

*Evaluation of Visibility of EU external action*

Final Report  
Volume 5 – Thematic Report on  
Financial and Economic Crisis

June 2012

*Evaluation for the European Commission*







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EU external action**

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Financial and Economic Crisis**

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## **ACRONYMS**

<b>ACP</b>	Africa Caribbean and Pacific countries
<b>AIDCO</b>	EuropeAid Co-operation Office
<b>CBO</b>	Community-Based Organisation
<b>CDB</b>	Caribbean Development Bank
<b>CODEV</b>	Committee on Development
<b>COM</b>	Commission Communication
<b>CSO</b>	Civil Society Organisation
<b>CSP</b>	Country Strategy Paper
<b>DEL</b>	EU Delegations
<b>DG</b>	Directorate General
<b>DG BUDG</b>	Directorate General for Budget
<b>DG COMM</b>	Directorate General for Communication
<b>DG DEV</b>	Directorate General for Development
<b>DG ECFIN</b>	Directorate General for Economic and Financial Affairs
<b>DG RELEX</b>	External Relations
<b>EEAS</b>	European External Action Service
<b>EC</b>	European Community - European Commission (when referring to Lisbon)
<b>ECB</b>	European Central Bank
<b>ECOSOC</b>	UN Economic and Social Council
<b>EDF</b>	European Development Fund
<b>EDF/SSU</b>	EDF Support Services Unit
<b>ENP</b>	European Neighbourhood Policy
<b>ENPI</b>	European Neighborhood Partnership Instrument
<b>EP</b>	European Parliament
<b>EPA</b>	Economic Partnership Agreement
<b>ERD</b>	European Report on Development
<b>EQs</b>	Evaluation Questions
<b>EU</b>	European Union
<b>GAERC</b>	General Affairs and External Relations Council
<b>GDP</b>	Gross Domestic Product
<b>GNI</b>	Gross National Income
<b>HIPC</b>	Heavily Indebted Poor Countries
<b>HQ</b>	Headquarters
<b>I&amp;C</b>	Information and Communication

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<b>IDA</b>	International Development Association
<b>IFF</b>	International Financing Facility
<b>IFIs</b>	International Financial Institutions
<b>IL</b>	Intervention Logic
<b>ILO</b>	International Labour Organisation
<b>IMF</b>	International Monetary Fund
<b>JEU</b>	Joint Evaluation Unit
<b>LDC</b>	Least Development Country
<b>MDG</b>	Millennium Development Goals
<b>MEUR</b>	Million Euros
<b>MS</b>	Member State
<b>NGO</b>	Non-Governmental Organization
<b>NIP</b>	National Indicative Programme
<b>NSA</b>	Non-State Actor
<b>ODA</b>	Official Development Assistance
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PBL</b>	Policy-based Loan
<b>RG</b>	Reference Group
<b>ROM</b>	Results-Oriented Monitoring system
<b>RSP</b>	Regional Strategy Paper
<b>SEC</b>	Commission Staff Working Document
<b>SIDS</b>	Small Island Developing States
<b>3 Cs</b>	Coordination, Complementarity and Coherence
<b>TOR</b>	Terms of Reference
<b>UN</b>	United Nations
<b>UNCTAD</b>	United Nations Conference on Trade and Development.
<b>V-FLEX</b>	Vulnerability Flex mechanism
<b>WB</b>	World Bank
<b>WTO</b>	World Trade Organisation

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## **1 INTRODUCTION**

Developing countries were severely affected by the financial crisis that originated in the developed world in late 2007 in a variety of ways. Private capital flows to developing economies deteriorated significantly in late 2008 and early 2009: for example, portfolio equity flows declined or even reversed; many bonds issuance plans were put on hold; foreign direct investment fell for the first time in a decade; and international bank lending experienced a significant decline. Moreover, remittances slowed down after a period of remarkable growth. Trade prices and volumes also declined dramatically, especially in countries with a high degree of trade openness and exports concentration, and highly dependent on crisis-hit markets. The impact of the crisis on growth, poverty reduction and political stability was significant. Indeed, economic growth in emerging and developing economies dropped from more than 8% in 2007 to just 2.6% in 2009. Moreover, an additional 89 million people were pushed under the extreme poverty line (below \$1.25 a day) at the end of 2010, while citizen discontent led to public oppositions, social unrests, increased violence and criminal activities in several developing countries.

In this context, donors and international organisations were called to step in and try to mitigate the adverse effects that the crisis was inflicting on the developing world. The aim of this report is twofold: (i) to provide an overview of the actions undertaken by the institutions of the European Union (EU) to support developing economies to cope with the global financial and economic crisis, and (ii) to show how these actions were perceived internationally. These objectives are obtained by reporting the key findings of a study that has been conducted in two phases. During the first phase, a thorough desk analysis was carried out on the measures adopted by the EU for helping developing countries coping with the crisis. The second phase of the study, instead, consisted in conducting a field mission in a selected beneficiary country of EU support. The aim of this mission was to analyse the visibility actions promoted to sponsor a selected EU external action in the crisis period, and to assess their effectiveness in enhancing the EU profile at the country and global level.

The remainder of the report is structured as follows. Section 2 analyses the key document produced by the European Union that guided the EU response to the crisis, and highlights differences in the position of the Commission and the European Council. It also provides a brief overview of the specific measures introduced by the European Union to support developing countries in coping with the crisis. The visibility of some of these actions is discussed. Section 3 presents the criteria through which the case and the country for the field mission were identified. Section 4 reports the hypotheses that were tested during the field mission and related evaluation questions, while Section 5 describes the data collection process and related methodological issues. Section 6 presents the main findings of the field mission distinguishing between evidence obtained through interviews across different actors (i.e. government officials, non-state actors and journalists in Grenada; and representatives of the EU Delegation in Barbados) and evidence from the media coverage analysis. Section 7 discusses the main findings in relation to the selected evaluation questions. Section 8 concludes and provides recommendations

## **2 EU INSTITUTIONAL SETTING**

### **2.1 The normative framework**

The European Commission has been a key player in the global response to the crisis. On 8 April 2009, the Commission issued a Communication which included a set of 28 comprehensive, timely, targeted and coordinated measures which aim to:

- Honour EU's aid commitments and leverage other resources;
- Act counter-cyclically;
- Improve aid effectiveness;
- Cushion the social impact and support the real economy; and



- Work together for governance and stability.

The Communication consists of an overview paper entitled “*Supporting developing countries in coping with the crisis*” which is accompanied by four EC staff working papers on Financing for Development, Aid for Trade, Aid Effectiveness and the MDGs. The Communication is the result of an extensive consultation process led by the Directorate General for Development (DG DEV), which involved EU Member States as well as several Commission departments including the Europe Aid Co-operation Office (DG AIDCO), Directorate General for Economic And Financial Affairs (DG ECFIN), Directorate General for Budget (DG BUDG), the legal services and the Secretariat General of the Commission.

The position of the European Council in relation to the financial crisis was overall in line with that of the European Commission. Indeed, the Council Conclusions of 18 May 2009 approved 23 of the 28 measures proposed by the Commission, although mainly in modified form. Indeed, as shown in Table 1, the Council strengthened, weakened or amended several of the Commission’s proposals. A few proposals of the Commission have not been included at all in the Council Conclusions.

**Table 1: Commission proposals vs. Council conclusions on selected financial crisis-related actions**

COMMISSION PROPOSALS	COUNCIL RESPONSE
<i>Immediate Action by the Commission</i>	
<b>Refocus priorities:</b> accelerate the Mid-Term Review of its strategy papers and support programmes in 2009 and 2010 with a view to reflect new needs and rising priorities	Accepted (strengthened)
<b>Quicken disbursement:</b> more flexible implementation procedures	Accepted (strengthened)
<b>Frontload aid:</b> advance commitments to ACP countries with €4.3 billion frontloaded in 2009	Accepted (weakened)
<b>Accelerate budget support:</b> the Commission has already frontloaded €3 billion (72%) of its budget support for ACP countries foreseen for 2008-2013; will review ongoing budget support operations in the most vulnerable countries and will assess, on a case by case basis, the options to frontload disbursements	Accepted (weakened)
<b>Push collective EU approach:</b> propose codes of conduct on global and vertical funds, on the use of country systems and on technical assistance.	Accepted (strengthened)
<b>Take targeted social-protection measures:</b> support developing countries’ targeted actions to cope with the direct social impact of the crisis through the creation and strengthening of social safety nets, facilitation on direct cash transfers and enhancement of in-kind transfers. The Commission will give specific attention to social safety nets, labour intensive works and the reform of labour markets.	Accepted (strengthened)
<b>Support mechanisms to safeguard social spending:</b> deliver €500 million from the 10 <sup>th</sup> EDF to ACP countries hardest hit by the crisis as budget support through the existing FLEX and an ad hoc vulnerability FLEX.	Accepted
<b>Support quick delivery infrastructure and job creation:</b> provide support for labour-intensive infrastructure works and maintenance in order to preserve access to services and to curb likely under-spending on maintenance due to fiscal pressure.	Accepted (strengthened)
<b>Increase by 2010 to €500 million the EU-Africa Infrastructure Trust Fund:</b> the Commission will double its current inlay to €200 million for 2009-2010, plus adapt the Trust Fund to include national infrastructure and to introduce risk guarantee mechanisms	Accepted
<b>Step up implementation of the AfT agenda and make AfT more effective.</b>	Accepted

intensify efforts to implement the Aid for Trade Strategy, sustain current levels of commitment, including by continuing to provide €2 billion level TRA in 2009 and 2010, and ensure that support is effective and produces the expected results.	(strengthened)
<b>Ensure guarantees for investment and provide credit facility:</b> increase guarantees for investment, strengthen the Investment Facility for ENP countries in Eastern Europe.	Accepted (weakened)
<b>Enhance policy and political dialogue:</b> the Commission in 2009 will make governance and financial governance a key issue in its political dialogue with partner countries.	Accepted (amended)
<b>Avoid new debt crises:</b> promote a discussion on enhanced sovereign debt restructuring mechanisms.	Accepted (strengthened)
<b>Recommendations to Member States</b>	
<b>Honour aid commitments:</b> must honour their individual and collective commitments to reach their ODA targets by 2010 and 2015.	Accepted (weakened)
<b>Leverage other resources:</b> step up efforts to mobilise additional development-related finance with every euro spent on development leveraging five euros in non-ODA; deepen and apply more widely innovative sources of financing.	Accepted
<b>A collective EU approach to address the crisis:</b> build a coordinated response to the crisis.	Accepted (strengthened)
<b>Take targeted social-protection measures:</b> support developing countries' targeted actions to cope with the direct social impact of the crisis through the creation and strengthening of social safety nets, facilitation on direct cash transfers and enhancement of in-kind transfers.	Accepted (strengthened)
<b>Support mechanisms to safeguard social spending:</b> participate in the vulnerability FLEX initiative as part of the international effort targeting the most vulnerable.	Accepted
<b>Support quick delivery infrastructure and job creation:</b> take actions similar to those undertaken by the Commission.	Accepted
<b>Increase by 2010 to €500 million the EU-Africa Infrastructure Trust Fund:</b> supplement €300 million and support Fund's proposed reforms.	Accepted
<b>Step up implementation of the AfT agenda and make AfT more effective:</b> intensify efforts to implement the Aid for Trade Strategy, sustain current levels of commitment, including by continuing to provide €2 billion level TRA in 2009 and 2010, and ensure that support is effective and produces the expected results.	Accepted (strengthened)
<b>Avoid new debt crises:</b> promote a discussion on enhanced sovereign debt restructuring mechanisms.	Accepted (strengthened)
<b>Recommendations to EIB</b>	
<b>Refocus priorities:</b> focus on counter-cyclical actions in Activity Plan 2009-2011 in areas such as infrastructure and the financial sector.	Accepted
<b>Quicken disbursement:</b> accelerate disbursements under agreed financing contractual commitments.	Accepted (strengthened)
<b>Frontload aid:</b> frontload commitments in ACP Partnership Agreements (€3.5 billion Investment Facility and €2 billion Own Resources in 2008-2013) and under other mandates (€25.8 billion in 2007-2013, possibly increasing by €2 billion); recommended to quicken expenditure towards ENP countries in Eastern Europe and the accession and pre-accession countries.	Accepted (weakened)
<b>Push collective EU approach:</b> strengthen cooperation with financing partners, donor agencies and the Commission, including through delegated cooperation and the blending of EU resources; recommended to strengthen cooperation with EVRD in the Eastern Partnership Strategy.	Accepted (weakened)

<b>Support quick delivery infrastructure and job creation:</b> use on-lending agreements with regional development banks and domestic financial intermediaries for local infrastructure.	Accepted (strengthened)
<b>Increase export credit:</b> support multilateral trade finance initiative in connecting with G20 commitment of \$250 billion for export credits and investment agencies.	Not included
<b>Ensure guarantees for investment and provide credit facility:</b> increase guarantees for investment, strengthen the Investment Facility for ENP countries in Eastern Europe; step up support to microfinance institutions and to the banking sector through the provision of loans, equities and/or guarantees.	Accepted (weakened)
<b>Recommendations to the Council</b>	
<b>Ensure guarantees for investment and provide credit facility:</b> adopt the 2008 Commission proposal regarding the financial strengthening of the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) through the use of reflows.	Accepted
<b>Other Actions EU should consider</b>	
<b>Exploring macro-economic assistance:</b> assistance to European Neighbourhood Policy (ENP) countries, accession and pre-accession countries in exceptional cases.	Not included
<b>Reform of International Aid Architecture:</b> push for simplification of aid architecture and “results-based conditionality”.	Not included

Source: Author’s elaborations on Gavas (2009), Woods (2009), European Commission (2009a), Council (2009).

In terms of visibility, the Commission Communication received slightly more attention and media coverage than the Council Conclusions. The Commission proposals were officially launched by the EC President Barroso in a joint press conference with Commissioner Louis Michel and were broadly covered by international organizations such as the IMF, World Bank, the Commonwealth Secretariat and the Organisation Internationale de la Francophonie<sup>1</sup>. The event was also followed by several NGOs, think tanks and research institutes, and reported by different specialised media portals (e.g. ReliefWeb.int, DevWire.eu, etc.). On the other hand, the media coverage of the Council Conclusions was more limited including some EU official websites (e.g. europa-eu-un.org) or specialised media portals (e.g. DevWire.eu, acp-eu-trade.org, commit4africa.org). Notably, the World Bank reported the Council Conclusions in its website besides the Commission Communication<sup>2</sup>.

## 2.2 The EU response to the crisis

The measures proposed by the Commission in response to the crisis may be classified into five categories: (i) *targeted actions* to cushion social impact and support real economy; (ii) *aid initiatives*; (iii) *cooperation initiatives*; (iv) *high-level meetings and international fora*; and (v) *research initiatives*. Table 2 summarizes the key actions/initiatives adopted under each category.

<sup>1</sup> See for Barroso’s press conference: [HTTP://EUROPA.EU/RAPID/PRESSRELEASESACTION.DO?REFERENCE=SPEECH/09/177&FORMAT=HTML&AGED=0&LANGUAGE=EN&GUILANGUAGE=EN](http://europa.eu/rapid/pressreleasesaction.do?reference=speech/09/177&format=html&aged=0&language=EN&guiLanguage=EN); for IMF release: [HTTP://WWW.IMF.ORG/EXTERNAL/SPRING/2009/IMFC/STATEMENT/ENG/EC.PDF](http://www.imf.org/external/spring/2009/imfc/statement/eng/ec.pdf); for the Commonwealth Secretariat release: [HTTP://WWW.COMMONWEALTH.ORG/FILES/190326/FILENAME/12EXOGENOUSSHOCKS.PDF](http://www.thecommonwealth.org/files/190326/FILENAME/12EXOGENOUSSHOCKS.PDF); and for the World Bank release: [HTTP://SITERESOURCES.WORLDBANK.ORG/INTSDNETWORK/RESOURCES/3167518-1247856570643/7.3\\_COM2009\\_0160EN01.PDF](http://siteresources.worldbank.org/INTSDNETWORK/RESOURCES/3167518-1247856570643/7.3_COM2009_0160EN01.PDF)

<sup>2</sup> See [HTTP://SITERESOURCES.WORLDBANK.ORG/INTSDNETWORK/RESOURCES/3167518-1247856570643/7.7\\_COMM\\_PDF\\_COM\\_2009\\_0160\\_F\\_EN\\_COUNCIL\\_CONCLUSIONS.PDF](http://siteresources.worldbank.org/INTSDNETWORK/RESOURCES/3167518-1247856570643/7.7_COMM_PDF_COM_2009_0160_F_EN_COUNCIL_CONCLUSIONS.PDF)

**Table 2: EU measures in response to the global economic and financial crisis<sup>3</sup>**

Targeted actions	Aid initiatives	Cooperation initiatives	High-level meetings / international fora*	Research initiatives
<ul style="list-style-type: none"> <li>• Social protection measures (e.g. social safety nets, direct cash-transfers, in-kind transfers)</li> <li>• Additional EUR100 million to EU-Africa Infrastructure Trust Fund</li> <li>• EUR500 million Vulnerability FLEX (V-FLEX)</li> <li>• FLEX mechanism</li> </ul>	<ul style="list-style-type: none"> <li>• EU Member states called to honour their ODA commitments</li> <li>• Enhanced flexibility of implementation procedures</li> <li>• Aid frontloading for EUR4.3 billion for ACP countries</li> <li>• Enhanced aid effectiveness</li> <li>• Refocused priorities through accelerated Mid-Term Review</li> </ul>	<ul style="list-style-type: none"> <li>• Signed agreements with multilaterals (e.g. EUR75 billion with IMF, EUR469 million with World Bank, EUR935 million with UN)</li> <li>• Collaboration with IMF and World Bank to assess country eligibility for the V-FLEX</li> <li>• Collaboration with IMF, World Bank and African Development Bank in a mapping exercise of crisis response programmes in developing countries</li> <li>• Cooperation with ACP Committee, non-state actors and local authorities</li> </ul>	<ul style="list-style-type: none"> <li>• UN Conference on “The World Financial and Economic Crisis and its Impact on Development”, June 2009</li> <li>• Annual high-level meeting with OECD DAC</li> <li>• Tidewater conference, October 2009</li> <li>• Meeting of Multilateral Development Banks on Debt Issues, July 2010</li> <li>• ILO High-Level Summit on the Global Jobs Crisis, June 2009</li> <li>• 7<sup>th</sup> WTO Ministerial Conference</li> <li>• G-8 (e.g. G-8 Labour Ministers meeting, 30 March 2009)</li> <li>• G-20 (e.g. G-20 Summit in London, 2 April 2009)</li> </ul>	<ul style="list-style-type: none"> <li>• Joint country impact analyses</li> <li>• Occasional papers on global financial crisis</li> <li>• European Development Report describing how fragile African countries were hit by the crisis</li> <li>• EU Member States called to conduct monitoring exercises on the effects of the crisis in the developing world</li> </ul>

Source: Author’s elaborations on different sources. Note: (\*) selected events.

Some of the above initiatives represented an opportunity for the EU to publicize its actions through own proactive measures or taking advantage of media dissemination associated to such initiatives. For example, the Commission frequently highlighted in its press releases that the Vulnerability FLEX (V-FLEX) was the first targeted action introduced immediately after the G-20 Summit in London, while some EU Delegations (e.g. in Benin, Cape Verde, Jamaica and Sierra Leone) allocated small amounts for advertising the mechanism through web and press releases in beneficiary countries. The V-FLEX also received broad coverage by international organizations’ websites and publications: the UNCTAD mentioned the V-FLEX in the *Least Developed Countries Report 2010* when dealing with the issue of

<sup>3</sup> A detailed description of these initiatives is reported in Section 6.2.3 of the *Revised Desk Report on Evaluation of Visibility of EU external Action*, May 2011.

designing a new compensatory financing architecture<sup>4</sup>, while the World Bank and Commonwealth Secretariat acknowledged the implementation of the V-FLEX shock facility by the European Commission in their websites<sup>5</sup>. Media initiatives on the V-FLEX were also undertaken in beneficiary countries (even though to different extents<sup>6</sup>) through press coverage, TV and radio appearances by local Ministers and EU representatives, public information sessions and many others.

In addition to this, the collaboration of the EU with the World Bank and IMF obtained significant visibility internationally through the websites and statements of such organisations. For example, the IMF Managing Director Dominique Strauss-Khan issued a statement acknowledging the EU contribution to support the IMF's lending capacity and recognizing EU leadership in stabilizing the global financial system during the crisis. The World Bank, instead, emphasized on its website that the V-FLEX has led to an intense coordination between the European Commission, World Bank and IMF, and recognized that this shock facility is in line with World Bank's objectives and priorities<sup>7</sup>. In a similar way, the participation of the EU to several high-level meetings and international fora received fair media coverage in particular through institutional statements and websites.

Finally, the European Report on Development, which was launched for the first time in October 2009, received great attention by international organisations (in particular the United Nations), think tanks, research institutes and media portals and, in the developing world, it generated significant interest especially in African countries<sup>8</sup>. Indeed, the ERD website registered 288 visits over March 2009, with visitors coming from 33 different countries across Africa<sup>9</sup>.

### 3 RATIONALE FOR CHOICE OF CASES AND COUNTRY

#### 3.1 Case selection

Among all the initiatives undertaken by the Commission to support developing countries in coping with the crisis, the ***Vulnerability FLEX*** mechanism has been identified as the most suitable for testing EU visibility.

The V-FLEX is an *ad hoc* EUR500 million shock facility created for a two-year period only (2009-10) to help the most vulnerable African, Caribbean and Pacific (ACP) countries to maintain priority spending, particularly in the social sectors. The V-FLEX is implemented according to a demand-based approach which involved a number of actors within the EU (namely the DG DEV, DG AIDCO, the Commission Delegations and the EU Member States that sit on the EDF Committee) as well as outside the EU (ACP governments who are required to submit the request for V-FLEX support, and International Financial Institutions such as the World Bank and IMF which contribute to assess country eligibility for the shock facility). The V-FLEX funds are disbursed in the form of budget support (general budget support or sector-specific budget support<sup>10</sup>) according to a discriminatory approach. In other words, only those ACP countries that satisfy the following criteria

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<sup>4</sup> See UNCTAD (2010), "The Least Developed Countries Report 2010. Towards a New Development Architecture for LDCs", chapter 5: [HTTP://WWW.UNCTAD.ORG/EN/DOCS/LDC2010CH5\\_EN.PDF](http://www.unctad.org/en/docs/LDC2010CH5_EN.PDF); and also chapter 6: [HTTP://WWW.UNCTAD.ORG/EN/DOCS/LDC2010CH6\\_EN.PDF](http://www.unctad.org/en/docs/LDC2010CH6_EN.PDF)

<sup>5</sup> For the Commonwealth Secretariat see:

[HTTP://WWW.THECOMMONWEALTH.ORG/FILES/190326/FILENAME/12EXOGENOUSSHOCKS.PDF](http://www.thecommonwealth.org/files/190326/FILENAME/12EXOGENOUSSHOCKS.PDF); and for the World Bank see: [HTTP://WEB.WORLDBANK.ORG/WBSITE/EXTERNAL/EXTABOUTUS/PARTNERS/WBEU/0,,CONTENTMDK:20407257~MENU PK:581151~PAGE PK:64137114~PI PK:64136911~THE SITE PK:380823,00.HTML](http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/PARTNERS/WBEU/0,,CONTENTMDK:20407257~MENU PK:581151~PAGE PK:64137114~PI PK:64136911~THE SITE PK:380823,00.HTML)

<sup>6</sup> For example, in terms of press coverage the V-FLEX received particular attention by the Caribbean media such as Caricom News, Spicegrenada.com, West Indian News, Dominica News Online, Caribbean Business Journal, Anguilla News, Caribarena Antigua, The Courier, and several others. Related links are provided in Annexes.

<sup>7</sup> See, for example:

[HTTP://WEB.WORLDBANK.ORG/WBSITE/EXTERNAL/EXTABOUTUS/PARTNERS/WBEU/0,,CONTENTMDK:20407257~MENU PK:581151~PAGE PK:64137114~PI PK:64136911~THE SITE PK:380823,00.HTML](http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/PARTNERS/WBEU/0,,CONTENTMDK:20407257~MENU PK:581151~PAGE PK:64137114~PI PK:64136911~THE SITE PK:380823,00.HTML)

<sup>8</sup> For a list of news and statements released on the ERD launch see: [HTTP://ERD.EU.EU/ERD-2009/LAUNCH-EVENTS/WHAT-THEY-SAY-ABOUT-THE-ERD-2009-LAUNCH/](http://erd.eu.eu/erd-2009/launch-events/what-they-say-about-the-erd-2009-launch/)

<sup>9</sup> For more details see: <http://erd.eu.eu/erd-2009/external-sources/networking-activities-in-africa/>

<sup>10</sup> Sing and Karasek (2010) argue that in 2009, due to tight time constraints, the V-FLEX funds were delivered mainly through general budget, while in 2010 the Commission could be more selective between general budget support and sector-specific budget support.

are considered eligible for receiving V-FLEX support: (i) high degree of vulnerability as defined by quantified benchmarks relative to government revenues, foreign reserves and fiscal deficit (adjustments in these benchmarks are allowed for countries in situations of fragility)<sup>11</sup>; (ii) a residual fiscal financing gap not covered by other donors or by foreign and/or domestic borrowing; (iii) capacity of the short term support to close or reduce by at least 50% the residual financing gap; (iv) sufficient absorptive capacity of eligible ACP countries through existing budget support programmes or established social safety net mechanisms. As shown in Table 3, in 2009 EUR326 million were allocated to 15 ACP countries, while in 2010 EUR264 million were allocated to 19 ACP countries.

**Table 3: V-FLEX allocation, 2009-2010**

Country	2009 (€ mn)	2010 (€ mn)
<b>AFRICA</b>		
Benin	25	13
Burkina Faso		14
Burundi	13.6	15
Cape Verde		9
Central African Republic	7.6	13
Comoros	4.7	
Congo DR		50
Ghana	35	
Guinea Bissau	8	8.5
Lesotho		21
Liberia		12.5
Malawi	25	19
Mauritius	10.9	
Seychelles	9	
Sierra Leone	12	10
Togo		12
Zambia	30	
Zimbabwe		16
<b>CARIBBEAN</b>		
Antigua & Barbuda		9
Dominica	5	
Grenada	5	3.5
Haiti	30	26
<b>PACIFIC</b>		
Samoa		5.5

<sup>11</sup> The benchmarks are: year-on-year deterioration of government revenues, excluding government revenues stemming from the export of oil and gas, by at least 1% of GDP taking the pre-crisis fiscal year as base year; or deterioration of foreign reserves below a value equivalent to two months of imports; or deterioration of the fiscal deficit, excluding grants, by at least 2% of GDP year-on-year, taking the pre-crisis fiscal year as base year, due to maintaining public priority expenditures and particularly in the social sectors, at the level prior to the crisis.



Solomon Islands	15.2	
Tonga		5.5
Tuvalu		1.5
<b>TOTAL:</b>	<b>236</b>	<b>264</b>

Source: Author's elaboration on different European Commission sources.

The rationale behind the selection of the V-FLEX as the most relevant and appropriate case for studying EU visibility during the field mission has been threefold:

1. Compared to other shock facilities implemented by international organisations such as the IMF and the World Bank, it was *created fairly quickly and became operative in a very short period of time*. Indeed, by the time that the World Bank's IDA Crisis Response Window and IMF's New Crisis Facilities became active – over two years after the onset of the crisis, the V-FLEX was already in place and fully operational.
2. Preliminary evidence suggests that the V-FLEX was reasonably *successful in reducing the financial gaps* in the neediest recipient countries, *and was pro-poor* in the sense that it prevented Finance Ministries from cutting development expenditure.
3. The V-FLEX received considerable media coverage in beneficiary countries through press releases, TV, radio, and public information sessions, as well as in international organisations' websites and publications (see also sub-section 2.2 above).

For all these reasons, the Vulnerability FLEX was expected to have contributed significantly to enhance EU visibility internationally during the global financial and economic crisis.

### 3.2 Country selection

In order to identify potential countries for the field mission, V-FLEX beneficiary countries were ranked according to a number of relevant criteria including (i) V-FLEX funds as a share of GDP; (ii) V-FLEX funds as a percentage of shortfall of exports; (iii) existence of additional EU and non-EU support funds; (iv) criticality of V-FLEX funds in specific country contexts; (v) visibility actions undertaken; and (iv) stage of development of communication channels. The first criterion allowed identifying those countries where EU funds were more substantial and therefore likely to have a higher visibility impact. On the basis of the second criterion, instead, it was possible to identify those countries where EU support played a more relevant role in filling the gap left by export shortfalls due to the crisis. The existence of additional EU support through the FLEX mechanism as well as funds from the IMF and World Bank provided an idea of how relevant EU development cooperation is and how EU actions are perceived compared to other donors. In the country selection process, we also took into account the criticality of V-FLEX funds since anecdotal evidence shows that the latter were particularly useful for example in fragile economies or in countries engaged into fiscal stabilization. Moreover, in order to identify countries which score higher in terms of visibility actions, we selected those where visibility actions involved more than just press coverage or where press releases coincided with an event particularly relevant. Finally, to assess the size of the potential audience that V-FLEX visibility actions may reach, we looked at the quality of communication channels such as internet, mobile and land phone lines.

From this assessment and on the basis of the comments received by the Reference Group (RG), it emerged that **Grenada** was best placed to undertake an in-country EU external action visibility study. Indeed, in Grenada V-FLEX funding received intense media coverage, for example through press releases, press conferences, TV and radio programmes. The country also scored fairly well in terms of communication channels thus increasing the viability of a visibility study even at the general public

level. In addition to this, Grenada appeared to have not only a long history of EU cooperation, but also a previous history of IMF and World Bank cooperation that was considered useful to draw comparisons with EU actions. Grenada was also the first Eastern Caribbean country to benefit from financial assistance under the V-FLEX mechanism, and the only Caribbean country to have received two V-FLEX allocations (EUR5 million in 2009, and EUR3.5 million in 2010), with the exception of Haiti. Finally, in Grenada the EU V-FLEX funds were considered critical for supporting expansionary fiscal policies in a coordinated effort with other multilateral donors

#### **4 HYPOTHESES TO BE TESTED DURING THE FIELD MISSION**

The hypotheses to be tested during the field mission were built with a two-fold objective:

1. Understanding how V-FLEX visibility actions and resources have been perceived in terms of adequacy and effectiveness by EU Delegations and Representations;
2. Surveying local stakeholders (e.g. government officials, civil society organisations, etc.) and general public perceptions of the V-FLEX mechanism.

To this end, the following hypotheses and related evaluation questions (EQs) were developed:

##### ***Hypothesis 1: Actions and resources for V-FLEX visibility have been perceived as adequate and effective by EU Delegations and Representations***

*Related evaluation question:* (EQ8) How far are the resources mobilized by the EC adequate (human resources, budget) to carry out its visibility/communication strategy?

*Adapted questions for the financial crisis thematic study:*

- *Were the resources (human resources, budget) mobilized for visibility of the V-FLEX enough/adequate?*
- *Was the media coverage given to any related event (e.g. signature of agreement, local government interviews and communiqués, etc.) effective in reaching the targeted audiences and intended objectives?*

##### ***Hypothesis 2: V-FLEX contributed to enhance EU visibility at the global level***

*Related evaluation question:* (EQ7) How far does the perception of the value added of the EU as a global actor emerge clearly from its presence as in the major international organisations/fora?

*Adapted questions for the financial crisis thematic study:*

- *Did EU visibility benefit from V-FLEX and those events where the V-FLEX mechanism was announced/discussed (e.g. G-20 Summit in London, UN Conference in New York, etc.)?*
- *How did cooperation of the EU with other IFIs in the V-FLEX implementation process impact on EU visibility?*
- *Did the EU V-FLEX mechanism pressure international organisations such as the IMF and World Bank to speed up the introduction of their own shock facilities?*

##### ***Hypothesis 3: Local stakeholders and the general public were aware of EU funds disbursed through the V-FLEX and perceived this mechanism as adequate to respond to the crisis***



*Related evaluation question:* (EQ1) How well does the image of the external action of the EU perceived by the stakeholders correspond to the key issues outlined in the definition and objectives of this external action and to image the EU seeks to convey?

*Adapted questions for the financial crisis thematic study:*

- *Are you aware that your country received V-FLEX funds from the EU to counter the effects of the financial crisis?*
- *How do you score V-FLEX on a scale from 1 to 10 in terms of eligibility, speed, level and length of support, degree of concessionality and delivery method (if possible also compared to IMF and World Bank's shock facilities)?*

***Hypothesis 4: V-FLEX mechanism was perceived as effective in mitigating the effects of the crisis***

*Related evaluation question:* (EQ4) How well do stakeholders perceive the benefits of EU external action and not just its main features?

*Adapted questions for the financial crisis thematic study:*

- *In your opinion, is there any tangible evidence that the V-FLEX funds were effective in maintaining public expenditure?*

## **5 DATA COLLECTION DURING THE FIELD MISSION (METHODOLOGICAL ISSUES)**

During the field mission, information was collected through three main channels: (i) vis-à-vis interviews; (ii) media coverage analysis; and (iii) visit to sites throughout the country where EU funded projects were realized.

### ***Interviews***

A total of 30 vis-à-vis interviews were conducted during the field mission. The interviewees included:

- Representatives from five Grenadian governmental ministries (i.e. Finance, Social Services, Education, Agriculture, and Works);
- Members of Grenada's Non State Actors (NSA) Panel (i.e. the panel that represents all non-government sectors such as non-governmental organisations (NGOs), community based organisations (CBOs), trade unions, civil society organisations, women's groups, private sector organisations like chambers of commerce, and others);
- Journalists working for two local newspapers (i.e. *Advocate Newspaper, Grenada Informer*)
- EU Delegation officials in Barbados.

A detailed list of interviewed people and organisations is provided in the Annexes.

The first challenge faced in organizing interviews consisted in the fact that the EU Delegation offices are located in Barbados. This required conducting the field mission in two phases: the first one in Grenada, and the second one in Barbados.

Another challenge related to the identification of relevant people to be interviewed. To this end, the support provided first by the EU Delegation in Barbados and then by the EDF Support Services Unit (EDF/SSU) in Grenada proved to be essential.

Finally, given the technical nature of the case to be studied (V-FLEX) and the large time elapsed from V-FLEX implementation and the time of interviews, many of the planned interviewees asked to receive in advance a set of questions on the topic of interest. For this reason, a number of preliminary questionnaires were prepared and sent to the EDF/SSU in Grenada, which in turn sent them to the interested parties (see Annexes).

### ***Media coverage analysis***

The main challenge in conducting the media coverage analysis was represented by the scarce quantity of information available through local newspapers. Indeed, the news culture in Grenada appears to be skewed towards radio and television rather than newspapers. Moreover, differently from other developing countries, Grenadian newspapers are issued on a weekly basis rather than on a daily basis. In order to overcome this quantity issue, it was decided to analyse the media coverage on a large time span of 6 months and also to collect alternative media sources such as press releases, magazines, reports, TV and radio interviews, etc.

The newspapers covered in the analysis were *The Grenadian Voice* and *Grenada Informer*, which are two of the weekly newspapers with the largest circulation in the country (2,000 copies represent the weekly average circulation). The selection of the above newspapers was constrained by newspaper availability in the national library archives. The exact periods chosen for the media coverage analysis were the following:

- 15 December 2009-15 February 2010;
- 2 September-2 November 2010;
- 1 January-28 February 2011.

Each of the first two periods corresponds to the two months right after the approval of each V-FLEX tranche. The last period, instead, covers the two-month period after the second V-FLEX tranche funds were received. The above periods were selected in consultation with the EDF/SSU in Grenada which noted that periods longer than 4 weeks were advisable in a context of weekly newspapers and also that press coverage in the country was more likely to have occurred after the V-FLEX funds arrived than after approval was given.

The media coverage analysis was also complemented by the collection of a number of press releases from the EU and Grenadian government, magazines issued by the Government of Grenada, budget speeches provided by the Ministry of Finance, and information reported on the Government of Grenada website as well as on the *Grenada Broadcast* website. A few examples of the collected material are available in the Annexes.

### ***Sites visit***

In order to assess how the EU external actions are visible in Grenada not only through the media but also through tangible assets, the EDF/SSU suggested and organized a visit to the different sites where projects funded by the EU (even though not strictly through the V-FLEX funds) were realized and commemorated. As part of this tour, the sites related to the following projects were visited: *Southern Grenada Water Supply Project* (water infrastructure project), *Laura Spice Development Project* (project with the aim of creating facilities to package and sell spices), *Spice Research Station and Farming System Project* (project on the research and production of new specific types of nutmeg and other spices including vanilla, cinnamon, ginger, clove, etc.).

## 6 **FINDINGS FROM THE FIELD MISSION**

### 6.1 **Context for EU visibility**

Grenada is a small, open, upper-middle income country with a *long history of EU cooperation*. To provide a few examples, over time the European Commission has supported the rural sector of Grenada through the STABEX Sector Budget Support, and EU funds from the Special Framework Assistance (SFA) to Traditional ACP Banana Producers have also provided support to the agriculture, credit, ICT and private sectors of the country. In addition to this, Grenada has benefited from the EU FLEX mechanism aiming at remedying the adverse effects of instability of export earnings. The EU has also played a key role in supporting Grenada during the global financial and economic crisis, especially through the Vulnerability FLEX funds. Indeed, Grenada (which is heavily dependent on Western markets) has been hit hard by the negative spillovers from the global economic crisis experiencing a steep GDP decline of 7.7 percent in 2009 and only a modest increase of 0.8 percent in 2010, and the European Commission provided significant support to the country in coping with the crisis by allocating two V-FLEX tranches: one of EUR5 million in 2009, and another of EUR3.5 million in 2010.

Thanks to the above, *the EU and its external actions have often been advertised positively* in Grenada. The Government of Grenada have paid tribute to EU support in several occasions through different means including newspaper articles, *ad hoc* press releases, opening ceremonies (e.g. the opening ceremony of the EU funded Nawasa water infrastructure and of the Spice Research Project) and specialized magazines<sup>12</sup>. EU actions and initiatives have also been commemorated by placing local signs with the EU logo in sites where EU funded projects were realized, labeling with the EU logo vehicles used for transportation of goods produced thanks to EU funds, or inserting the EU logo in leaflets advertising events related to EU funded projects (see Annexes). A dedicated office within the Ministry of Finance (the EDF Support Services Unit) is also in charge of enhancing EU visibility by spreading information on EU actions and initiatives.

Nevertheless, the EU is not the only institution providing support to Grenada. Indeed, *other multilateral (e.g. IMF, World Bank, Caribbean Development Bank) and bilateral (e.g. Japan, China) donors have been active* in the country. For example, during the global financial crisis, the IMF approved a US\$6 million disbursement under its Poverty Reduction and Growth Facility (PRGF) arrangement in 2009, and approved a new US\$13.3 million Extended Credit Facility in 2010. In a similar way, the Caribbean Development Bank (CDB) in 2009 approved a US\$12.8 million Policy-based Loan (PBL) for the period 2009-11, while in 2010 the World Bank was considering to provide a US\$8 million Development Policy Loan. On the other hand, Grenada has also benefited and continues to benefit from support provided by bilateral donors, especially Japan and more recently China. The latter has been particularly active in the infrastructure sector, for example it has built the national stadium.

Another aspect which is worth to mention in assessing the context for EU visibility, is that in Grenada the *general public tend to get information from television and radio* more than from newspapers. Moreover, people tend to be *more receptive to sensational news* rather than to sober and technical announcements.

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<sup>12</sup> See, for example, "Inside Finance – Volume 6, Issue 3, May – June 2010" available at: [HTTP://ISSUU.COM/GRENADA/DOCS/INSIDE\\_FINANCE\\_VOL\\_6\\_ISSUE\\_3](http://ISSUU.COM/GRENADA/DOCS/INSIDE_FINANCE_VOL_6_ISSUE_3); and on the Spice Research Project: [HTTP://GRENVOICE.COM/2011/07/CHEMICAL-ANALYSIS-REVEALS-HIGH-PROSPECTS-FOR-GRENADA%E2%80%99S-%E2%80%99BLACK-GOLD%E2%80%9D/](http://GRENVOICE.COM/2011/07/CHEMICAL-ANALYSIS-REVEALS-HIGH-PROSPECTS-FOR-GRENADA%E2%80%99S-%E2%80%99BLACK-GOLD%E2%80%9D/)

## 6.2 Evidence from Government officials

Interviews conducted with the Ministry of Finance, Ministry of Social Services, Ministry of Education, Ministry of Agriculture and Ministry of Works, revealed that ***most of government officials are aware that Grenada has received support from the EU to cope with the crisis through the Vulnerability FLEX*** mechanism. Government officials welcome V-FLEX funds and are proud that Grenada was able to qualify twice to receive V-FLEX funding notwithstanding the stringent deadlines and cumbersome procedure. Indeed, the Ministry of Finance which was responsible of submitting the request for V-FLEX funds highlighted that especially in 2009 not enough time was allowed between the call and deadline of the application. The feeling is that this time issue tends to be a recurrent problem in dealing with the EU, since it has occurred also with respect to other calls. Moreover, EU procedures are considered very bureaucratic compared to those of other international organizations.

Among government officials, the ***V-FLEX was deemed a useful instrument to support public spending in Grenada***. The Ministry of Finance reported that V-FLEX funds in both 2009 and 2010, helped to continue the following programmes which otherwise would have been cut in a period when they were most needed to mitigate the impact of the crisis on the most vulnerable:

- *Text book rental programme*: this project provides books to students at the primary and secondary school level.
- *School feeding programme*: this project enables all primary and selected pre-primary and secondary schools to give improved services through the provision of a nutritionally adequate meal to indigent children from low income families, single parent households and distant homes.
- *Public assistance programme*: this programme provides direct income support for elderly, disabled and mentally ill persons who do not have any source of income.
- *Transportation assistance to school children*: this programme is designed to provide transportation assistance to poor and needy children to facilitate their attendance at primary and secondary school.
- *Road improvement and maintenance programme*: this programme aims to improve infrastructure while offering employment to unskilled workers which are particularly vulnerable during periods of crisis and high unemployment.
- *Debushing (roadside clearing) programme*: this is a safety net programme that provides direct income support to poor and vulnerable families (particularly the unemployed) to clean and maintain the roadways.

However, it is worth underlying that, ***given the general budget support nature of the V-FLEX***, not all ministries were aware that the EU funds were allocated specifically to the programmes described above. As a consequence, ***in some cases the merit of the financial support to specific programmes was attributed to the Government of Grenada rather than to the EU***, thus decreasing to some extent the visibility of the EU with regard to the V-FLEX. This also made the EU less visible than other international organizations in certain contexts. For example, the interviewed representatives of the Ministry of Education knew that the World Bank was playing a key role in maintaining the text book rental programme but were not aware that support was also coming from the EU.

Regarding the characteristics of the V-FLEX, there seems to be ***consensus among government officials that the Vulnerability FLEX funds were timely, but a bigger level and length of support would have been desirable***.

***The visibility of the V-FLEX has been enhanced through a number of initiatives organized by the Government of Grenada***, especially by the Ministry of Finance which can rely on the EDF

Support Services Unit (EDF/SSU) which deals specifically with EU communication and visibility (note that the EU is the only international organization benefiting from this type of office in Grenada). Among the initiatives, it is worth to mention the following:

- **News releases** by the Ministry of Finance mentioning the general budget support provided by the EU under the Vulnerability FLEX programme (see Annexes)
- **Governmental monthly magazines**, such as *Inside Finance*, where the nature, objective and scope of the EU V-FLEX instrument were described (see Annexes)
- **Budget statements by the Minister of Finance**, where Mr. Burke praised the Government of Grenada for being able to apply for V-FLEX funds and the EU for providing such support: “*Having regard to the impact of the global crisis on Grenada and our public finances, our government moved expeditiously to present a request to the European Union on a special crisis programme called Vulnerability FLEX. As a consequence, I am pleased to note that Grenada was one of only two Caribbean countries to benefit from this programme. Grenada received EC\$15.5 million. All told, Government unlocked a total of \$28.3 million in grants from the European Union*” [2010 Budget Statement]; “*In respect of grants, Government was able to unlock budgetary support in the amount of \$36.8 million, an increase of \$8.4 million or 29.5% higher than budgeted. As was the case in 2009, Grenada applied and received assistance under the European Union Vulnerability Flex Facility which was established to assist ACP Countries in mitigating the impact of the global economic crisis. A disbursement of 3.5 million Euros or EC\$12.2 million was received last December*” [2011 Budget Statement]
- **Speeches made by the Prime Minister or Minister of Finance on TV and radio programmes**: for example, the Prime Minister paid tribute to EU support, including V-Flex, during a prime time intervention with the Head of EU Delegation in Barbados on the two main TV channels on Friday 4th February 2011
- **Press conferences** for the signature of the agreements
- **TV programmes** such as *Finance Matters* during which the economic situation was discussed
- **National Budget Consultation** where the V-FLEX was mentioned while discussing the budget priorities among ministries and members of the Non-State Actors Panel such as NGOs, private sector representatives, etc.

Finally, there seemed to be some **consensus** among government officials, **that knowledge about V-FLEX was spread more in ministries than across the general public**. More in general, several government officials believed that the average people do know very little about the European Union, its external actions and its long history of cooperation with Grenada. In order to overcome this issue, some initiatives have been recently launched by the EDF Support Services Unit. For example, a poster competition has been organized among high schools with the aim of offering students the opportunity to learn what the EU is and what past and current assistance (including the V-FLEX) this institution has offered over time to Grenada. This information are asked to be summarized in posters and the winning poster is planned to be placed in schools or other key places often visited by the average people (e.g. post offices, etc.) in order to enhance EU visibility among the general public.

### 6.3 Evidence from Non-State Actors Panel

From interviews with 14 members of the Non-State Actors Panel, it emerged that **most of them were aware of the V-FLEX**. Indeed, NGOs, trade unions, civil society organisations, women’s groups, and private sector organisations **learned about the Vulnerability FLEX through** several different channels. First, they heard about V-FLEX during the **National Budget Consultation** where they were involved through the green paper of the budget. Second, some of them discovered about the V-FLEX mechanism when in October 2009 the **Head of the EU Delegation in Barbados visited** Grenada and paid tribute to the administration of the country for being able to

manage very efficiently the EDF funds. Third, a lot of them knew about the V-FLEX thanks to the **media coverage given to the political debate** which arose when the opposition complained that Grenada was in an economic situation similar to that of Haiti as proved by the fact that the Government was forced to apply for the V-FLEX.

Even though the members of the Non-State Actors Panel were aware of the existence of the V-FLEX, **they did not know about the technicalities** of this mechanism such as the criteria that Grenada was required to satisfy for qualifying for the support, or the uses of the EU V-FLEX funds. Indeed, all they knew was that the V-FLEX was provided by the EU as general budget support.

In general, the members of the Non-State Actors Panel appeared to **have a positive perception of the EU and its external actions** during the financial crisis even though it was difficult for them to assess the effectiveness of such actions due to the lack of more specific information on V-FLEX priorities and beneficiaries. Notwithstanding the general positive image of the EU among the non-state actors, some members of the Panel **highlighted that to some extent there was a contradictory behaviour within the EU** during the global economic and financial crisis. Indeed, while providing support to Grenada through the V-FLEX funds, the EU did not put on hold the request of lowering import tariffs. Moreover, some member states such as the UK imposed duty taxes in 2009 and increased them in both 2010 and 2011, thus negatively affecting the tourism sector which had been already hit hard by the crisis.

#### 6.4 Evidence from journalists

Interviews with journalists from *Grenada Informer* and *Advocate Newspaper* were useful to understand the type of image the EU gets through the media as well as the perception of EU external actions among the general public.

The journalists highlighted that **newspapers in Grenada tend to report always good news about the EU**, and this was the case regarding the V-FLEX as well. **However**, they mentioned that EU communication on its external actions present a number of shortfalls. For example, the **EU tends to provide information on its initiatives only in rare and special occasions** such as press conferences or opening ceremonies. This contributes to make the EU less visible than other organizations such as the IMF or the OECD which use to send news on what they are doing on a regular basis to long lists of international journalists.

Moreover, the European Union **tends to provide limited, general and not necessarily easy to read information on its external actions**. This was the case during the financial crisis when EU press releases referred to the V-FLEX just as general budget support without providing more specific details that could have become attractive to the average reader. Given that Grenada population is more receptive to sensational news, it is important to provide information in a clear and digestible way outlining the benefits of EU support for the general public.

In light of the above and given that in Grenada people tend to inform themselves mainly through TV and radio rather than newspapers, **journalists argued that the average people do not know enough about the V-FLEX funds** provided by the EU during the crisis, and more in general they are not aware of what the EU has done and is doing to help Grenada. This is proved by the fact that when the country was hit by hurricane Ivan in 2004, most people were aware of the help received by USAid but ignored that the EU also provided significant assistance and support. Journalists believed that a limitation for EU visibility among the general public is represented by the fact that differently from other organisations the **EU tends to interact mainly with government officials rather than going on the ground and engaging with average people**.

#### 6.5 Evidence from EU Delegation

At the EU Delegation offices in Barbados, interviews were conducted with the project officer in charge of the V-FLEX dossier in Grenada both in 2009 and in 2010, and with the press and

information officer responsible for EU communication and visibility in countries covered by the Delegation.

According to the EU Delegation representatives, the ***Vulnerability FLEX*** was a well-designed and timely instrument during the global financial crisis, which ***contributed significantly to enhance the visibility of the European Union***. Indeed, the fact that the V-FLEX was created and operated very quickly (even compared to shock facilities developed by other international organisations such as the IMF and World Bank<sup>13</sup>) ***improved the image of the EU whose procedures are typically considered slow and cumbersome***. Moreover, cooperation with other international financial institutions for the assessment of country eligibility for V-FLEX funds was perceived to have ***raised*** EU profile as well as ***international awareness of EU external actions***.

However, ***the procedure and human resources used for granting the V-FLEX were considered rather inadequate***. Indeed, even though the V-FLEX process required a lot of effort within the EU Delegation as well as at the top level of the Ministry of Finance in Grenada, no additional human resources were allocated, and the timeframe was rather limited (e.g. the opportunity of applying for the V-FLEX funds was communicated to Grenada just few days before the deadline in 2009, and just about two weeks before the deadline in 2010) but still bureaucratically intense. Therefore, the feeling was that the EU in the case of the V-FLEX had used a normal procedure with an exceptional instrument. Box 1 (below) outlines the timeline of the procedure for granting the second V-FLEX tranche to Grenada in 2010.

Moving to visibility actions, it was highlighted that ***no specific budget was allocated within the EU Delegation for sponsoring the V-FLEX. Nevertheless, a number of initiatives were promoted***.

- In 2009 the ***Head of the Delegation visited*** Grenada for signing the V-FLEX agreement and in that occasion there was a press conference
- On Sunday 6<sup>th</sup> February 2011, the Head of the Regional Integration, Political, Trade, Press and Info Department of the EU Delegation referred to the V-FLEX during a ***radio interview***
- A number of ***press releases*** were ***issued by the EU Delegation*** in Barbados (see Annexes) and posted on the europa.eu website
- Press releases referring to the EU V-FLEX support to ACP countries including Grenada were issued ***by the Headquarter in Brussels*** and posted on the europa.eu website (see Annexes)
- The V-FLEX was also widely publicized through 4-5 radio stations, Government TV channels, and newspapers in Grenada thanks to actions promoted by the EDF/SSU

**Box 1. Timeline of V-FLEX procedure in 2010**

<i>15 March 2010</i>	Government of Grenada applied for the V-FLEX being informed about this opportunity just 2-3 weeks before the deadline
<i>26 March 2010</i>	Delegation assessment
<i>26 April 2010</i>	Delegation presents financing agreement and rider to 9 <sup>th</sup> EDF general budget support
<i>May 2010</i>	Delegation prepares Memorandum to EDF Committee and Memorandum to the Commission

<sup>13</sup> However, it is worth noting that people interviewed at the EU Delegation offices did not believe that the V-FLEX had pressured other international organizations to speed up the introduction of their own shock facilities. The perception was that no competition among international financial institutions occurred during the crisis, since everyone was trying to help developing countries to cope with crisis shocks.

8 July 2010	EDF Committee
31 July 2010	V-FLEX allocation decision is adopted
September/October 2010	Delegation proceeds with rider to 9 <sup>th</sup> EDF
October 2010	Head of Delegation receives authorisation from Commissioner to make Addendum to Country Strategy Paper (CSP)
1 November 2010	Government of Grenada requests disbursement
17 November 2010	Delegation presents assessment
16 December 2010	Headquarter approves release of funds
28-29 December 2010	Grenada acknowledges receipt of funds

Source: Author's elaboration on the basis of information collected through interviews with EU Delegation representatives

***The objective of the visibility actions promoted by the EU Delegation in Barbados was to show to the general public in Grenada that the country received once again support by the European Union in a time of crisis, and more in general that small open economies could count on assistance provided by the EU.*** In order to convey these messages, the Delegation in its press releases did not focus on V-FLEX technicalities but more on key aspects such as the fact that the V-FLEX was a quick ad-hoc instrument directed to ACP countries for facing the consequences of the economic crisis.

***Visibility actions were considered effective by the EU Delegation representatives in terms of reached audience and conveyed messages.*** However, they highlighted that ***V-FLEX visibility actions promoted by the Delegation were constrained by the budget support nature of the Vulnerability FLEX.*** Indeed, once the funds were disbursed, the Delegation did not hear anymore from Grenada on what was going on thanks to the funds. This ***and the fact that Grenada is an upper-middle income country*** with less severe development issues than low-income countries made difficult for the EU Delegation to send out attractive news highlighting the benefits obtained through the EU support.

## 6.6 Evidence from media coverage analysis

In addition to vis-à-vis interviews, a thorough analysis of local press articles referring to the European Union and the Vulnerability FLEX mechanism was conducted in order to understand better the type of media coverage that the EU received in Grenada during the global financial crisis. The two journals selected for the exercise were *The Grenadian Voice* and *Grenada Informer*, which print a weekly average of 2,500 copies. The time span chosen to conduct the analysis consisted of 6 months divided into three periods: 15 December 2009 - 15 February 2010; 2 September – 2 November 2010; 1 January – 28 February 2011. The articles were carefully scanned in search for key words such as *European Union*, *European Commission*, *EU delegation*, *Vulnerability FLEX*, *global financial crisis*, *budget support*, or other words with the same meaning.

Over the selected time periods, a total of 12 articles (out of 48 weekly newspaper issues) referring to some of the above key words were identified. Within them, the word *European Union* was used 21 times, followed by *European Commission* mentioned 6 times, and *Vulnerability FLEX* which appeared 3 times. Table 4 summarizes the findings of the newspaper articles scanning exercise.



**Table 4: Results of the newspaper articles scanning exercise**

<i>European Union</i>	21
<i>European Commission</i>	6
<i>Vulnerability FLEX</i>	3
<i>Global financial crisis</i>	3
<i>Budget support</i>	3
<i>European development funds</i>	2
<i>Economic crisis</i>	2
<i>Global economic crisis</i>	1
<i>Crisis fund</i>	1
<i>Global crisis</i>	1
<i>Vulnerability assistance scheme</i>	1
<i>Global economic slowdown</i>	1

Source: Author's elaborations.

For the purpose of this thematic report, it is worth underlying that only three articles mentioned the *Vulnerability FLEX* referring to it with this exact wording. Other articles made some references to European aid and support, but did not mention explicitly the V-FLEX.

Moving to the EU image that can be distilled by the local press, from all the articles examined it emerged that the ***EU is always perceived as a reliable partner, which has often provided Grenada with essential support in times of crisis.*** This implies that the messages conveyed by the local press in Grenada are in line with the objective of EU external actions during the financial crisis, which was to show that Grenada could count on EU support in times of crisis. It is also evident that there exists a very good relationship between the current Government of Grenada and EU authorities, which continuously stress their confidence on the wise use of any EU funds provided to the country (for example, Ambassador Valeriano-Diaz, Head of the European Commission Delegation in Barbados declared: “*In that respect I can guarantee you that we will not be disbursing money, if we are not convinced that the money is well used*”—*The Grenadian Voice*, Saturday 12<sup>th</sup> February 2011). The ***EU is also perceived as a global actor.*** The European Union is usually mentioned contemporaneously to the IMF and the World Bank, thus leading readers to identify the EU as a key global player.

However, the analysed ***articles failed to provide a clear picture of how EU funds may affect the life of ordinary people.*** Indeed, in general only the main features of EU support were reported (e.g. information on the amount of funds, the mechanism used, etc.), but the articles did not provide a view on the benefits for common people in a clear and simple way. As a consequence, average readers in Grenada might be aware that the EU is an essential partner for their country, but find difficult to understand how exactly EU support affects them on everyday life. This is also in line with what was also highlighted by the interviewed journalists.

## 7 **RESPONSES TO EQS**

In this section, the findings obtained from interviews and media coverage analysis during the field mission are summarized under each of the selected evaluation questions (EQs) – see also the EQs table in the Annexes.

- ***EQ1:*** Government officials, journalists and to some extent non-state actors (e.g. NGOs, private sector organizations, etc.) were well aware of the Vulnerability FLEX funds provided

by the European Union during the global financial crisis thanks to news released through press conferences (e.g. for signing of agreement), press releases, Governmental magazines, TV/radio programmes, budget statements by the Ministry of Finance, the National Budget Consultation, and media coverage of political debate. However, with the exception of civil servants at the Ministry of Finance, most of these people knew about the V-FLEX in general terms (mainly that the V-FLEX was general budget support) but were not aware of its characteristics and scope. On the other hand, the general public did not know enough about the V-FLEX and more in general about EU and its external actions. This is partly due to the fact that information about EU initiatives in Grenada is not always provided in a way easy to understand for the average people and does not outline the benefits of EU support for the general public thus becoming less attractive. Looking at its features, the V-FLEX was considered a timely and useful instrument to support public spending in Grenada. However, there seemed to be consensus among the EU Delegation and government officials in Grenada that the procedure for delivering V-FLEX funds was inadequate. For example, not enough human resources were allocated, and the time span between the application call and deadline was very tight in both 2009 and 2010. The feeling of the EU Delegation was that a normal procedure was used with an exceptional instrument. Moreover, according to government officials a bigger level and length of support would have been desirable.

- **EQ4:** The V-FLEX helped the Government of Grenada to continue important social safety net programmes in both 2009 and 2010: text book rental programme, school feeding programme, public assistance programme, transportation assistance to school children, road improvement and maintenance programme, debussing programme. However, given that V-FLEX funds were provided as general budget support, some of the beneficiary ministries tend to associate the support directed to the above programmes to the Government of Grenada rather than to the EU. Moreover, given that news released on V-FLEX did not focus on the benefits deriving from such instrument to ordinary people, it was difficult for the general public to understand how exactly EU support affected their everyday life.
- **EQ7:** The V-FLEX contributed to enhance the visibility of the EU as an important global actor. Indeed, the fact that the V-FLEX was created and operated very quickly compared to shock facilities launched by other international organizations improved the image of the EU as a key global player. Moreover, cooperation with other international financial institutions for the assessment of country eligibility for V-FLEX funds was perceived to have raised EU profile as well as international awareness of EU external actions. Finally, the fact that in newspaper articles the EU was usually mentioned next to the IMF and the World Bank confirmed that in Grenada the EU was perceived as a main global actor.
- **EQ8:** No additional human resources and no specific budget were allocated within the EU Delegation for visibility and communication actions related to the V-FLEX. However, a number of initiatives to sponsor the V-FLEX were promoted by both the EU Delegation in Barbados (e.g. press conference when the Head of the Delegation visited Grenada for signing the agreement in 2009, radio interviews, or press releases) and the EDF Support Services Unit of the Ministry of Finance in Grenada. The EU Delegation seemed to consider V-FLEX visibility actions effective in showing that the EU can provide support to Grenada and other small open economies in times of crisis (objective), and in reaching the general public (target audience). However, interviews conducted in Grenada showed that awareness of V-FLEX was mostly limited to government officials and non-state actors. The EU Delegation highlighted that limitations to visibility actions in reaching the general public were represented by the budget support nature of the V-FLEX and by the fact that Grenada is an upper-middle income country. Indeed, in such a context, it was rather difficult to send out news highlighting the significant benefits obtained through the EU support that might have been more attractive to the average people.

## 8 CONCLUSIONS AND RECOMMENDATIONS

This report gathered the findings of the two phases (desk analysis and field mission) of a study on the visibility of EU external actions during the global financial and economic crisis.

First, it described the evidence on the measures adopted by the European Commission to support developing countries in coping with the global economic and financial crisis, which was collected through an extensive documentary review and interviews with Commission officials in DG DEVCO. From this desk analysis it emerged the following:

- The European Commission has been a key player in the global response to the crisis, introducing comprehensive, timely, targeted and coordinated measures to cushion the human impact of the crisis and boost economic growth in developing countries.
- These measures included targeted actions, aid initiatives, cooperation initiatives, research initiatives and active participation in high-level meetings and international fora.
- The Commission was the first to introduce a tailored shock facility (i.e. Vulnerability FLEX) in response to the financial crisis compared to international organisations such as the World Bank and the IMF. The fact that the EU was the first to introduce such targeted mechanism immediately after the G-20 Summit in London was frequently highlighted by the Commission in its press releases.
- The position of the European Council in relation to the financial crisis was generally in line with that of the European Commission.
- The Commission Communication on “*Supporting developing countries in coping with the crisis*” received slightly more attention and media coverage than the Council Conclusions.
- The measures promoted by the Commission to respond to the crisis represented an opportunity for the EU to publicize its actions through own proactive measures or taking advantage of media dissemination. For example, the V-FLEX received broad coverage by international organizations’ websites and publications. Media initiatives on the V-FLEX were also undertaken in beneficiary countries.

Secondly, the report assessed the visibility of EU external actions during the global financial crisis. In order to do this, it relied on the findings of a field mission conducted in Grenada and during which the visibility of one specific measure (the Vulnerability FLEX) was analysed.

The V-FLEX was selected as the case study for the field mission for three key reasons: (i) compared to other shock facilities it was created fairly quickly and became operative in a very short period of time; (ii) preliminary evidence suggests that the V-FLEX was reasonably successful in reducing the financial gaps in the neediest recipient countries, and in preventing Finance Ministries from cutting development expenditure; (iii) the V-FLEX received considerable media coverage in beneficiary countries.

On the other hand, the selection of Grenada as the country for the field mission was done by looking at the following criteria: (i) V-FLEX funds as a share of GDP; (ii) V-FLEX funds as a percentage of shortfall of exports; (iii) existence of additional EU and non-EU support funds; (iv) criticality of V-FLEX funds in specific country contexts; (v) visibility actions undertaken; and (iv) stage of development of communication channels. On the basis of these criteria, it emerged that Grenada was best placed to undertake an in-country visibility study. Indeed, the V-FLEX received intense media coverage in Grenada. Moreover, Grenada scored fairly well in terms of communication channels and appeared to have not only a long history of EU cooperation, but also a previous history of IMF and World Bank cooperation. Grenada was also the first Eastern Caribbean country to benefit from financial assistance under the V-FLEX mechanism, and the only Caribbean country to have received two V-FLEX allocations, with the exception of Haiti. Finally, in Grenada the EU V-FLEX funds were considered critical for supporting expansionary fiscal policies.

During the field mission data were collected through three different channels: (i) vis-à-vis interviews with government officials, non-state actors and journalists in Grenada, and with representatives of the EU Delegation in Barbados; (ii) media coverage analysis; and (iii) visit to sites where projects funded by the EU (even though not strictly through the V-FLEX funds) were realized and commemorated.

The hypothesis tested (and related evaluation questions) were the following: (i) local stakeholders and the general public were aware of EU funds disbursed through the V-FLEX and perceived this mechanism as adequate to respond to the crisis (EQ1); (ii) V-FLEX mechanism was perceived as being effective in mitigating the effects of the crisis (EQ4); (iii) V-FLEX contributed to enhance EU visibility at the global level (EQ7); (iv) actions and resources for V-FLEX visibility have been perceived as adequate and effective by EU Delegations and Representations.

Evidence from the field mission suggested that:

- In Grenada there is a positive perception of the EU and its external actions. People welcomed the V-FLEX and more in general EU cooperation and news on the EU tend to be always good.
- Several initiatives to enhance the visibility of the V-FLEX have been promoted by both the Government of Grenada (through press conferences, governmental magazines, press releases, budget statements by the Ministry of Finance, TV and radio programmes, etc.) and the EU Delegation (through press releases and in-country visits of the Head of the Delegation), even though no specific budget or additional human resources were allocated by the Delegation for such actions.
- Government officials and to some extent non-state actors were well aware of EU support during the crisis, even though most of them (with the exception of civil servants at the Ministry of Finance) knew about the V-FLEX in very general terms, and did not hear about its characteristics and scope.
- The knowledge and understanding of the V-FLEX appeared instead to be rather limited among the general public. This seems to be partly due to the fact that the EU provided information in a way that was not easily accessible, did not engage with ordinary people (but mainly just with government officials), and failed in providing information on how EU V-FLEX funds affected the life of the average people. As a consequence, the target audience of EU communication and visibility strategies was not reached.
- More in general, ordinary people do not know enough about the EU and its historical relationship with Grenada, but some good initiatives to overcome this issue are undergoing (e.g. a competition across high schools for the creation of a poster tracking past and current assistance offered by the EU to Grenada).
- Government officials and the EU Delegation considered the V-FLEX a timely and useful mechanism to support public spending in a period of crisis. However, there is consensus on the fact that the procedure for delivering the V-FLEX was not adequate. Government officials would have also appreciated a bigger level and length of support.
- According to the EU Delegation, the V-FLEX contributed to enhance the visibility of EU external actions and the image of the EU as a key global actor.
- The journalists were very critical on the fact that the EU does not to communicate enough and on a regular basis with local media.

In light of the above, it is possible to conclude that during the financial crisis the EU and its external actions such as the V-FLEX achieved a rather good visibility at the global level as well as in beneficiary countries. Thanks to its quick and timely response to the crisis, the EU gained significant media attention at the international, regional and local levels, and was recognized as a key global player in stabilizing the international financial system. It also enhanced its image as an important and

reliable partner able to provide quick support in times of crisis. However, EU communication and visibility actions are still far from reaching the general public in some beneficiary countries such as Grenada. In order to overcome this issue, it would be advisable for the EU to use a simpler wording and put more emphasis on the benefits of EU support when providing information on what it is doing. Moreover, interviewed people in Grenada suggested that the EU might develop brochures on its structure, history and activities to be circulated in key places (e.g. schools, libraries, etc.), increase its engagement with NGOs, involve more and on a regular basis the local media, and might also promote more initiatives such as discussion programs on TV, workshops, documentaries, and sites visits.

**ANNEX 1:**  
**STANDARD FORMAT FOR EVIDENCE IN RELATION TO EQS (GRENADA AND BARBADOS)**

EQ1	"How well does the image of the external action of the EU perceived by the stakeholders correspond to the key issues outlined in the definition and objectives of this external action (Nice Treaty: Art. 8 & 11; Lisbon Treaty: Art. 3 & 21) and to the image the EU seeks to convey?"
Expected Judgment Criteria & Indicators	Evidence identified from Government officials, non-state actors, and journalists in Grenada
JC.1.1. The EU has managed to disseminate the message to the relevant stakeholders in terms of content and reasons for its external action	Government officials, journalists and to some extent non-state actors are aware of the Vulnerability FLEX, its objectives and definition. The general public, instead, does not know enough about the V-FLEX.
<p><u>Indicator 1.1.1</u> The stakeholders know the definition of the external action of the EU</p> <p><u>Indicator 1.1.2</u> The stakeholders know the content of the definition of the external action of the EU</p>	With the exception of civil servants from the Ministry of Finance, the other stakeholders know about V-FLEX in general terms, but not about its characteristics and scope.
JC.1.2. The EU has managed to transmit an image to stakeholders that correspond to the image that was sought to be conveyed	In general, the EU seems to have been successful in showing that Grenada can count on its support in times of crisis.
<u>Indicator 1.2.1</u> The images that are widely perceived by the stakeholders correspond to the communication objectives of the EU on its external action	Government officials, non-state actors and journalists have a clear perception that the EU provides support to the country. However, the EU seems to fail in transmitting clear messages on the benefits that may be achieved through the V-FLEX. This may be due to the general budget support nature of the V-FLEX.
<p><u>Preliminary Finding:</u></p> <p>Government officials, journalists and to some extent non-state actors are well aware of the Vulnerability FLEX funds provided by the EU during the global financial crisis. However, with the exception of civil servants at the Ministry of Finance, most of these people know about the V-FLEX in general terms (mainly that the V-FLEX was general budget support) but are not aware of its characteristics and scope. On the other hand, the general public does not know enough about the V-FLEX partly due to the fact that information about EU initiatives in Grenada is not always provided in a way easy to understand for the average people and does not outline the benefits of EU support for the general public.</p>	

EQ4	"How well do stakeholders perceive the benefits of EU external action and not just its features?"
Expected Judgment Criteria & Indicators	Evidence identified from Government officials, non-state actors, and journalists in Grenada
<p>JC 4.1. The stakeholders are sufficiently exposed to a communication from the EU on Visibility of its external action that is organised to improve impact, retention, credibility and buying intention</p>	<p>All the stakeholders are rather exposed to visibility actions organized by the Ministry of Finance in Grenada while communication directly from the EU seems to reach mainly government officials. Moreover, journalists tend to be critical on the fact that the EU does not provide information on its external actions on a regular basis and this information does not focus enough on the benefits deriving from the EU support.</p>
<p>Indicator 4.1.1 The communication strategies are designed to improve impact, retention, credibility and "adherence/agreement" at the level of targeted stakeholders</p> <p>Indicator 4.1.2 The communication strategies are implemented to improve impact, retention, credibility and buying intention at the level of targeted stakeholders</p> <p>Indicator 4.1.3 The communication strategies are monitored and evaluated on impact, retention, credibility and buying intention at the level of targeted stakeholders</p>	<p>Local stakeholders, in particular journalists, stress that EU communication does not use a language simple enough to reach ordinary people. Moreover, it tends to focus on general messages without focusing on specifics that could help people to retain the messages.</p> <p>The EU tends to spread information on its V-FLEX external actions mainly through press releases. This limits the EU communication impact since the news culture in Grenada is skewed towards TV and radio rather than newspapers. Journalists are also critical on the fact that in its communication strategies the EU tends to interact mainly with government officials rather than going on the ground and engaging with average people.</p>
<p>JC 4.2. The stakeholders perceive and value the differences between the benefits of the EU external action and the results or the features/instruments</p>	<p>Most stakeholders are aware only on general aspects of the EU support to Grenada during the crisis but they are less knowledgeable on the specific characteristics and concrete impacts that this support has on their daily life.</p>
<p>Indicator 4.2.1 The communication strategies are designed to improve the perception of benefits at the level of targeted stakeholders</p> <p>Indicator 4.2.2 The communication strategies are implemented to improve the perception of benefits at the level of targeted stakeholders</p> <p>Indicator 4.1.3 The communication strategies are monitored and evaluated on the perception of benefits of targeted stakeholders</p>	<p>Due to the budget support nature of the V-FLEX and the fact that Grenada is an upper-middle income country, it is rather difficult for the EU to send out news improving the perception of the significant benefits obtained through its support.</p>

Preliminary Finding:

The V-FLEX helps the Government of Grenada to continue important social safety net programmes. However, given that V-FLEX funds are provided as general budget support, it is difficult for EU communication actions to enhance people perceptions of the benefits deriving from the EU support. This in turn makes difficult for ordinary people to retain information on EU external actions.

EQ7	"How far does the perception of the value added of the EU as a global actor emerge clearly from its presence as in the major international organisations/fora?"
Expected Judgment Criteria & Indicators	Evidence identified from EU Delegation in Barbados (and desk report)
JC 7.1 The Commission has displayed political leadership in the implementation of its overall communication strategy and visibility activities, both internally and towards Council, MS, EP and International Organisations	The Commission frequently highlighted in its press releases that the V-FLEX was the first targeted action introduced immediately after the G-20 Summit in London. This enhanced the awareness of EU external actions at the global level. Indeed, several international organizations referred to EU initiatives in their websites/publications.
<p>Indicator 7.1.1 The degree of leadership exercised internally to produce policy documents and take decisions.</p> <p>Indicator 7.1.2 The degree of leadership related to key events with Council MS and EP</p> <p>Indicator 7.1.3 Policy document with clear communication and visibility objective + implementations strategy produced with contribution of all external family DGs</p> <p>Indicator 7.1.4 Communication/visibility tools provided improved access to information on EU policies</p>	The Commission visibility strategy on the V-FLEX consists mainly in providing ad hoc and timely press releases detailing the amounts provided and countries targeted by the V-FLEX.
JC 7.2 The commission has actively supported the further consolidation of the overall EU institutional architecture enabling a more coherent and effective communication and visibility	
<p>Indicator 7.2.1 To what extent is the EU institutional architecture conducive to ensuring responsive and coherent decisions have a strong visibility impact</p> <p>Indicator 7.2.2 To what extent EC has</p>	



<p>expressly push for reforms having a visibility impact</p>	
<p>JC 7.3 The EU Delegation contributed to strengthen the image of the EC in the third countries and the knowledge on the EU policies and activities</p>	<p>Even though no specific budget was allocated for visibility actions related to the EU, the EU Delegation contributed to enhance the EU image by promoting the following initiatives: press conference of the signing of the V-FLEX agreement, and a number of press releases which were sent to the Ministry of Finance in Grenada and posted on the europa.eu website</p>
<p>Indicator 7.3.1 How the presence of Delegation in third countries is perceived by local stakeholders, including MSs and international organizations</p> <p>Indicators 7.3.2 To what extent the stakeholder in the country knows the EC policy and actions.</p>	<p>In very general terms, most stakeholders (but not the general public) are aware of EU external actions, although they do not necessarily know the details of such actions.</p>
<p>JC 7.4 If and how the EU has been able to demonstrate its specific added value in relation to the Presidency and MS and to influence the international organizations/bodies while making it visible externally</p>	<p>The perception is that there was no competition between the EU and other IFIs in helping Grenada to cope with the crisis.</p>
<p>Indicator 7.4.1 Constant key role of EC in reaching EU common positions to be presented in the ECOSOC, selected Trust Funds, UN HR Council.</p> <p>Indicator 7.4.2 How the EC role is perceived by selected International Organisations</p> <p>Indicators 7.4.3 How the role of the EC in international for a is perceived by governments of third parties and OECD countries</p>	<p>During the crisis, the EC was perceived as a key global actor by several international organization including the IMF, World Bank, UNCTAD, etc.</p>
<p><u>Preliminary finding :</u>                  The V-FLEX contributed to enhance the visibility of the EU as an important global actor.</p>	

EQ8	"How far are the resources mobilized by the EC adequate (human resources, budget) to carry out its visibility/communication strategy?"
Expected Judgment Criteria & Indicators	Evidence identified from EU Delegation in Barbados
JC 8.1 The Commission has sufficient levels of capacity to manage the various dimensions of communication/visibility actions	Visibility actions on the V-FLEX in Grenada within the EU Delegation were supervised by 1 person. This appears to have been enough for managing the various communication/visibility actions given that Grenada is a very small island and coordination with the government or the media occurred mainly via emails
Indicator 8.1.1 Qualification and tasks of staff dealing with communication/visibility in dedicated Unit and DEL  Indicator 8.1.2 Number of staff in HQ and delegation compared with similar organizations	Press and information officer
JC 8.2 Financial amount of communication visibility budget and % of dedicated budget from projects, programmes, budget support and dialogues	No specific budget was allocated within the EU Delegation for the V-FLEX visibility actions
<p>Preliminary Finding:</p> <p>No additional budget or human resources were allocated for V-FLEX visibility.</p>	

## ANNEX 2:

### LINKS TO SELECTED V-FLEX MEDIA COVERAGE IN THE CARIBBEAN

*Spicegrenada.com*

[HTTP://WWW.SPICEGRENADA.COM/INDEX.PHP?OPTION=COM\\_CONTENT&VIEW=ARTICLE&ID=2700:EU-PROVIDES-ADDITIONAL-SUPPORT-TO-GRENADA&CATID=565:OCT-30TH-2010&ITEMID=143](http://www.spicegrenada.com/index.php?option=com_content&view=article&id=2700:eu-provides-additional-support-to-grenada&catid=565:oct-30th-2010&itemid=143)

*Caricom News, 16 December 2009*

[HTTP://WWW.CSMENETWORK.COM/2/INDEX.PHP?OPTION=COM\\_CONTENT&VIEW=ARTICLE&ID=6144:GRENADA-EUROPEAN-COMMISSION-PROVIDING-DEVELOPMENT-AID-TO-GRENADA&CATID=122:CSME-NETWORK-LATEST&ITEMID=211](http://www.csmenetwork.com/2/index.php?option=com_content&view=article&id=6144:grenada-european-commission-providing-development-aid-to-grenada&catid=122:csme-network-latest&itemid=211)

The Spice Islander TalkShop, December 16, 2009

[HTTP://WWW.SPICEISLANDERTALKSHOP.COM/CGI-BIN/TALKREC.CGI?SUBMIT=LT&FID=F1&MSG\\_NUM=673416](http://www.spiceislandertalkshop.com/cgi-bin/talkrec.cgi?submit=LT&fid=F1&msg_num=673416)

Caribarena Antigua, 15 December 2009

[HTTP://WWW.CARIBARENA.COM/ANTIGUA/CARIBBEAN/GRENADA/EUROPEAN-COMMISSION-PROVIDING-DEVELOPMENT-AID-TO-GRENADA-200912157489.HTML](http://www.caribarena.com/antigua/caribbean/grenada/european-commission-providing-development-aid-to-grenada-200912157489.html)

West Indian News, December 17, 2009

[HTTP://WWW.THEWESTINDIANNEWS.COM/GRENADA-TO-RECEIVE-EC21-MILLION-FROM-EUROPEAN-COMMISSION-AS-PART-OF-GLOBAL-CRISIS-PACKAGE/](http://www.thewestindiannews.com/grenada-to-receive-ec21-million-from-european-commission-as-part-of-global-crisis-package/)

CARICOM News, 24 November 2010

[HTTP://WWW.CSMENETWORK.COM/2/INDEX.PHP?OPTION=COM\\_CONTENT&VIEW=ARTICLE&ID=10260:ANTIGUA-EU-FUNDS-TO-HELP-ANTIGUA-DEAL-WITH-GLOBAL-ECONOMIC-CRISIS&CATID=122:CSME-NETWORK-LATEST&ITEMID=211](http://www.csmenetwork.com/2/index.php?option=com_content&view=article&id=10260:antigua-eu-funds-to-help-antigua-deal-with-global-economic-crisis&catid=122:csme-network-latest&itemid=211)

*Sknvibes*, 23 November, 2010

[HTTP://WWW.SKNVIBES.COM/BUSINESS/NEWSDETAILS.CFM/15903](http://www.sknvibes.com/business/newsdetails.cfm/15903)

*Dominica News online*, November 23, 2010

[HTTP://DOMINICANEWSONLINE.COM/DNO/ANTIGUA-GETS-33M-FROM-EU-TO-ASSIST-WITH-GLOBAL-FINANCIAL-CRISIS/](http://dominicanewsonline.com/dno/antigua-gets-33m-from-eu-to-assist-with-global-financial-crisis/)

*Antigua and Barbuda Government site*, November 24, 2010

[HTTP://WWW.AB.GOV.AG/GOV\\_V4/ARTICLE\\_DETAILS.PHP?ID=1086&CATEGORY=38](http://www.ab.gov.ag/gov_v4/article_details.php?id=1086&category=38)

*Caribbean Business Journal*

[HTTP://WWW.CBJI.COM/ARTICLE.ASPX?ID=EUROPEAN-UNION-FUNDS-TO-HELP-ANTIGUA-ECONOMY-602](http://www.cbji.com/article.aspx?id=EUROPEAN-UNION-FUNDS-TO-HELP-ANTIGUA-ECONOMY-602)

*Caribbean Press Releases.com*, November 26, 2010

[HTTP://WWW.CARIBBEANPRESSRELEASES.COM/ARTICLES/7802/1/ANTIGUA-AND-BARBUDA-RECEIVES-33-MILLION-DOLLAR-GRANT-FROM-EUROPEAN-UNION/PAGE1.HTML](http://www.caribbeanpressreleases.com/articles/7802/1/ANTIGUA-AND-BARBUDA-RECEIVES-33-MILLION-DOLLAR-GRANT-FROM-EUROPEAN-UNION/PAGE1.HTML)

The Technical Centre for Agricultural and Rural Cooperation (CTA)

[HTTP://BRUSSELS.CTA.INT/INDEX.PHP?OPTION=COM\\_K2&VIEW=ITEM&ID=5120:ANTIGUA-A-BARBUDA-GETS-MILLIONS-IN-EU-ASSISTANCE](http://brussels.cta.int/index.php?option=com_k2&view=item&id=5120:antigua-a-barbuda-gets-millions-in-eu-assistance)

*Anguilla News*, November 24, 2010

[HTTP://WWW.ANGUILLANEWS.COM/ENEWS/INDEX.PHP/PERMALINK/3668.HTML](http://www.anguillanews.com/enews/index.php/permalink/3668.html)

The Courier, January/February 2010

[HTTP://WWW.ACP-EUCOURIER.INFO/EU-FUNDS-FOR-13-ACPS.1017.0.HTML](http://www.acp-eucourier.info/eu-funds-for-13-acps.1017.0.html)

### ANNEX 3:

## QUESTIONNAIRES FOR THE MINISTRY OF FINANCE, BENEFICIARY MINISTRIES OF V-FLEX SUPPORT, NON STATE ACTORS, THE MEDIA AND THE EU DELEGATION

### i) Questionnaire for the Ministry of Finance

*As you know the EC commissioned a study on the EU visibility which aims to assess how effectively it manages its image, transmit its messages and to what extent the general public is aware of the EU external actions.*

*In the case of Grenada we will be focusing on the V-FLEX funds provided to counteract the impact of the financial crisis.*

***The first set of questions aims to assess whether the V-FLEX funds have been adequate and effective to respond to the crisis***

1. Grenada experienced a sharp economic slowdown due to the crisis. Could you briefly describe the biggest challenges the country was experiencing that led the government to ask for support to the EC through the V-FLEX?
2. Which types of support in the face of the crisis were provided by the EC (next to the V-FLEX)?
3. What kind of support was provided by other institutions (WB, IMF, Caribbean Development Bank, etc.)?
4. What is your opinion on the following features of the V-FLEX: eligibility, speed, level, length of support, degree of concessionality, delivery method?
5. How do you score the V-FLEX compared to shock facilities provided by other institutions (IMF, WB, etc.)? Was it easier/harder to get the funds? Was the level and length of support more/less adequate? What about the timing? What about degree of concessionality and delivery method? How do you rate dealing with the EU compared to other organisations? Is there more or less bureaucracy involved?
6. What differentiates EU from other international actors during the crisis?
7. In your opinion which was the best able to take effective actions against the effects of the crisis in Grenada: EU, IMF, WB, CDB, who else?
8. V-FLEX funds have been provided in the form of direct and untargeted budget support to the Grenada government. How the allocated funds have been used?
9. In your opinion, was the V-FLEX very important, fairly important, not very important or not at all important to help the Government to maintain priority expenditures and protect the most vulnerable in the face of the crisis?
10. Is there any tangible evidence that the V-FLEX funds were effective in maintaining public expenditure in order to bring benefit to the country, vulnerable people and Europe (triple win situation)?

11. Is the V-FLEX experience a good practice for managing crisis in the country to be replicated in other country of the region?

***The second set of questions aims to assess if the V-FLEX has contributed to enhance the visibility and image of the EU***

12. What is your overall perception and image of the EU in the context of the financial crisis?
13. In your opinion, which were the two main motivations for the EU to provide V-FLEX funds to Grenada (and other ACP countries)?
14. Which actions have been undertaken to spread the knowledge of the V-FLEX among the general public? What has been the budget used for doing this?
15. Just the features of the V-FLEX or also its benefits were highlighted during these actions?
16. Did you know that Grenada has been the first Eastern Caribbean country to benefit from financial assistance under the V-FLEX mechanism, and the only Caribbean country (with exception of Haiti) to have received two V-FLEX allocations? Did this influence your perception/image of the EU?
17. Do you think the media talk too much, about the right amount or too little about V-FLEX in Grenada?
18. How have you learned about the V-FLEX? And in particular, what the EU has done to communicate about the V-FLEX and ensure that there was a good understanding of its functioning?
19. Within the government does everybody knows about the V-FLEX or only relevant key persons?
20. In your opinion, how could EU have better used its communication and visibility actions to enforce its actions in response to the financial crisis?

**ii) Questionnaire for beneficiary ministries of V-FLEX support**

*We are grateful if you could take a few minutes of your time to answer the following questions.*

1. Have you ever heard or read about the European Union's Vulnerability Flex mechanism (V-FLEX)?  
Yes, and I know what it is  
Yes, but I don't really know what it is  
No
2. If you answered yes to question 1, where have you heard/read about the V-FLEX? (You can choose more than one option)  
Newspaper  
TV  
Radio  
Others (please specify)\_\_\_\_\_

3. Did you know that the V-FLEX allocation has been used by the Government to support some programmes within your workplace/institute?

Yes

No

4. If yes, please briefly describe in what consists these programmes:

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5. Please briefly describe (providing numbers if possible) the results achieved by the programmes in 2009 and 2010 compared to 2008 (before the disbursements of V-FLEX funds):

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6. In your opinion, did the V-FLEX funds help to maintain or expand these programmes during the financial crisis? (Or did you perceive any reduction/cut in the program?)

7. To what extent do you agree or disagree with the following statement: "Overall the V-FLEX has contributed to mitigate the negative effects of the current global financial crisis by helping the Grenada Government to maintain priority expenditures and protect the most vulnerable". (Please choose only one option)

Totally agree

Tend to agree

Tend to disagree

Totally disagree

Don't know

8. In your opinion, which of the following has been more effective in mitigating the impact of the financial crisis in Grenada by helping the Government to maintain priority expenditures and protect the most vulnerable (You can choose more than one option)

Grenada Government

Why? \_\_\_\_\_

The European Union

Why? \_\_\_\_\_

The International Monetary Fund (IMF)

Why? \_\_\_\_\_

The United Nations

Why? \_\_\_\_\_

The World Bank

Why? \_\_\_\_\_

The Caribbean Development Bank

Why? \_\_\_\_\_

Other (please specify): \_\_\_\_\_

Why? \_\_\_\_\_

None

Why? \_\_\_\_\_

Don't know

### iii) Questionnaire for Non State Actors

*The EC commissioned a study on the EU visibility which aims to assess how effectively it manages its image, transmit its messages and to what extent the general public is aware of the EU external actions. In the study, the EU visibility is analysed in several different contexts including the global financial crisis.*

*In the case of Grenada, our purpose is to analyse the EU visibility during the recent global economic and financial crisis by looking at the V-FLEX funds that have been provided to the country in both 2009 and 2010 to counteract the crisis impact.*

***The first set of questions aims to assess whether the V-FLEX funds have been adequate and effective to respond to the crisis***

1. In your opinion, which were the biggest challenges Grenada experienced because of the global financial and economic crisis? Who were the most affected by the crisis in Grenada?
2. Are you aware that Grenada received V-FLEX funds from the EU to counter the impact of the crisis?
3. If yes, in your opinion, which were the main motivations for the EU to provide V-FLEX funds to Grenada?
4. Do you know about V-FLEX main features (e.g. length, level, delivery method, etc.)?
5. If yes, how do you consider the V-FLEX in terms of eligibility, speed, level, length of support, degree of concessionality, and delivery method?
6. In your opinion, was the V-FLEX very important, fairly important, not very important or not at all important to help the Government of Grenada to counter the impact of the crisis and in particular to respond to the main challenges and protect vulnerable people you mentioned before in question 1?



7. In your opinion, is there any tangible evidence that the V-FLEX was effective in maintaining public expenditure and protecting the most vulnerable, in order to bring benefit to the country, vulnerable people and Europe (triple win situation).
8. What activities (if any) have been supported by V-FLEX funds and which results have been achieved?
9. How do you score the V-FLEX compared to shock facilities provided by other institutions such as the IMF, WB, etc.? Was it more or less effective? And why? (Was it easier/harder to get the funds? Was the level and length of support more/less adequate? What about the timing? What about degree of concessionality and delivery method?)
10. So, in your opinion which was the best able to take effective actions against the effects of the crisis in Grenada: EU, IMF, WB, CDB, who else? Why?
11. In your opinion, what differentiated the EU from other international actors in the response to the crisis?
12. Do you consider the V-FLEX experience a good practice for managing crisis in the country?

***The second set of questions aims to assess if the V-FLEX has contributed to enhance the visibility and image of the EU***

13. How have you learned about the V-FLEX? What the EU has done to communicate about the V-FLEX and ensure that there was a good understanding of its functioning among the general public?
14. Did you know that Grenada has been the first Eastern Caribbean country to benefit from financial assistance under the V-FLEX mechanism, and the only Caribbean country (with exception of Haiti) to have received two V-FLEX allocations?
15. Do you think the media talk too much, about the right amount or too little about V-FLEX in Grenada?
16. In your opinion, how could EU have better used its communication and visibility actions to enforce its actions in response to the financial crisis?

**iv) Questionnaire for the media**

*In the wake of the global economic and financial crisis the European Commission established the Vulnerability FLEX (V-FLEX) mechanism to help the most affected African, Caribbean and Pacific (ACP) countries to maintain priority spending, particularly in the social sectors. Grenada benefited from financial assistance under the V-FLEX mechanism both in 2009 and 2010.*

*We are grateful if you could take a few minutes of your time to answer the following questions.*

1. Which is the target audience(s) of your newspaper/TV news programme/internet webpage/radio news programme?

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2. If you represent a *newspaper*, what is your newspaper circulation (number of copies distributed on an average day)? \_\_\_\_\_

If you represent a *TV news programme*, which is the number of viewers that your channel reaches \_\_\_\_\_ on \_\_\_\_\_ an \_\_\_\_\_ average day? \_\_\_\_\_

If you represent an *internet news site*, which is the number of visits that your site registers on an average day? \_\_\_\_\_

If you represent a *radio news program*, which is the number of listeners that your program reaches \_\_\_\_\_ on \_\_\_\_\_ an \_\_\_\_\_ average day? \_\_\_\_\_

3. How many articles/news/reports in your media have dealt with the European Union in the periods 15 December 2009-15 February 2010; 2 September-2 November 2010; and 1 January-28 February 2011? (Please provide a copy of these articles/news/reports)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. Among the articles/news/reports mentioned in your answer to question 3, how many were dealing with the V-FLEX?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. Could you provide us with a benchmark of how often the global financial crisis-specific support offered to Grenada by the European Union has been mentioned in your media compared to that of other international organizations such as the World Bank, International Monetary Fund, and United Nations?

\_\_\_\_\_  
\_\_\_\_\_  
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\_\_\_\_\_

6. In your opinion, how has the European Union's support to Grenada during the global financial crisis been perceived in the country?

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7. In your opinion, during the financial crisis has the European Union done enough to enhance its image through the media in Grenada? (Please motivate your answer)

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**v) Questionnaire for EU Delegation**

***The first set of questions aims to assess whether actions and resources for V-FLEX visibility have been perceived as adequate and effective***

1. How many and which type of human resources have been mobilized for visibility of the V-FLEX in Grenada?
2. What has been the budget allocated for visibility of the V-FLEX in Grenada (amount)?
3. In your opinion, were these resources (human resources and budget) adequate?
4. What the EU has done to communicate about the V-FLEX in Grenada?
5. What was the main target audience you wanted to reach?
6. What were the intended objectives of V-FLEX communication actions?
7. In your opinion, was the media coverage given to any of the above related event effective in reaching the target audiences and intended objectives?

***The second set of questions aims to assess if the V-FLEX has contributed to enhance EU visibility at the global level and as a global actor***

8. In your opinion, has the V-FLEX enhances the image/visibility of the EU at the global level and as a global actor?
9. The V-FLEX mechanism was announced/discussed in a number of international events (e.g. G20 summit in London, UN conference on the crisis and its impact on development in New York, etc.) and a number of international organizations referred to it in their websites and/or

publications (e.g. UNCTAD, WB, ComSec). In your opinion, did EU visibility at the global level and as a global actor benefit from these events?

10. The EU cooperated with other IFIs (WB, IMF, UN, etc.) in the implementation process of the V-FLEX (especially in assessing country eligibility). In your opinion, did this have a positive/negative/no impact on EU visibility at the global level?
11. How did cooperation of the EU with other IFIs, local/regional stakeholders and Member States impact on EU visibility at the global level?
12. The V-FLEX was created fairly quickly and operated very rapidly compared to other IFIs' shock facilities (e.g. WB IDA Crisis Response Window, IMF's ESF, etc). In your opinion, did this enhance EU visibility as a global actor?
13. How could EU have better used its communication and visibility actions to enforce its V-FLEX actions in response to the financial crisis?

***The third set of questions aims to assess whether the V-FLEX has been adequate to respond to the crisis thus contributing to enhance EU visibility***

14. How do you consider the V-FLEX in terms of the procedures adopted and their effectiveness?
15. In your opinion, does the fact that V-FLEX funds come from pre-existing commitments implying that there will be less funding available in the future, affected negatively EU visibility?
16. The V-FLEX favoured a discriminatory approach over an equal distribution of aid to all ACP countries. Do you think this had a negative impact on EU visibility?
17. Do you think the short length of the V-FLEX support (2 years) could have had a negative impact on EU visibility in a context with no guarantees of a rapid economic recovery at least at the pre-crisis levels?
18. Was the V-FLEX experience a good practice for managing the crisis in the country to be replicated in the event of other crisis in the future?
19. In your opinion, is there any tangible evidence that the V-FLEX funds were effective in maintaining public expenditure and protect the most vulnerable in Grenada?
20. Do you think the V-FLEX pressure other international organizations to speed up the introduction of their own shock facilities?

**ANNEX 4:**  
**EXAMPLES OF WEB AND PRESS RELEASES ON V-FLEX**



**EUROPEAN UNION**  
DELEGATION TO BARBADOS  
AND THE EASTERN CARIBBEAN

Bridgetown, 15 December

2009

Pre&Info/2009/D/05033 /WL

No.20/09

**PRESS RELEASE**

**Grenada to receive EC\$21 million from the European Commission as part of global crisis package**

Grenada is to receive approximately EC\$21 million (5.29M euro) in financial assistance from the European Commission, under the Commission's vulnerability assistance scheme, which was adopted in August 2009 as a quick response to help eligible African Caribbean and Pacific (ACP) countries deal with the affects of the global financial crisis.

Overall 13 ACP countries will receive assistance totalling 230 million euro (BBD\$686 million). Haiti is the other Caribbean country to benefit and will receive 30 million euro.

Grenada will be the first Eastern Caribbean country to benefit from financial assistance under the mechanism. The funds which are non-reimbursable are to be used by Grenadian authorities at their discretion and convenience. The financing decision on Dominica's application will be presented in 2010.

Following the announcement of the package EU Commissioner for Development and Humanitarian Aid, Karel De Gucht said, "Developing countries were hit hard by the crisis due to their poor resilience to external shocks. This has left funding gaps in many ACP governments' budgets. The Vulnerability FLEX mechanism is the European Union's swift response to help countries maintain priority spending, thereby assisting the worst affected countries to reduce the social costs of the crisis".

The Vulnerability instrument is based on forecasts of fiscal losses and other vulnerability criteria, helping to ease the impact rather than acting after the damage is done. It provides rapid and targeted grants and is acting as a complement to the loan-based assistance of other development institutions, with whose support it was developed.

The provision of this financial assistance is proof that the EC is delivering on its promises and is supporting its partners in critical times of need.

The Grenada vulnerability disbursement is in addition to two ongoing interventions in the Spice Isle, a General Budget Support programme as well as a sector budget support programme targeted at providing an environment that is more conducive to private sector investment capable of stimulating economic growth, and competitiveness in the agriculture sector.

Under the General Budget Support programme approximately EC\$16 million (4M euro) was paid out in 2008. There are still three more payments totalling approximately EC\$37 million (9.29 million euro) remaining under this agreement. In relation to the Sector Budget Support programme the EC is currently processing a payment for approximately EC\$13 million (3.3M euro).

2nd September 2010

## The European Union approves EUR 3.5 million to help Grenada to face the consequences of the economic crisis

EuropeAid

*Today, the European Commission approved a financing decision of EUR 3.5 million in favour of Grenada in the framework of the so-called Vulnerability FLEX mechanism (V-FLEX). The economy of Grenada was the worst hit among the Eastern Caribbean countries in 2009, undergoing a contraction of real GDP of 7.7%.*

*"The provision of this financial assistance in the form of grants is proof that the EU is delivering on its promises and is supporting its partners at critical times of need", said Valeriano Diaz, Head of the EU Delegation to Barbados and the Eastern Caribbean.*

The International Monetary Fund (IMF) Article IV consultation and Fourth Review of the Poverty Reduction and Growth Facility programme in September 2009 concluded that *"Grenada, like the rest of the Caribbean, has been hit hard by the global economic downturn - a negative shock more devastating than the recent hurricanes in terms of employment and growth"*. The fifth and final IMF review in February 2010 predicted that *"while economic activity is expected to improve in 2010, the recovery is likely to be very slow, with downside risks to this outlook, if weaknesses in advanced economies continue to adversely affect tourism and GDP"*.

The Vulnerability FLEX funds, which will be paid in form of budget support, will help the government of Grenada to maintain crucial social and capital expenditure including the school feeding programme, public assistance programme, transportation assistance to school children and the road improvement and maintenance programme.

The EUR 3.5 million Vulnerability FLEX financing decision comes in addition to EUR 12.4 million under 9 EDF financing, EUR 5.0 million under the Vulnerability Flex 2009 allocation, EUR 0.3 million under Flex 2009 which are all included in the ongoing general budget support programme entitled *"Poverty Reduction through Private Sector Development, Employment and Growth"* in Grenada.

### Background:

The Vulnerability FLEX mechanism is the European Union's swift response to help countries which were the most affected by the economic downturn. It was created in 2009 and was allocated EUR 500 million over two years (2009-2010).

It is demand-driven and targeted at countries with a high degree of economic, social and political vulnerability, the right policies in place to fight the crisis and sufficient absorptive capacity as well as a financing gap in their budgets where EU support can make a difference by closing or significantly reducing this gap.

For more information please contact:

Mr. Jose Medina Navarro

Delegation of the European Union to Barbados and the Eastern Caribbean

Phone: (+246) 4348546 - Fax: (+246) 4278687



EUROPEAN  
COMMISSION



## NEWS RELEASE

MINISTRY OF FINANCE, PLANNING, ECONOMY, ENERGY & COOPERATIVES

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Fax: 1- 473-440-4115

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**NO. 94/2010**

**DATE: October 20, 2010**

### EU COUNTRY PORTFOLIO REVIEW

**ST. GEORGE'S, GRENADA, Wednesday, October 20, 2010:** The Government of Grenada and the European Union (EU) Delegation to Barbados and the Eastern Caribbean will hold its annual Country Portfolio Review on **Friday 22<sup>nd</sup> October 2010**, in Grenada.

This meeting is an opportunity to review the progress made on outstanding projects and programmes funded by the EU and hold dialogue on issues of mutual concern.

Among the projects to be discussed on Friday are:

1. The Post-Emergency School Rehabilitation project, jointly funded with the World Bank, which was completed in early 2010;
2. The Southern Grenada Water Supply Improvement project, which is nearing completion;
3. The Establishment of a Spice Research Station and Farming Systems (SFA 2008), which will be completed in April 2011; and
4. The General Budget Support programmes, which will be supplemented this year by an additional 3.5M Euros under the Vulnerability FLEX programme.

From 1:30 – 2:00 pm, the delegation will host a Signing Ceremony and Press Briefing at the Ministry of Finance Conference Room. Minister of Finance and National Authorising Officer, Hon. V Nazim Burke and Head of Delegation Ambassador Valeriano Diaz will sign official documents pertaining to the additional grant funds under Vulnerability FLEX.

Members of the media are invited to the signing ceremony and press briefing. Please have your cameras etcetera set up at least ten (10) minutes in advance.

For more information contact: CORPORATE COMMUNICATIONS OFFICER – PETRA CHARLES-JOSEPH



Written for GOG magazine (not sure when it was published)

### **GRENADA ONE OF ONLY TWO CARIBBEAN COUNTRIES TO BENEFIT FROM THE EUROPEAN UNION VULNERABILITY FLEX FUND**

Being mindful of the impact of the global crisis on Grenada's financial resources and the consequential impact that it can have, not only the economy, but the people of the country, the Government of Grenada, upon learning of the European Union's special crisis programme – *the Vulnerability Flex* - moved swiftly to present a request to them for assistance.

As a consequence, Grenada received EC\$15.5 million and was one of only two Caribbean countries (the other being Haiti), to benefit from the programme. It must be noted that they were not the only two Caribbean countries that submitted applications.

The "EU Vulnerability FLEX" instrument was set up by the European Union (EU) to assist those developing countries worst hit by the downturn in trade and falling revenues. With EU's priority being to eradicate poverty by protecting the most vulnerable, the instrument focused on ensuring social safety net spending. The EU's objective was that fund will act as a fore-runner, helping to cushion the blow rather than acting after the event, by examining the forecasted export losses and other vulnerability criteria of the relevant countries and making an appropriate judgment. To them, the vulnerability instrument, was that rare concrete tool that could make a real difference on the ground in the short run and help those countries hardest hit by the crisis, especially given that the resources to assist in a long term manner will take time to be mobilised. The instrument was set up to work complementarily with the World Bank, the IMF and the Regional Development Banks.

Based on Grenada's performance in the management of other funds received from the EU, Grenada was in a very good position to unlock the funds from the vulnerability instrument. According to Ambassador Mr. Valerinano Diaz of the European Commission in Barbados, during a visit to Grenada in October 2009, "*Grenada is a kind of Example... I think it is a good example of a country with a very small administration but is able to manage the EDF funds very efficiently. The administration of the Ministry of Finance here in Grenada is a kind of model, its small but they are efficient and they are not going to allow the loss of a single penny.*" "Grenada", he said, "*should be comforted and proud that its administration is so strong.*"

He further praised Grenada, explaining that in 2008, Grenada was the only country in the Caribbean that was able to get to the end of the 10<sup>th</sup> review of the 9<sup>th</sup> European Development Fund (EDF) and as a result benefited in the form of 10 million Euros or EC\$35 million. This he explained was largely due to Grenada's public finance management and the quality of the report that was prepared on Grenada's behalf.

This high quality of reporting also worked to Grenada's benefit with the vulnerability instrument since Grenada's approval for this instrument was also based on the quality of reporting and on the quality of the submission that was made.

Funds from the vulnerability instrument allowed Grenada to continue a number of its safety nets programmes that was already in place.



EUROPEAN UNION  
DELEGATION OF THE EUROPEAN COMMISSION  
IN BARBADOS AND THE EASTERN CARIBBEAN  
Head of Delegation

Bridgetown, 12 October 2009  
Pre&Inf/2009/D/04553/WL

No.16/09

**PRESS RELEASE**  
**Grenada and the EU review EDF Portfolio**

The Government of Grenada and officials of the Delegation of the European Commission to Barbados and the Eastern Caribbean will on 12 October undertake a Mid-Term Review of the 10<sup>th</sup> European Development Fund (EDF) Country Strategy agreed in December 2008.

The Review is being undertaken within the context of the present downturn in the global economy, which has left small open economies such as Grenada even more vulnerable to the most severe economic challenges.

The objectives of the Mid-Term Review are to reflect on developments in the country brought about by internal, regional or international events and therefore present the possibility for a change in priorities. The Mid-term Review also serves to enhance policy coherence and joint programming with the EU member states, mainstream aid effectiveness and to review governance issues in light of the commitments undertaken by the Government under the 10<sup>th</sup> EDF.

In addition to the Mid-Term Review the two co-operation partners will also undertake a Country Portfolio Review (CPR), of the most critical programmes and projects. These include the 9<sup>th</sup> EDF General Budget Support programme, the Schools Rehabilitation Project and the Southern Grenada Water Supply and discussions of the preparation for the 10<sup>th</sup> EDF programme.

Given the fulfillment by Grenada of basic eligibility criteria for direct budget support modality - stability-oriented macroeconomic policies, implementation of public finance management reforms and implementation of overall development and sector strategies – the portfolio of EC programmes using this modality is important. Within the current on-going budget support programmes – Stabex FMO supporting the National Policy and Strategy for modernization of the agricultural sector and 9<sup>th</sup> EDF Poverty Reduction through private sector development, employment and growth programme – there is a potential for 5,4 million EUR disbursements by the end of 2009 and 5,7 million EUR in 2010-2011. Additionally, Grenada's application for 5 million EUR under the Vulnerability FLEX mechanism launched by the European Commission in July this year to provide a quick ad-hoc response to consequences of the global economic crisis in the most vulnerable ACP states is under consideration. If granted, additional 5 million EUR disbursement could be completed by the end 2009/beginning 2010.

Both the MTR and the CPR will be opened to participation from the relevant ministries, agencies and project implementation units, as well as Non-State Actors.

For further information contact Wayne Lewis, Press and Information Officer, at 434-8519 or [wayne.lewis@ec.europa.eu](mailto:wayne.lewis@ec.europa.eu).

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IP/09/1920

Brussels, 15 December 2009

## **Commission approves € 230 million to cushion the impact of the economic crisis in 13 African and Caribbean countries**

*The European Commission approved the first financing decisions in favour of eleven African and two Caribbean countries for a total of € 230 million, including € 215 million under the so-called Vulnerability FLEX mechanism (V-FLEX). This is the first package of financing decisions in the framework of the € 500 million V-FLEX mechanism which was adopted in August 2009 as a response to the economic crisis for African, Caribbean and Pacific Countries (ACP).*

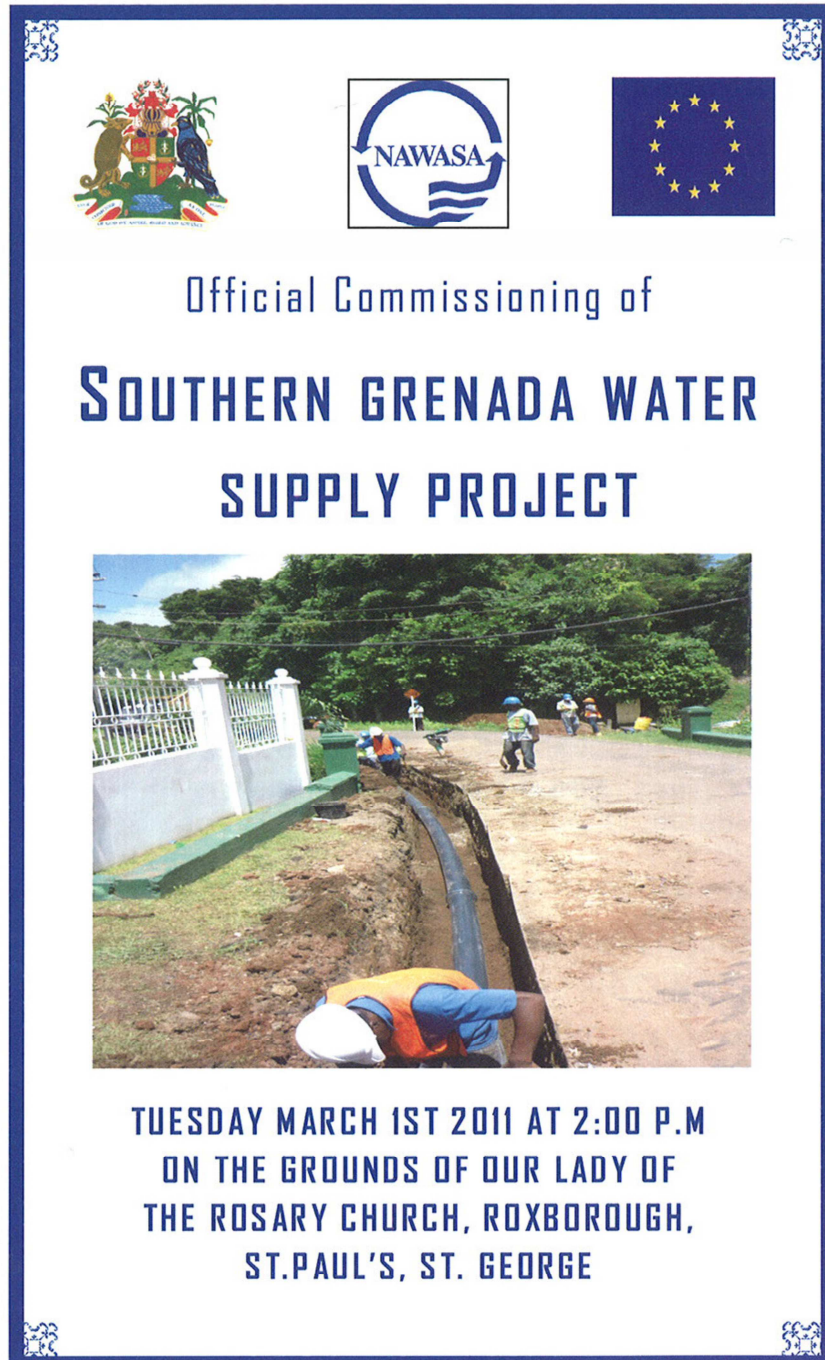
Karel De Gucht, Commissioner for Development and Humanitarian Aid said: "Developing countries were hit hard by the crisis due to their poor resilience to external shocks. This has left funding gaps in many ACP governments' budgets. The Vulnerability FLEX mechanism is the European Union's swift response to help countries maintain priority spending, thereby assisting the worst affected countries to reduce the social costs of this crisis".

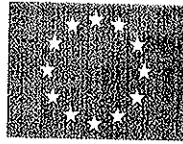
The V-FLEX is a short-term instrument supporting the most vulnerable ACP countries to cope with the impact of the global financial and economic crisis and to mitigate its social consequences. The first countries to benefit from the V-FLEX mechanism, at their request, are Benin, Burundi, the Central African Republic, the Comoros, Ghana, Grenada, Guinea Bissau, Haiti, Malawi, Mauritius, the Seychelles, Sierra Leone and Zambia. For this first tranche, all amounts are paid in form of budget support, which will enable partner countries to maintain their level of public spending in priority areas, including in the social sectors, without jeopardising macroeconomic stability. Most of these funds are expected to be paid before the end of this year. Additional allocations will follow in 2010.

The instrument against vulnerability works pre-emptively, based on forecasts of fiscal losses and other vulnerability criteria, helping to ease the impact rather than acting after the damage is done. It provides rapid and targeted grants and is acting as a complement to the loan-based assistance of World Bank, International Monetary Fund and other regional development banks with whose support it was developed.

The V-Flex is demand-driven and targeted at countries with a high degree of economic, social and political vulnerability, the right policies in place to fight the crisis and sufficient absorptive capacity as well as a financing gap in their budgets where EU support can make a difference by closing or significantly reducing this gap.

ANNEX 5:  
EXAMPLES OF EU LOGO IN LEAFLETS, COMMEMORATIVE SIGNS  
AND VEHICLES





*Grenada Dehydrated Fruits & Vegetable  
Cluster (Grendfave) in collaboration with the Grenada  
Bureau of Standards and the Food & Agriculture  
Organization presents*

## Healthy Alternative Agro-Processing Showcase

**Date:** June 22, 2011

**Time:** 11:00a.m. - 12:30p.m.

**Venue:** National Stadium,  
Queens Park,  
St. George's



## ANNEX 6:

### LIST OF PERSONS, INSTITUTIONS AND ORGANISATIONS INTERVIEWED

#### European Commission

- Jose Carreira Nunes (Head of Unit, DEVCO, Gouvernance économique et appui budgétaire, Unit J.3)
- Christian Peters (Policy Officer, DEVCO, Gouvernance économique et appui budgétaire, Unit J.3)
- Mihir Joshi (Policy Officer, DEVCO, Gouvernance économique et appui budgétaire, Unit J.3)
- Nicoletta Merlo (Policy Officer, DEVCO, Gouvernance économique et appui budgétaire, Unit J.3)

#### Delegation European Union in Barbados

- Mr. Jose Maria Medina Navarro (Project Officer)
- Mr. Wayne Lewis (Press & Information Officer)

#### EDF Support Services Unit (EDF/SSU)

- Ms. Abiola Streete (Coordinator)
- Ms. Jocelyn Paul (Project Officer)

#### Ministry of Finance

- Mr. Mike J. Sylvester (Deputy Permanent Secretary)

#### Ministry of Social Services

- Mrs. Sandra Thomas (Permanent Secretary) & Team

#### Ministry of Education

#### Ministry of Agriculture

#### Ministry of Works

#### Non State Actors (NSA) Panel

- Grenada Council of the Disabled
- Friends of the Earth
- Willie Redhead Foundation
- Inter Agency Group of Development Organisations
- Grenada Community Development Agency
- Agency for Rural Transformation
- Grenada National Women's Organisation
- St Andrew's Development Organisation
- Grenada Chamber of Commerce
- Grenada Employers Federation
- Grenada Hotel and Tourism Association

- Grenada Trade Unions Council
- Grenada Human Rights Organisation
- Youth Representative

Advocate Newspaper

- Ms.Linda Straker

Grenada Informer

- Mr. Michael Noel



## ANNEX 7:

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