</u>	<u>-2.3</u>
<u>Assets</u>	<u>8.8</u>	<u>10.6</u>	<u>14.4</u>	<u>17.7</u>	<u>16.8</u>	<u>12.5</u>	<u>12.4</u>	<u>11.6</u>	<u>7.7</u>
<u>Claims on banks</u>									
in territory	7.0	7.8	9.9	10.2	7.7	3.9	5.9	4.6	1.4
Claims on banks abroad	1.8	2.8	4.5	7.5	9.1	8.6	6.5	7.0	6.3
<u>Short-term liabilities</u>	<u>-8.1</u>	<u>-10.0</u>	<u>-9.6</u>	<u>-12.5</u>	<u>-17.3</u>	<u>-18.9</u>	<u>-13.7</u>	<u>-12.4</u>	<u>-10.0</u>
<u>Balances dues to banks</u>									
in territory	1.1	1.1	1.5	2.1	3.2	1.6	1.5	1.4	0.5
Balances due to banks abroad	1.5	2.9	2.2	3.4	5.1	4.3	3.9	2.6	1.2
<u>Nonresident deposits</u>	<u>5.5</u>	<u>6.0</u>	<u>5.9</u>	<u>7.0</u>	<u>9.0</u>	<u>13.0</u>	<u>8.3</u>	<u>8.4</u>	<u>8.3</u>
Demand	(0.4)	(0.7)	(0.4)	(0.8)	(1.1)	(0.4)	(1.0)	(0.6)	(0.9)
Savings	(4.4)	(0.8)	(5.1)	(5.9)	(6.8)	(11.6)	(6.2)	(6.8)	(6.5)
Time	(0.7)	(4.5)	(0.4)	(0.3)	(1.1)	(1.0)	(1.1)	(1.0)	(0.9)
<u>Claims on ECCA</u>	<u>4.4</u>	<u>5.6</u>	<u>7.7</u>	<u>6.0</u>	<u>1.7</u>	<u>1.2</u>	<u>2.3</u>	<u>2.9</u>	<u>7.7</u>
<u>Currency holdings</u>	<u>0.7</u>	<u>0.9</u>	<u>1.0</u>	<u>1.5</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.4</u>	<u>1.6</u>
<u>Deposits</u>	<u>3.7</u>	<u>4.7</u>	<u>5.7</u>	<u>4.5</u>	<u>0.5</u>	<u>—</u>	<u>1.1</u>	<u>1.5</u>	<u>6.1</u>
<u>Net domestic assets</u>	<u>10.7</u>	<u>11.0</u>	<u>6.8</u>	<u>9.0</u>	<u>21.6</u>	<u>25.3</u>	<u>24.2</u>	<u>23.4</u>	<u>24.5</u>
<u>Credit to Central</u>									
Government (net)	0.2	-0.7	-0.6	-0.1	3.6	2.8	2.3	1.6	2.3
Loans and advances	0.2	—	—	—	3.6	3.2	2.8	2.2	2.3
Deposits	—	0.7	0.6	0.1	—	0.4	0.5	0.6	—
<u>Credit to rest of public sector (net)</u>	<u>-1.7</u>	<u>-0.4</u>	<u>-1.7</u>	<u>-2.2</u>	<u>-1.6</u>	<u>-0.8</u>	<u>-1.5</u>	<u>-1.6</u>	<u>-0.5</u>
<u>Credit DMFC</u>	<u>0.1</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
<u>Credit to private sector and nonbank financial intermediaries</u>	<u>11.3</u>	<u>11.9</u>	<u>9.0</u>	<u>12.4</u>	<u>19.6</u>	<u>22.9</u>	<u>23.6</u>	<u>23.8</u>	<u>22.1</u>
<u>Net unclassified assets</u>	<u>0.8</u>	<u>0.2</u>	<u>—</u>	<u>-1.1</u>	<u>—</u>	<u>0.4</u>	<u>-0.2</u>	<u>-0.4</u>	<u>0.6</u>
<u>Liabilities to DMFC</u>	<u>0.2</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>Liabilities to private sector</u>	<u>15.6</u>	<u>17.2</u>	<u>19.0</u>	<u>20.2</u>	<u>22.8</u>	<u>20.1</u>	<u>25.2</u>	<u>25.5</u>	<u>29.9</u>
Demand deposits	3.1	3.8	5.8	5.7	7.3	6.6	6.9	7.7	9.6
Time deposits	2.2	1.5	1.9	1.9	1.7	3.9	3.7	3.3	4.9
Savings deposits	10.3	11.9	11.3	12.6	13.8	9.6	14.6	14.5	15.4

Source: East Caribbean Central Bank, mission estimates.

**Table 6.2: MONTSERRAT - DISTRIBUTION OF CREDIT TO PRIVATE SECTOR
1977 - 1983**

(In per cent)

	-----December 31-----						
	1977	1978	1979	1980	1981	1982	1983
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.00</u>
Agriculture	3.3	1.7	1.6	1.2	2.3	0.9	1.3
Manufacturing	3.8	2.2	2.5	4.4	4.9	4.0	3.5
Tourism	9.3	8.0	10.8	4.3	6.2	6.5	5.3
Transportation	7.6	4.0	6.5	5.6	4.2	4.9	3.0
Construction	27.1	8.6	7.3	2.4	9.0	4.3	2.5
Commerce	23.7	26.8	19.8	22.4	22.0	20.6	22.8
Services	3.7	1.6	2.2	5.0	5.9	3.6	2.5
Personal	20.9	47.0	44.2	47.9	43.4	51.5	56.0
Other	0.6	0.1	5.1	6.8	2.1	3.7	3.1

Source: East Caribbean Currency Authority.

Table 6.3: MONTSERRAT - COMPARISONS OF COMMERCIAL BANK INTEREST RATES, 1981-83

	December 31, 1981				December 31, 1982			December 31, 1983
	Montserrat	Antigua and Barbuda	St. Lucia	Dominica	Antigua ^{1/} and Barbuda	Montserrat	St. Lucia	Montserrat
<u>Savings Deposits</u>	2.5- 3.0	2.5- 3.0	3.0-7.50	2.5-3.0	2.5-3.0	2.5-3.0	3.0-5.0	2.5
<u>Time Deposits</u>								
up to 3 months	3.0- 4.5	5.5- 6.5	6.0- 8.0	4.0-4.5	6.0- 7.0	3.0- 4.5	6.0- 8.0	3.0- 4.5
3 to 6 months	3.0- 5.0	6.5- 7.5	6.5- 8.0	4.5-5.5	6.0- 8.5	3.0- 5.0	7.5- 8.5	3.0- 5.0
6 to 12 months	3.5- 5.5	7.0- 8.5	7.5- 9.0	5.0-6.0	6.0- 8.5	3.5- 5.5	8.0-10.0	3.5- 5.5
Over 12 months	4.0- 6.0	7.5- 8.5	-	6.0-7.0	8.5-10.0	4.0- 7.0	-	4.0- 6.0
<u>Prime Rate</u>	8.5-10.0	9.0-11.0	8.5-13.0	8.0-9.5	11.5-13.5	8.5-10.0	13.0	8.5-10.0
<u>Other Lending Rates</u>	9.0-16.0	10.0-17.0	-	12.0-14.0	9.0-18.0	9.0-16.0	-	12.0-16.0

^{1/} As of September 30, 1982

Table 7.1: MONTSERRAT - Agricultural Production
(Volume-1,000 lbs. and Value-Thousands of
EC\$ at Current and Constant 1977 Prices)

	1975	1976	1977	1978	1979	1980	1981	1982	Prel. 1983
White Potatoes									
Volume	600	600	280	200	80	70	60	60	15
Value (Current)	168	168	112	70	48	46	39	42	11
Value (Constant)	240	240	112	80	32	28	24	24	6
Sweet Potatoes									
Volume	400	370	340	330	280	310	340	335	273
Value (Current)	60	74	119	116	98	124	136	151	177
Value (Constant)	140	130	119	116	98	109	119	117	96
Carrots									
Volume	120	130	100	90	90	120	140	135	72
Value (Current)	30	33	45	50	68	90	98	101	94
Value (Constant)	54	58	45	41	41	54	63	63	32
Tomatoes									
Volume	160	170	210	160	160	150	140	140	55
Value (Current)	45	51	74	64	88	105	112	168	83
Value (Constant)	56	60	74	56	56	53	49	49	19
Bananas									
Volume	150	140	130	130	120	130	140	140	144
Value (Current)	23	21	20	20	18	26	28	35	72
Value (Constant)	23	21	20	20	18	20	21	21	22
Hot Peppers									
Volume	50	50	50	200	600	300	200	150	50
Value (Current)	15	15	15	120	360	225	200	150	50
Value (Constant)	15	15	15	60	180	90	60	45	15
Seed Cotton									
Volume	120	200	110	60	20	10	75	50	63
Value (Current)	108	200	143	72	30	20	261	293	379
Value (Constant)	156	260	143	78	26	13	98	65	82
Mangoes									
Volume	100	100	100	100	100	100	120	120	120
Value (Current)	10	10	10	10	10	15	18	18	24
Value (Constant)	10	10	10	10	10	10	12	12	12
Live Plants									
Volume	-	-	-	5	30	35	45	45	30
Value (Current)	-	-	-	25	150	228	360	405	330
Value (Constant)	-	-	-	23	135	158	203	203	135

Source: Statistics Office.

Table 7.2: MONTSERRAT -INDUSTRIAL, ELECTRICITY, AND WATER PRODUCTION, 1977-83 (EC\$)

SELECTED INDUSTRIAL PRODUCTION (EC\$ Thousands)							
	1977	1978	1979	1980	1981	1982	<u>Estimate</u> 1983
Soft Drinks	330	335	341	367	325	325	-
Bread	303	315	384	452	497	560	500
Film Processing	353	533	629	466	775	772	650
Electronic Components	-	530	650	720	750	1500	1600
Concrete Blocks	257	316	616	595	600	700	601
Sand and Gravel	390	466	603	647	825	949	1058
Polypropylene Bags	-	-	-	581	1517	1388	2412
Hot Pepper Paste	-	26	171	28	59	31	36
Leather	-	-	54	142	189	180	114

ELECTRICITY AND WATER PRODUCTION							
	1977	1978	1979	1980	1981	1982	Prel. 1982
<u>Electricity</u>							
Kilowatt Hours Generated (millions)	9.39	10.00	10.17	11.71	12.04	11.74	12.96
Kilowatt Hours Sold (millions)	7.86	8.55	8.75	9.89	9.91	9.53	10.60
Revenue (EC\$ thousands)							
Fuel Surcharge	734	782	1235	2471	2683	2670	2613
Base Tariff	1185	1247	1428	1926	2341	2761	3342
<u>Water</u>							
Gallons Sold (millions)	118	119	133	147	147	147	151
Revenue (EC\$ thousands)	450	521	493	805	915	1349	1409

Source: Statistics Office

Table 7.3: MONTSERRAT - TOURISM DATA, 1977-83

	1977	1978	1979	1980	1981	1982	Prel. 1983
<u>Total visitor arrivals</u>	<u>12,739</u>	<u>15,348</u>	<u>16,890</u>	<u>20,483</u>	<u>21,400</u>	<u>24,900</u>	<u>18,844</u>
Stayover visitors	10,892	11,531	13,108	15,530	15,554	14,979	14,344
Cruise visitors ^{a/}	1,847	3,817	3,782	4,953	5,846	9,921	4,503
Average expenditure for stayover visitors (EC\$) ^{b/}	697.8	694.0	724.2	749.4	920.2	1,012.2	1,112.0
Average expenditure for cruise visitors (EC\$)	n.a.	n.a.	n.a.	n.a.	49.0	53.9	59.0
Tourist expenditure (EC\$millions) ^{c/}	7.6	8.0	9.5	11.6	14.6	15.7	16.2

^{a/} Includes excursionists.

^{b/} This figure represents an average for the entire length of stay of hotel and villa visitors. While villa guests have a lower average daily expenditure than do hotel occupants, their length of stay is longer than the 8-day average for hotel guests.

^{c/} 1981 includes expenditures by cruise visitors.

Source: Statistics Office.

**Table 7.4: MONTSERRAT - Stay-Over Visitors and Excursionists
by Country of Origin, 1981-83**

COUNTRY/ REGION	STAY-OVERS			EXCURSIONISTS			TOTAL		
	1981	1982	1983	1981	1982	1983	1981	1982	1983
1. LATIN AMERICA AND THE CARIBBEAN REGION									
OECS ^{1/}	3,595	3,506	3,684	125	91	80	3,720	3,597	3,764
OTHER CARICOM	890	983	1,012	16	24	21	906	1,007	1,033
TOTAL CARICOM	4,485	4,489	4,696	141	115	101	4,626	4,604	4,797
LATIN AMERICA	1,029	1,070	716	51	81	39	1,080	1,151	755
<u>TOTAL</u>	<u>5,514</u>	<u>5,559</u>	<u>5,412</u>	<u>192</u>	<u>196</u>	<u>140</u>	<u>5,706</u>	<u>5,755</u>	<u>5,552</u>
2. NORTH AMERICA									
UNITED STATES	5,865	5,689	5,390	5,337	9,356	3,855	11,202	15,045	9,245
CANADA	1,748	1,604	1,655	78	73	98	1,826	1,677	1,753
<u>TOTAL</u>	<u>7,613</u>	<u>7,293</u>	<u>7,045</u>	<u>5,415</u>	<u>9,429</u>	<u>3,953</u>	<u>13,028</u>	<u>16,722</u>	<u>10,998</u>
3. EUROPE									
UNITED KINGDOM	1,706	1,672	1,326	171	229	312	1,877	1,901	1,638
REST OF EUROPE	553	314	464	60	62	80	613	376	544
<u>TOTAL</u>	<u>2,259</u>	<u>1,986</u>	<u>1,790</u>	<u>231</u>	<u>291</u>	<u>392</u>	<u>2,490</u>	<u>2,277</u>	<u>2,184</u>
4. REST OF EUROPE									
<u>TOTAL</u>	<u>168</u>	<u>141</u>	<u>94</u>	<u>8</u>	<u>5</u>	<u>18</u>	<u>176</u>	<u>146</u>	<u>112</u>
<u>GRAND TOTAL</u>	<u>15,554</u>	<u>14,979</u>	<u>14,341</u>	<u>5,846</u>	<u>9,921</u>	<u>4,503</u>	<u>21,400</u>	<u>24,900</u>	<u>18,844</u>

^{1/} OECS - Organization of East Caribbean States, i.e., Leeward Islands & Windward Islands.

Source: Statistics Office.

Table 8.1: MONTSERRAT - CONSUMER PRICES, 1976-83a/

	1976	1977	1978	1979	1980	1981	1982	1983
(March 1974 = 100)								
<u>Average</u>	146.1	165.1	180.6	210.0	272.2	291.5	320.1	335.1
Food	149.2	170.2	187.3	228.2	282.4	297.5	312.2	312.8
Alcoholic beverages and tobacco	139.5	168.3	194.4	226.2	260.7	284.8	301.3	314.7
Housing	100.0	102.9	108.7	110.6	153.9	147.3	147.3	157.4
Gas, electricity and water	178.9	247.3	260.9	290.6	443.9	488.0	590.1	609.7
Household and miscellaneous items	149.8	162.1	183.6	210.8	266.2	307.5	356.7	385.5
Clothing and footwear	162.2	231.1	244.4	306.8	354.2	385.2	446.4	504.3
Other	131.4	145.3	156.6	182.7	224.6	257.8	275.5	285.1
<u>End of Period</u>	147.8	175.5	191.5	238.8	281.2	301.1	326.5	349.4
Food	156.0	182.4	204.1	272.6	290.7	305.3	312.2	333.7
Alcoholic beverages and tobacco	140.2	184.1	200.7	252.5	266.2	299.2	306.0	335.4
Housing	100.0	108.7	108.7	112.2	147.3	147.3	147.3	167.8
Gas, electricity and water	181.7	262.5	262.6	321.1	474.3	489.2	611.3	624.1
Household and miscellaneous items	154.2	165.7	201.1	237.1	287.9	337.7	368.2	387.0
Clothing and footwear	209.5	231.9	269.9	332.6	359.6	413.4	486.8	531.4
Other	134.6	152.4	163.1	205.9	232.7	272.1	279.9	294.2
(Percentage change from preceding year)								
<u>Average</u>		13.0	10.9	16.3	29.8	7.1	9.8	4.7
Food		14.1	10.0	21.8	23.8	5.3	4.9	0.2
Alcoholic beverages and tobacco		21.0	15.2	16.4	15.3	9.2	5.8	4.5
Housing		2.9	5.6	1.7	39.2	-4.3	0.0	6.9
Gas, electricity and water		38.2	5.5	11.4	52.8	9.9	20.9	3.3
Household and miscellaneous items		8.2	13.3	14.8	26.3	15.5	16.0	8.1
Clothing and footwear		42.5	5.7	25.5	18.7	8.8	15.9	13.0
Other		10.6	7.7	16.7	22.9	14.8	6.9	3.5
<u>End of Period</u>		18.7	9.1	24.7	17.8	7.1	8.4	7.0
Food		16.9	11.9	33.6	6.6	5.0	2.3	6.9
Alcoholic beverages and tobacco		31.3	9.0	25.8	5.4	12.4	2.3	9.6
Housing		8.7	0.0	3.2	31.3	0.0	0.0	13.9
Gas, electricity and water		44.5	0.0	22.3	47.7	3.1	25.0	2.1
Household and miscellaneous items		7.4	21.4	17.9	21.4	17.3	9.0	5.1
Clothing and footwear		10.7	16.4	23.2	8.1	15.0	17.8	9.2
Other		13.2	7.0	26.2	13.0	16.9	2.9	5.1

Note: a/ A new consumer price index (September 1982=100) was introduced. The new index contains many more consumer items and new weights based on a 1980 survey of selected households.

Source: Statistics Office.

