ST. LUCIA: MEDIUM TERM DEVELOPMENT STRATEGIC PLAN

SECOND DRAFT

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MEDIUM TERM DEVELOPMENT STRATEGIC PLAN

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EXECUTIVE SUMMARY

The Government of Saint Lucia, with assistance provided by the Caribbean Development Bank, has developed a Medium Term Development Strategic Plan, for the period 2011-2015. The Ministry of Finance, Economic Affairs and National Development was the agency given the responsibility for the exercise, and contracted Kairi Consultants to assist in the task.

TERMS OF REFERENCE

The Terms of Reference of the present exercise required the consultants to fulfil two main objectives, namely, to:

- Assist with the preparation of a five-year medium term development and strategic plan for GOSL, and
- Build capacity and ensure sustainability by providing hands-on training for key personnel in Ministry of Finance, Economic Affairs and National Development and the line ministries.

The specific tasks to be undertaken required the consultants to:

(a) hold discussions with the Permanent Secretary of MOEP and head of the EPU to determine the scope and content of training required.

(b) conduct a one-week training session with team members on public sector medium term planning as part of preparation for the formulation of the MTDSP.

(c) review existing planning documents (e.g. social policy and industrial policy reports) and other relevant reports as an input into the MTDSP formulation process.

(d) conduct a detailed analysis of Saint Lucia's social and economic performance and prospects in the context of its development objectives.

(e) identify development issues, challenges, constraints, strengths and opportunities in the context of regional and international trends and developments.

(f) hold discussions with key government ministries and multilateral agencies. These were to include, but not be limited to, MOEP, MOF, Central Statistical Office, Ministry of Trade, Ministry of Social Transformation, ECCB and CDB. Consultations should also take place with other relevant stakeholders in the private sector and civil society.

(g) undertake any other reviews or activities that may be necessary or useful, consistent with the purpose of the consultancy.

(h) provide technical guidance to the team.

(i) prepare a MTDSP which would include a set of sectoral strategies for the attainment of Saint Lucia's long term objectives.

(j) include in the MTDSP, a plan of action to guide the implementation of such strategies and a mechanism for monitoring and evaluating the impact of the strategies. The MTDSP and the plan of action must be consistent with the principles of Managing for Development Results.

Hurricane Tomas struck the country at the end of October 2010, and wrought damage in excess of EC$1 b. This was before the completion of the exercise. It was decided, therefore that the TOR and the contract be extended, and the consultants be mandated to:

> ***Use the findings from the UNECLAC Report on Hurricane Tomas and any other data assembled by the Government of Saint Lucia and other relevant parties in the preparation and finalisation of the Draft Report.***

THE CONTEXT

The Plan has been contextualised against a number of factors:

1. There has been a sea-change in the international economy in the early 21st century, the outline of which has become more apparent after the deepest recession since the Great Depression: the new reality is the relative decline of the North Atlantic vis-à-vis Asia, with China and India becoming major players in the world economy.
2. A far more competitive international economy confronts Saint Lucia, following the removal of most of the trade protection that was available to its vital exports.
3. Managing economic and environmental shocks poses a serious challenge in the face of a growing fiscal gap occasioned by slowing of growth.
4. The pervasiveness of new technologies poses a threat but might also create an opportunity for Saint Lucia, if its human resources are properly prepared with the educational base and training to take advantage of new opportunities.
5. The severe vulnerability of Saint Lucia as a SIDS, has been fully illustrated by Hurricane Tomas in the damage it wrought during the process of developing the is plan: there was substantial infrastructure lost, in addition to the tragic fatalities.
6. There is a persistence of high poverty and unemployment that adds to socio-economic challenges like crime and violence, underperformance in education in spite of massive expenditure at all levels of the system, a dissonance consequent on rapid rural urban migration and densification of urban and sometimes spontaneous settlement.
7. There is shortage of entrepreneurship among the domestic population to drive private sector development.

Saint Lucia is still in the throes of a wrenching trade adjustment, as two of its more critical tradable sectors – bananas and light manufacturing – have had to adjust downward in the face of the removal of protected market entry to its traditional export markets. The country is in search of new competitive export possibilities based on diversification of its economy. The new exports by way of goods and services have to be capable of holding their own mainly in external markets.

Moreover, in spite of the considerable expenditure over the years on education, the skills and knowledge base of its work-force need considerable upgrading, given the experience illustrated by countries that have adapted to a knowledge economy and a knowledge driven economic system.

THE VISION

The participatory mode was observed throughout in the conduct of the planning exercise. Beside a stakeholder workshop visits were made to a number of institutions and communities and a variety of data were assembled from Department of Statistics and other agencies in Saint Lucia. The Eastern Caribbean Central Bank was another important source of statistical data. An attempt was made to model the operations of the economy using standard Econometric Analysis. However, gaps in series of some of the data created challenges in the use of quantitative techniques. The Plan is comprised of three parts:

- An Introduction and Context
- The Medium Term Development Strategy guided by the Vision, Goals and Targets, and
- The Action Plan

A summary document has been prepared and is presented separately for ease of reference of those not having the time to examine the background to the various components of the Plan.

The National Vision and its elaboration into action can be seen in Table I.

TABLE I: NATIONAL VISION

NATIONAL VISION

AN INNOVATIVE AND INDUSTRIOUS NATION, GROUNDED IN THE PRINCIPLES OF PATRIOTISM, INTEGRITY, AND GOOD GOVERNANCE, STRIVING TOWARDS SUSTAINABLE AND EQUITABLE DEVELOPMENT FOR ALL

Stabilisation and the Macro-Economy

Macro-economy

- Apply eight point plan of ECCU
- Institute measures to expand revenue base
- Balance fiscal management and growth and development targets
- Tighten regulatory regime of non-bank financial sub-sector
- Strengthen collaboration within ECCU in management of monetary system
- Promote development and export of niche products and services
- Develop measures to support paradigm shift in the economy and society

Diversification of the Productive Sectors through Private Sector Development

Agriculture and Agribusiness

- Rehabilitate agricultural sector and economic infrastructure
- Address low rates of technology adoption and poor agronomic practices
- Diversify into profitable crops – pineapples, cut flowers, cocoa, herbal medicines, organic crops, selected tree crops
- Expand into regional market in banana fresh market and in value adding products and services
- Institute measures to attract youth into agriculture
- Educate and train for business approach to agriculture

Poverty Reduction and Promotion of Equity

Millennium Development Goals

- Target goals of MDGs as defined for Caribbean States
- Scale up poverty reduction programmes
- Design and implement rural development plans for 4 areas during the medium term
- Support families whose financial situation prevent regular attendance at school by school age children with conditional social assistance
- Identify community assets to be used as basis for sustainable livelihoods

Environmental Sustainability

Land Use Planning

- Formulate phased implementation for Physical Vision Plan
- Institutionalise national use plan with implementation of guidelines of zoning plans
- Enforce squatter regularisation
- Provide training in building inspection and property valuation
- Require agriculturalists to seek approval by the DCA in respect of lands not zoned

Human Development

Educational Development

- Implement Education Sector Plan – universalise early childhood, improve quality throughout and improve retention and completion rates at all levels

Mindset Reengineering

- Inculcate civic and community pride
- Promote teaching of history of Saint Lucia and wider Caribbean
- Promote non-partisan regular public discussion of the society and economy of Saint Lucia in the Region, and the World.

ICT Expansion

- Explore development of IT enabled services, e.g. call centres and business processing outsourced services
- Expand e-government services
- Promote universal access to intern et in schools and ICT and information centres across the island
- Formulate protocols for legal requirements e.g joint software production and in combating cybercrime

Youth Employment

- Collaboration of all stakeholder organisations in treating with the social-psychological needs of the youth
- Develop programme targeted at out-of-school youth with support measures in counselling, training and employment
- Counselling services for young men and women engaged in deviant/illegal trades

Post Tomas Rehabilitation

- Review and update building codes
- Devise no-build policy for extreme hazard areas
- Update hazard maps
- Adopt integrated development planning approach to watershed management
- Reafforestation of areas devastated by Tomas, and stabilisation of landslide and slopes through seeding, planting and bio-engineering techniques
- Apply terracing or use vegetation barriers to reduce soil loss

Post-Secondary Training

- Expand enrolment in post-secondary and encourage higher participation of mature workers in post-secondary education and training.

Productivity Improvement

- Devise mechanism for linking productivity and wages
- Provide for upgrade of workers through training and the promotion of life long education
- Public Sector/Private Sector collaboration in the arrangement for in-plant training and complementing support of public training institutions like SALCC
- Enhance capabilities of management in firms for greater competitiveness

Tourism Development

- Diversify tourist market including tapping into emerging markets
- Enhance provision of services and skills to the yachting sector
- Enhance measures to increase local value added in all-inclusive establishments
- Foster linkages with agriculture, manufacturing and craft
- Identify tourism activities that create visible and direct benefits to communities

Gender Equity

- Design measures to promote equal access to resources for men and women
- Deemphasise collateralisation in creation of bankable projects
- Design measures targeted at prevention and response to gender violence
- Improve retention and completion rates for boys in educational system
- Gender mainstreaming

Environmental Management

- Develop adaptation measures for Climate Change
- Reduce Vulnerability and Risk to Disasters
- Improve Environmental Responsibility and Action
- Complete National Environmental Management Policy and Strategy
- Strengthen the Environmental Regulatory and Policy Framework
- Strengthen Protected Area System
- Improve solid waste management

HRD and Life-long Education

- Inculcate commitment to life-long education as a personal responsibility of each individual
- Provide facilitative arrangements for mature workers to participate in Life-long Education

	• Introduce tourism on school curriculum • Public education and sensitisation on benefits of sector	health care provision • Provide programmes for training, and develop production, packaging and marketing facilities for small-scale female producers		
Public Sector Reform	**Manufacturing**	**Housing Development**	**Infrastructural Development**	**Health and Wellness**
• Promote output and performance based budgeting across the public sector • Improve efficiency of budget process and financial management • Making government more facilitative in serving the community and in particular the private sector • Expand training programmes in the public service • Ensure coherence in salary and compensation across the various levels of the public sector • Review retirement policy in the public sector	• Product differentiation based on uniqueness, quality and packaging • Collaboration between OPSR, other Government institutions and Private Sector on IPR including Geographical indications • Capitalise on link between demand and global health and environmental consciousness in production and packaging of products • Upgrade product range and ensure authenticity in craft • Improve marketing and trade facilitation efforts • Negotiate through CARICOM for successor arrangement to CBI • Explore niche markets in possibilities offered by EPA with EU • Use of ICTs for knowledge acquisition on patents, innovations and input procurement	• Identify poorest and most vulnerable urban for slum improvement programme e.g through UN Habitat Project • Identify poorest rural rural communities for housing upgrade • Design phased plan for critical urban areas – Castries and Vieux Fort • Develop and implement interventions for communities without spatial plans at present, and implement area strategic plans for poorer communities e.g Anse-la-Raye • Develop incentive regime for developers to engage in the provision of housing	• Anticipate climate change and other environmental risks in infrastructural development and in retrofitting infrastructure • Adopting an Asset Management Approach to Infrastructure Planning and Coordination • Ensure strict observance of building codes in new construction and encourage retrofitting of all structures to updated standards	• Promote wellness through the mass media and other fora • Shift emphasis to preventive care over time • Strengthen programmes for prevention and treatment of chronic diseases • Maintain campaign for prevention and treatment of HIV/AIDS • Build links with offshore medical school to upgrade delivery of health care to the local population

Work Ethic	Creative Industries and Craft Production	Community Development	Alternative Energy	Sport
▸ Institute regular public education programmes on the work ethic through use of the mass media ▸ Adopt tripartite approach to the work ethic and productivity	▸ Update cultural policy and legislation with due regard to WTO ▸ Assist NGOs e.g PACE, in development of creative sector ▸ Provide assistance in conceptualisation, branding, design, pricing and packaging of indigenous craft ▸ Upgrade product range and authenticity of crafts	▸ Strengthen community structures ▸ Intensify social extension programmes ▸ Improve personal security and reduce crime and violence	▸ Increase solar and wind energy penetration, and explore geothermal energy possibilities ▸ Explore possibilities for carbon trading under the CDM	▸ Raise Profile of Sport ▸ Provide facilities in all communities for sport and recreation for all ages

THE PLAN

The Action Plan in Table II seeks to chart a course for Saint Lucia for the next five years, over which it has to continue on the paradigm shift, to create a more robust economy within the limitations of a SIDS. More specifically, it outlines the path for:

1) Continued investments to the current growth industries - tourism and the non-banana sector;
2) A thrust at diversification in non-banana agriculture and agri-business targeted at the domestic market, and regional and international markets, with due regard for food security;
3) The wide adoption of ICTs, with possibilities for new exports, but also for productivity improvements in the domestic economy;
4) The exploiting of possibilities offered by the creative industries in addition to innovation generally;
5) Re-positioning of extra-regional and intra-regional exports as greater contributors to GDP; and
6) The development of knowledge and skills base of the society, whether through future entrants into the labour market or incumbent labour market participants.

All of this is to be achieved in the context of macro-economic stability in which the country keeps on track generally, to arriving at what is regarded as a sustainable debt to GDP ratio, as defined by the Eastern Caribbean Central Bank for its member states.

There are certain conditions that if met would permit the targets of the plan to be more easily realised, namely:

- Control of crime and an improvement in personal security;
- The development of a high productivity orientation in the society, with the establishment of the National Commission on Productivity;
- Public/Private or Tripartite collaboration institutionalised with regular meetings among the social partners;
- Commitment on the part of the authorities to implement this plan and other supporting plans which it subsumes, eg Education Plan.

On the assumption of levels of investment in the economy to treat with the impact of Tomas on the economy, and on the basis of loans and grants that allow for some bunching of capital expenditure in the first years of the plan, it is expected that the economy would grow by at least five percent, while at the same time, the framework is laid for a more sustainable growth path

as the economic base is diversified. The country would arrive at a more competitive export base with a better trained and flexible labour force, allowing it to adjust to a changing international economy, at the same time as it addresses internal challenges as crime reduction, improvement of social and economic equity and poverty reduction.

There is an acute crisis looming in the Euro-zone in last quarter of 2011, which might spread across the North Atlantic which remains the source countries for the vital tourism sector of Saint Lucia. The crisis can delay the realization of the targets of the MTDSP by a year or more. However, it is imperative that there be initiation of action on the measures required to achieve the goals. Most require facilitation by the Government, given the structural shift necessary for the country to adjust to a radically transformed world economy. In the final analysis, it is private sector development that will transform the economy and create new export industries. However, it is the role of the Government to provide the supporting physical and institutional infrastructure.

The National Community of Saint Lucia will need to redouble its efforts in mobilising its institutions to manage its transformation from a late 20th century structure to face the imperatives of 21st century competition. Tomas has under pinned the fact that in addition to the focus on economic and social transformation, the country has to retrofit its infrastructure – public and private- to face the onslaught of increasing risks from global climate change, let alone such other risks of earthquakes, volcanic eruptions and tsunamis.

Table II lists the eighteen main goals of the plan, the strategies involved in achieving them and the main agencies involved in implementation. There have been a number of studies and plans prepared in the more recent past. Coordination and capacity for implementation have been the constraint. Even where there is a long lead time to implementation of some of the measures identified in MTDSP, it is likely that prior study and analysis need to be initiated in the short term or immediately.

Saint Lucia is at the cross-roads in its economic and social development in the second decade of the 21st century. It is faced with a situation of great moment in its economic history, requiring a radical break with the past, given the underlying shift that is taking place in the international economy. The North Atlantic economy to which it has been hitched for centuries is being eclipsed. The Plan provides the basis for the paradigm shift that the country has to embark on, in the context of the displacement of the erstwhile centre.

TABLE II: MAIN GOALS AND STRATEGIES OF THE PLAN AND AGENCIES INVOLVED

MACRO-ECONOMY

	GOAL 1	STRATEGIES	AGENCIES
I	A sustainable growth path and improved levels of living, supported by a stable macro-economic environment	1. Rehabilitate the agricultural sector and the economic infrastructure 2. Diversify across sectors and within sectors 3. Promote the development and export of niche products and services 4. Diversify markets	Ministry of Agriculture, Ministry of Communication and Works, Ministry of Finance and Private Sector Ministry of Finance, Economic Planning and National Development, Tourist Board, Ministry of External Affairs, International Trade and Investment OPSR, and Private Sector Organisation Ministry of Finance. Economic Planning and National Development
II	Prudent financial management of the economy	1. Balance fiscal management and growth and development targets, and controlg expenditure through instituting performance based budgeting across the public service 2. Institute measures to expand the revenue base, including through introduction of VAT 3. Reduce the potential of systemic risks posed by gaps in regulation of the Financial Sector 4. Strengthen collaboration within ECCU in the management of the monetary system	

ECONOMY AND HUMAN RESOURCE

	GOAL 2	STRATEGIES	AGENCIES
I	Human resources developed to support current and future social and economic development	1. Improve equity in access and quality at all levels of the education sector- from early childhood to tertiary. 2. Develop Public/Private Sector Partnership for work-place training 3. Collaborate between Government institutions and between training establishments 4. Development of a research capacity at the national level 5. Collaboration at level of OECS to optimize available skills on Regional basis to promote R&D, inventions & innovation 6. Foster linkages between the IP Office, the OPSR and others 7. Expand the knowledge base and skills of the workforce by occupational and other types of upgrading programmes	Ministry of Education, Ministry of Social Transformation, Public Service, Human Resource Development, Youth and Sports, OPSR, SALCC and Private Sector Organisation.

PRODUCTIVITY AND WORK ETHIC

	GOAL 3	STRATEGIES	AGENCIES
I	An economy characterized by increased productivity levels and improvements in the work ethic	1. Spawn creativity, innovation & inventions 2. Institute programmes to enhance the capabilities of management at the level of firms for greater competitiveness 3. Raise the level of production & exports in the economy; Raise productivity in public sector and public agencies 4. Institute regular public education programmes on the work ethic in the media 5. Adopt a tripartite approach between Government, Labour Unions and Private Sector on work ethic, productivity & wages 6. Devise a mechanism for linking productivity and wages – a pay-for-performance approach, including its use in the public service.	Ministry of Labour, Ministry of Finance, National Commission on Productivity, Department of Statistics, Ministry of Finance. Economic Planning and National Development

POPULATION, YOUTH EMPLOYMENT AND TECHNOLOGY

	GOAL 4	STRATEGIES	AGENCIES
I	A significant reduction in the barriers to youth engagement in and benefit from economic opportunities	1. Scale up poverty reduction programmes, with development focus in assistance to clients in preference to support by way of transfer payments 2. Enforce compulsory attendance regulations 3. Encourage competencies in creativity, thinking skills, team work and discipline 4. Improve management of the education and training system though better support mechanisms and adequate provision of resources 5. Replicate pilot programmes being offered in some communities 6. Develop various levels of technological orientation/training programmes 7. Tailor training programmes to promote employment opportunities 8. Collaboration by all stakeholder organizations in treating with the socio-psychological needs of the youth	Ministry of Education and Ministry of Social Transformation and relevant NGOs

ENVIRONMENT AND PHYSICAL DEVELOPMENT

	GOAL 5	STRATEGIES	AGENCIES
I	Optimal usage and stewardship of land and environmental resources supporting the social & economic needs of the population	1. Institutionalize a national land use plan to enhance implementation/enforcement of the guidelines of the NLP, Quadrant and zoning plans	Ministry responsible for Physical Development, Housing, Urban Renewal, Local Government and the Environment, Ministry of Agriculture, Land, Fisheries and Forestry, Ministry of Communications, Works, Transport and Public Utilities, Ministry of Finance, Ministry responsible for Physical Planning and Ministry of Physical Planning
II	Mainstream Environmental issues in development interventions and initiatives	2. Formulation of a phased implementation plan for the Vision Plan 3. Develop a general programme of sustainable management for land, water, and fisheries 4. Promote orderly land use. 5. Explore linking waste disposal with waste recycling 6. Explore small scale technologies 7. Improve the national capacity for mitigation and adaptation to shocks by instituting measures to promote hazard planning and disaster mitigation	

INTER-SECTOR LINKAGES

	GOAL 6	STRATEGIES	AGENCIES
I	A more integrated economy, with sustainable links among the productive sectors	1. Adopt a business approach to agricultural production 2. Address the seasonality issue in the production of agricultural products 3. Modernize agricultural production to attract young persons with appropriate education levels in the sector 4. Provide assistance in conceptualization and design of indigenous craft 5. Collaboration with Regional institutions offering training and design assistance in packaging and marketing 6. Collaboration of purchasers and suppliers in the interest of increasing the supply of locally manufactured or crafted items.	Ministries of International Trade, Agriculture, OPSR, Tourist Board, related agencies and the Private Sector, The Manufacturers Association , the Agriculture Development Bank, SALCC, agencies involved in Land Distribution and settling of new farmers, Ministry of Social Transformation, Tourism Association and Craft Association in Choiseul and other areas.

SOCIAL ISSUES

	GOAL 7	STRATEGIES	AGENCIES
I	A more socially cohesive society and a safe and peaceful environment	1. Advocacy and dialogue especially in marginalised communities. 2. Intensify community and social integration programmes 3. Strengthen community structures in urban communities like Faux-a-Chaud and the Mangue and rural communities like Park Estate and Mingny 4. Upgrade law enforcement mechanisms 5. Establish/Strengthen mechanisms for peace building	Ministry of Social Transformation, relevant NGOs and Ministry of National Security

POVERTY

	GOAL8	STRATEGIES	AGENCIES
I	A significantly improved standard of living in depressed rural and urban areas	1. Design & implementing rural development plans for 3 – 4 areas during the medium term 2. Design a phased plan for critical urban areas – Castries & Vieux Fort 3. Identification of community assets that can be used as a basis for sustainable livelihoods 4. Provision of training & support services to support employment & small business development 5. Diversification of the economy (Goal 1) 6. Training of out-of-school youth and up-skilling the labour force, with special reference to depressed communities in rural and urban areas	Ministry of Social Transformation, Ministries responsible for physical planning, housing, etc., Ministry of Education and the Development Bank, Ministries of International Trade and Investment, Finance, Economic Transformation, The Private Sector and Agencies responsible for youth and the Ministries of Education

GENDER ISSUES

	GOAL9	STRATEGIES	AGENCIES
I	Elimination/reduction of socio-cultural, psychological & economic barriers to gender equality	1. Raise public awareness of gender violence and engender national commitment to eradicate all violence 2. Address factors in the education system that lead to male disenfranchisement while addressing factors of labour market selection that disenfranchise women 3. Provide centralized training, production, packaging and marketing facilities for small-scale female producers 4. Enforce compulsory attendance regulations 5. Provide social assistance to families whose financial situation prevent regular attendance at school by school age children 6. Develop a programme targeted at out-of-school youth, offering counselling, training & employment avenues (Goals 4, 8) 7. Develop a public education programme on values and the importance of education and work 8. Establish collaboration with civil society in efforts to reach the youth 9. Provide counselling services for young men and women engaged in deviant/illegal activity	Ministries of Social Transformation and Education, Agencies and NGOs concerned with Gender and related affairs, Development Bank, , related Civil Society groups and Ministry National Security

RENEWABLE SOURCES OF ENERGY

	GOAL10	STRATEGIES	AGENCIES
I	Reduced dependence on fossil fuels as an energy source	1. Assess the potential/feasibility for/of geothermal energy exploration 2. Increase solar & wind energy penetration by 30 percent by 2015 3. Explorie possibilities for carbon trading under the CDM	Ministry responsible for Physical Planning and Development and Environment, Ministry of Finance, LUCELC

TOURISM

	GOAL11	STRATEGIES	AGENCIES
I	A sustainable tourism sector with increased contribution to the development of communities & the national economy	1. Evaluate various elements of sector using value for money approach 2. Diversify tourist markets e.g. tapping into emerging markets 3. Enhance the provision of services & skills to the yachting sector 4. Institute measures to increase the local value added of the all-inclusive establishments 5. Support a diverse range of jobs in the tourist industry to include locals in managerial positions 6. Foster inter-sector linkages with agriculture, manufacturing and crafts (See Goal 6) 7. Upgrade the product range – authenticity of crafts; and upgrade entertainment 8. Upgrade infrastructure- road maintenance and signage 9. Address environmental pollution/degradation (See Goal 5) 10. Identify tourism activities that can create more visible & direct benefits to communities 11. Mount public education & sensitization on the benefits of the sector 12. Introduce tourism on the school curriculum	Ministry of Finance and Tourism Board, Ministries of Education, Social Transformation and Agriculture, Creative Arts Agencies, Tourism Agencies, SALCC, Tourist Board and Ministry of Physical Planning and Works

AGRICULTURE

	GOAL12	STRATEGIES	AGENCIES
I	A revitalized agricultural sector capable of responding to food security & export development imperatives	1. Address the low rates of technology adoption & poor agronomic practices 2. Reduce the structural barriers to agricultural production 3. Institute measures to attract the youth to agriculture 4. Diversify into profitable crops – pineapples, ornamentals, cut flowers, cocoa, herbal medicines, organic crops 5. a Develop a business approach to agriculture through education and training 6. Introduce farmer certification 7. Advocate for the development of attractive labelling as an integral marketing tool 8. Collaborate with the Private Sector to develop business models for agro-processing activities 9.	Ministries of Agriculture, International Trade and Investment, Economic Transformation, with Academic Institutions (SALCC) and the Private Sector, and Ministry responsible for Legal Affairs

MANUFACTURING

	GOAL13	STRATEGIES	AGENCIES
I	A revamped manufacturing sector, differentiated on the basis of unique attributes	1. Differentiate products based on uniqueness, quality & packaging 2. Establish collaboration between OPSR, other Government institutions & the Private Sector on IPR including Geographical Indications 3. Capitalize on the link between demand & global health and environmental consciousness in production & packaging of products 4. Utilise ICT for knowledge acquisition e.g. on patents, innovations, input procurement 5. Identify the sector's current & future skill requirements 6. Negotiate through CARICOM for a successor arrangement to the CBI 7. Target strategy on meeting in-market requirements & standards	Ministries of Agriculture, OPSR, International Trade and Investment, Economic Transformation, with Academic Institutions (SALCC), Ministry of Social Transformation and the Private Sector and the Ministry responsible for Legal Affairs

INFORMATION AND COMMUNICATIONS TECHNOLOGY

	GOAL14	STRATEGIES	AGENCIES
I	Realization of the potential of ICTs for contributing to the economy	1. Assess the varied education & skills levels and requirements and create appropriate applications 2. Expand e-Government services 3. Increase access in schools & through internet cafes/ICT centres 4. Expand public education in the use of the technology & supervision by parents 5. Formulate protocols for the legal requirements of the sector e.g. the issues of ownership in joint software production and cybercrimes	Ministry of Education, Ministry of Social Transformation, Private Sector, Ministry of Finance and Banking System and the Ministry responsible for Legal Affairs

CREATIVE SECTOR

	GOAL15	STRATEGIES	AGENCIES
I	Repositioning of Creative Sector as a key sector in the diversification of the economy and a contributor to economic growth	1. Promotion of the Arts and Culture in various incarnations as viable industry with export markets targeted 2. Updating of legislation on Intellectual Property and copyright 3. Promotion of and support for small enterprises in the Creative Sector, through incubator programme 4. Promotion of Arts and Culture in Educational System with curricula update	Ministry of International Trade, Ministry of Commerce, Industry and Consumer Affairs, Ministry responsible for Legal Affairs, Ministry of Education, and NGOs involved in the Creative Sector

HEALTH

	GOAL16	STRATEGIES	AGENCIES
I	Improved health status of population	1. Mount advocacy programmes with relevant professionals in the lead 2. Allocate resources to support primary health care programmes 3. Develop gender mainstreaming in health care provision 4. Strengthen programmes for prevention & treatment of chronic non-communicable diseases 5. Collaborate with OECS, CARICOM & PAHO in carrying out surveillance measures re the emerging health threats & diseases 6. Maintain the campaign for the prevention & treatment of HIV/AIDS 7. Institute measures to assure accountability of health care managers & providers 8. Build links with the offshore medical schools to upgrade delivery of health care to the local population 9. Allocate human & financial resources to critical areas of need 10. Shift the emphasis to preventive care over time	Ministry of Health

HOUSING AND HUMAN SETTLEMENTS

	GOAL17	STRATEGIES	AGENCIES
I	An effective housing delivery system promoting the sustainable development of communities	1. Identify the poorest and most vulnerable urban and rural communities 2. Conduct a phased implementation of the area strategic plans for the poorer communities e.g. Anse-la-Raye, Canaries and Park Estate 3. Develop and implement interventions for those communities which currently do not have spatial plans 4. Focus on interventions carded in the National Housing Policy Strategic Action Plan for the short to medium term 5. Develop incentive regimes for developers to engage in the provision of housing 6. Develop policy proposal for Government to acquire lands for re-sale to	Ministries of Social Transformation and Economic Planning, Ministries responsible for Physical Planning and Housing and Ministry of Finance

		nationals and engage public discussion on pros and cons 7. Utilize the Alien Land Holding Licences as a mechanism to control the purchase of land 8. Introduce revolving loan scheme or other mechanism for lower income earners	

PHYSICAL INFRASTRUCTURE

	GOAL18	STRATEGIES	AGENCIES
I	Infrastructure rehabilitated to support population's socio-economic requirements with risk mitigation as an important criterion	1. Expedite post-Tomas restoration and rehabilitation with standards set to mitigate hazards 2. Restore critical road links between North and South and repair access roads 3. Design bridge structures for major rivers to withstand one in 50 year flood event 4. Stabilise slopes in areas at risk of subsidence 5. Conduct phased river training 6. Revamp water treatment and distribution system in the South	Ministry of Communications and Works, Ministry of Physical Development and the Environment, and Water and Sewage Authority

PART ONE

INTRODUCTION AND CONTEXTUAL FRAMEWORK

CHAPTER ONE
INRODUCTION

The Government of Saint Lucia (GOSL), with the assistance of the Caribbean Development Bank, has developed a Medium Term Development Strategic Plan, for the period 2011-2015. This Plan seeks to map out the path to be followed by the economy and society over the first half of the second decade of the 21st century. The country weathered economic and environmental storms in the first decade but now has to confront the challenge of transformation in the face of a rapidly changing global economy. This Plan then, will serve as the fulcrum of change for the people and GOSL over the next five years.

1.1 Approach to the Preparation of the Plan

The essential thrust of the exercise required firstly the documentation and analysis of the existing context of Saint Lucia across a wide swath that embraced the macro-economy, the key economic sectors of the country, society and its institutional arrangements and the nature of its physical environment.

The available information, data sets as well as existing sectoral strategies and plans have served as the platform for projecting the changes possible from the action variables that will be subject to the policies and interventions of the various stakeholders that determine the political economy of Saint Lucia. A vast array of statistical data is available mainly from the Department of Statistics, but also from other agencies that have a history of the provision of data series.

The Eastern Caribbean Central Bank (ECCB) was another important source of statistical data. Given that these data extend back to the decade of the 1980s, an attempt was made to develop a model of the economy and to conduct an Econometric Analysis where the series allowed for this possibility. Where this was not possible, there were substantial statistical data to inform discussion about the present context of the economy and selected social variables – for example education statistics and health statistics.

On the basis of the official data collected, a model of the economy of Saint Lucia was developed, by integrating a system of equations which represent the relationships within and between each sector. This empirical model can be further improved as a carefully detailed plan is developed outlining how the economy of Saint Lucia currently works and how it currently responds to shocks.

1.2 The Consultation Process

The planning methodology employed in the preparation of this Plan was anchored on participatory process, managed by the Department of Economics Planning (DEP) of the Ministry of Finance (MOF), with the support of the Team of Consultants. The first Consultative Workshop was held between September 13 and 17, 2010, in which members of the technical team from various ministries and Government agencies were given introductory training in Econometric Methods. During this workshop, a country SWOT analysis was conducted, which established a consensus on the priority issues that would be addressed in the Medium Term Strategy. A consensus was also achieved in outlining the National Vision, Mission and Core Values that should be engendered in the plan.

A second round of Consultative Workshops and discussions was held between February 21 and 25, 2011 at which a wide range of stakeholders from the Government, the Private Sector, the Trade Unions and the Non-governmental Organisations participated. This week long process of consultation covered a wide range of issues which had mostly to do with issues of execution and implementation. Through focus group discussions among participants, critical issues to be addressed in the plan were aired at length and a broad outline of policies to be adopted in the transformation of the economy and society was established in the context of the vision and mission of the Plan.

The large scale consultation exercises provided insights and established broad outlines for investigative and deeper analyses. The participatory principle applied as well in the small group sessions in which discussions were held with special interest groups to secure consensus on approaches that might prove successful in implementation of critical initiatives among stakeholders themselves and in particular, the identification of the facilitative mechanisms necessary on the part of state agents to allow private sector and other entities to achieve their fullest potential.

Apart from the major group consultations, individual interviews were also conducted with representatives of a range of organisations, including those involved in the production sectors, and governmental organisations that play a key role in the facilitation of production. Thus, representatives of the private sector, farmers' organisations, fisheries operations, community based producer organisations, cooperatives, foundations involved in the provision of credit and technical assistance, community groups in rural and urban areas, and training organisations took part in the dialogue to develop this plan. Representatives of the Department of Economic Planning and the TOC also engaged in transect walks in a host of areas of the country, in remote rural communities and as well in urban low income communities. A full list of participants at meetings, interviews and the consultation are provided in the Appendix.

1.3 Constraints and Limitations to the Preparation of the Plan

The work in the plan was relatively advanced when Hurricane Tomas struck Saint Lucia at the end of October 2010, requiring that the process be halted for a full review of the impact of the damage. The hurricane, which resulted in the loss of 14 lives, has wrought wide-spread damage to the physical environment, crops, housing and vital infrastructure, including roads and bridges and water systems .the Department of Planning hosted another rounds of discussions with a number of agencies to assess the implications and to establish new targets most of which have created new hurdles overcoming which is a necessary condition for the fulfilment of the plan.

Even though a workable model of the economy had been developed and has been utilised for the elaboration of the plan and in the calculation of impacts, a major technical constraint is that the data series has gaps in critical statistics. This has meant that with much shorter series than are acceptable to statisticians and Economists, there has been need for caution in the interpretation of data and in using them for projections.

1.4 Structure of the Plan

The Plan consists of three parts:

- Part I – Comprised of this Introduction and the Contextual Framework for the development of the Plan.
- Part II - The Medium Term Development Strategy comprised of Vision, Goals, Targets, Core Strategy, the Macro-Economic and Fiscal Systems, the Directly Productive Sectors, the Human Capital and Social Services and Infrastructure and the Environment
- Part III – Implementation Strategy

The Appendix contains relevant documentation in support of the exercise.

CHAPTER TWO
THE CONTEXT

2.1 Introduction

The reality of a SIDS is that its socioeconomic development depends, vitally on the regional and international context in which it operates. In other words, its national context is shaped very directly by the regional and international environment in which it functions as an economic and social entity. This section reviews the international and regional context as the backdrop for a review of the present national context of Saint Lucia.

2.2 The International Context

The first decade of the 21st century ended with the international economy recovering from the worst economic crisis that has been experienced since the Great Depression of the 1930s. The advanced economies which constitute the Group of Seven – Britain, Canada, France, Germany, Italy, Japan and the United States – were the significant players and were dynamo of the international economy in the last quarter of the 20th century. However, by the end of the first decade, it had become clear already that a shift had started to occur. The volatility witnessed in the latter years in respect of energy and food prices was, in part, the outward sign of that shift as China and India in particular, among the BRIC countries[1] started to have an impact on the shape of the international market place.

2.2.1 LONG CYCLE PERFORMANCE

World output grew by an average 2.9 percent during the period 1990-1999, based mainly on the performance of the United States (US), Asia and Europe. With the exception of the years 2001 and 2002, when the effects of the September 11 terrorist attacks in the United States dampened economic activity, global output showed good growth during the period 2000-2007. In particular, reasonably strong growth rates of 5 percent and 4.9 percent were recorded in 2006 and 2007 respectively.

During this period, however, there was a notable shift in growth poles, as the Emerging and Developing Economies became the main contributors to global output growth. China and India in particular showed remarkable growth performance, the former maintaining growth rates at 10 to 11 percent per annum and the latter reaching rates of 9 to 9.7 percent during the period. Moreover, other indicators such as fiscal operations and Balance of Payments confirmed the improved performance of the emerging and developing countries.

[1] BRIC countries are Brazil, Russia, India and China.

It should be noted that all groupings listed among the emerging and developing countries performed well, contributing to growth rates of 7.8 and 7.9 percent in 2006 and 2007 for the group as a whole. By contrast, the group of Advanced Economies showed growth rates of 2 percent in 2005, 3 percent in 2006 and 2.7 percent in 2007 (IMF World Economic Outlook 2008). It is also significant that the Advanced Economies deteriorated in terms of net lending from – 0.2 percent of GDP during the period 1994–2001 to – 1.1 percent of GDP in 2007; while the Emerging and Developing Economies shifted from a position of -0.7 percent of GDP to 4.2 percent of GDP. During that period, the United States' position deteriorated from -2.6 percent of GDP to -5.1 percent. It is clear then, that its precarious fiscal position pre-dated the current global economic crisis.

The year 2008 ushered in a severe financial crisis that not only affected the financial sector but caused a sharp contraction in the real sector. The crisis which commenced with the collapse of the sub-prime mortgage scheme and consequent mortgage defaults in the American market, led to the failure or near-failure of a number of major financial institutions. This in turn led to the tightening of the credit market and a sharp contraction in output and employment in virtually all economic sectors.

The significance of this crisis which commenced in the United States was in its global reach, compared with the impact of the earlier Asian crisis of 1997/1998, which was largely confined to the Region. Given the inter-connectedness of the world financial markets, the crisis spread to a number of countries and regions. The spread effects were evidenced in global banking and financial sectors that had been exposed to American financial institutions. They were also visible in the impact on output and employment, with global output contracting by 0.6 percent in 2009 and unemployment reaching levels that were unprecedented since the early 20th century. Table 1 indicates the impact of the crisis in output growth in the years 2008 to 2010. It demonstrates the relative strengths of the Advanced and Emerging economies.

TABLE 2.1: POST CRISIS GLOBAL AND REGIONAL OUTPUT GROWTH RATES

Country/Region	2008	2009	2010	2011 (Projection)	2012 (Projection)	2016 (Projection)
	Annual Percentage Change					
World Output	2.8	–0.7	5.1	4	4	4.9
Advanced Economies	0.1	–3.7	3.1	1.6	1.9	2.7
United States	–0.3	–3.5	3	1.5	1.8	3.4
Euro Area	0.4	–4.3	1.8	1.6	1.1	1.7
Other Advanced	–1.2	–6.3	4	–0.5	2.3	1.3
Emerging Economies	6	2.8	7.3	6.4	6.1	6.7
Developing Asia	7.7	7.2	9.5	8.2	8	8.6
Mid-East & North Africa	4.6	2.6	4.4	4	3.6	5.1
Sub-Saharan Africa	5.6	2.8	5.4	5.2	5.8	5.1

Source: IMF World Economic Outlook September 2011

In October 2010, the IMF reported a strong global recovery in the first half of 2010, with global activity reaching 5.25 percent. Advanced Economies experienced a relatively low post-recovery growth of 3.5 percent (lower, they indicated, than what obtained for the recovery after the Great Depression), whereas in Emerging and Developing Economies expanded by about 8 percent, led by growth in Asian and Latin American economies.

The crisis has served to demonstrate the need for effective financial regulation not only of the banking, but also of the non-bank financial sector. It also suggested the need for prudent macro-economic management, especially in the case of the United States, where a crisis stemming from protracted Fiscal and Balance of Payments imbalances could induce a global Fiscal and Balance of Payments crisis.

The Latin American countries, particularly Brazil, have been described as resilient to the crisis. While not immune from the crisis, the Region is recovering rapidly. The World Bank suggests that the Region's performance can be explained by three factors. One is the steady progress made in strengthening the management of its monetary and fiscal system over some twenty years. Secondly, while the Region has been tightly integrated into the global system, the manner of integration is said to have cushioned it from the crisis. The report argues that Latin America shifted from the position of a large debtor in the 1990s to that of a net creditor to the rest of the world. The third factor in its resilience is identified as the efforts made to diversify its markets. In particular, Brazil and other Latin American countries have become increasingly linked to China with which they trade agricultural and mineral products.

However, one year later, in September 2011, with a deepening of the debt crisis in Europe with the threat of default in Greece as well as other countries, and with the widening political divide in the United States over the management of debt and the resuscitation of the economy, the world economy has shown signs of slipping back to slower growth, and, in the words of the Managing Director of the IMF, it has 'entered a dangerous phase.'[2]

2.2.2 FOOD AND ENERGY PRICE VOLATILITY

Other economic issues that have had implications for Saint Lucia and other Caribbean countries are the oil price volatility precipitated by the "Arab Spring" in early 2011 and food price volatility developing in light of a succession of environmental catastrophes in various parts of the world. Oil prices increased dramatically over the period 2005 to 2008, given the increased demand from newly emerging economies and supply constraints resulting from civil strife in oil producing countries and the impact of natural disasters. Prices rose from US$60 in 2005 to US$147 in July 2008. However, oil prices have shown volatility, since by December 2008 the price had fallen to US$40 as a result of drastically reduced demand for commodity exports

[2] http://www.imf.org/external/pubs/ft/survey/so/2011/NEW092211B.htm

occasioned by the global economic crisis. Food prices, which had also contributed to the rising price levels in 2008 as staples were diverted to the manufacture of bio-fuels, continue to show volatility, affected as they are by extreme weather patterns.

More recent bouts of flooding in Australia have further served to demonstrate the interconnectedness of the global food market, as food prices (particularly for wheat, grains, sugar cane and other staple items) are expected to increase, due to supply constraints caused by a 20 percent reduction in available crops in the affected area (Queensland). Another factor which will compound price pressures is the fact that Australia is a major global supplier of these crops, and its largest markets are China and India, whose sheer quantum in demand (as was proven in 2007-2008) could be ultimately decisive in world commodity markets. Moreover, as has been argued by Brown (2011), there is an underlying but inexorable shortage of food in the world, and food short countries are showing a willingness to negotiate access to large tracts of lands in other countries, to be dedicated to serving their food requirements. Given Oxfam's recent prediction of a doubling of food prices by 2020, all of this would have a negative impact on food security in Saint Lucia.[3]

2.2.3 SOCIAL, TECHNOLOGICAL AND ENVIRONMENTAL TRENDS

A number of social trends have been occurring globally. These are evidenced in changing work patterns, a tendency towards jobless growth, a changing population age structure, as well as the increased frequency of health threats. The tendency towards liberalization and privatization has ushered in a trend towards flexible work practices, the growth in the informal sector and a tendency towards temporary employment, even for long term work; and outsourcing and contracting (UN 2007 Social Situation Report). In addition there has been a trend towards high levels of unemployment and underemployment among the youth, exacerbated by the tendency towards "jobless" growth. In the case of many countries, there is an aging population, which has implications for pension schemes and the dependency ratios.

There is also an increased frequency of global health threats. WHO has informed that newly emerging diseases and threats have been occurring at the rate of one per annum since the 1970s. These include the epidemic prone diseases such as HIV/AIDS, SARS and Avian Flu; food borne diseases such as BSE or "mad cow"; and toxic or chemical accidents. Outbreaks have an impact on international travel and thus on visitor arrivals in a tourism-dominated economy like Saint Lucia.

[3] Lester Brown, 2011. The geo-politics of Food. Foreign Policy; Bulletin May/June, 2011. Website source: http://www.foreignpolicy.com/articles/2011/04/25/the_new_geopolitics_of_food?page=full

Other global trends of significance include the technological and environmental impacts. The rapid pace of technological changes has made for an increasingly inter-connected world. Information and Communication Technologies (ICTs) have revolutionized communications and the ways of doing business. Integrated packages in smart phones and hand-held computers have created advantages in portability and access to services, while offering possibilities for increased productivity. One of the disadvantages, however, is the intrusiveness of these technologies on daily living.

Environmental issues and challenges have become a significant feature in global discourse, plans and programmes. Climate change evidenced in increased atmospheric and sea temperatures, changing rainfall patterns, marine acidification, sea level rise, melting glaciers and extreme weather patterns such as long droughts, increased and more intense tropical cyclones, and increased flooding, is a major global phenomenon. These changes are expected to have major impacts on population and productive sectors and would affect world economy in a profound way. Freshwater scarcity has also been identified as a major concern, suggesting the need for improved planning and integrated management of water resources.

2.2.4 SOURCES OF COMPETITIVENESS

The apparent global trend is that sources of competitiveness are increasingly grounded in creativity and innovation, competitive cost structures, an ability to produce to market specifications and investment in education. Interestingly, the countries now leading in the creation of these sources of competitiveness are not the traditional "leading economies". The United States had been ranked number one in innovation for years and is now ranked sixth by the World Economic Forum. It is not surprising that its reduced ranking coincides with its comparatively low global ranking in education at a time when its economy is experiencing difficulties. This is instructive even to small countries like Saint Lucia.

China and India have distinguished themselves as countries with competitive cost structures. They are also known for their technological strides, and in being able to operate increasingly at the highest technological levels. They have been adept at producing for the requirements of different levels of the market place. India invested in a highly skilled cadre, exporting IT-enabled goods and services at relatively low cost; while China's comparative advantage resides in its export of low-tech manufactured goods but is shifting increasingly to the production and export of high-tech products. Their own internal markets provide a critical outlet for production.

There are other countries like South Korea and Singapore, which have demonstrated the importance of investments in education and training, as had been done earlier by Japan. This model in East Asia has been followed by China, and by others like Thailand and Indonesia in

ASEAN which have invested heavily in primary and secondary education. India's investment at that level is lower relatively and could hamper future progress.

The case of the Latin American countries has been noteworthy. They have performed well in the more recent past, in large measure, from the exports of primary products in South to South trade. Their resilience to the global financial and economic crisis seems to have been based in a large part on their improved macro-economic management and their ability to diversify their markets.

2.3 The Regional Socio Economic Situation

2.3.1 OECS SUB-REGIONAL DEVELOPMENTS

The OECS economies have been severely impacted through declines in tourist receipts, investment, remittances and revenues. In addition to these indirect effects of the crisis, there were more direct effects, namely in the exposure of the CL Financial Group and British American Insurance Company to external institutions as well as the alleged link to a "Ponzi" scheme by Stanford Investments – a major investor in a Member Territory.

ECCB data indicated that economic activity contracted at a faster pace during the first half of 2010, relative to the comparable period in 2009[4]. This contraction was due to an accelerated rate of decline in key sectors; mainly in the construction, wholesale and retail trade, and transport sectors. The main economic indicators reflected a decline in economic activity in most OECS countries. Overall economic activity declined in all member countries except Dominica and Grenada. Consumer prices rose in most member countries at rates ranging from 0.3 percent. There was a slight rebound in tourism and manufacturing by June 2010. The fiscal operations of the central governments resulted in an overall deficit in contrast to a surplus in the first three months of 2009. This outturn mainly reflected developments on the current account, as the decline in revenue outstripped that in expenditure. The stock of public sector debt increased.

The economic outlook for OECS Member States is forecast to be unfavourable for 2011: this outlook is compounded by weak consumer demand in major source markets, such as the United Kingdom, European Union and the United States of America. Tourism demand is relatively low, and this is expected to continue to negatively impact the export of leisure services from the sub-region. The United States' faltering real estate market, uncertain labour market (unemployment was recorded at 9.4 in December 2010) and stagnant growth in its productive sectors casts some doubt on the mostly positive outlook for a recovery which prevailed early in 2010. Similar sectoral declines in the European Union and United Kingdom, coupled with a range of imminent reforms to credit and the financial sectors stemming from the recent debt crisis are likely to contribute to constraints in the recovery in the tourism industry.

[4] ECCB Economic and Financial Report, June 2010 Quarterly Update

Construction activity, one of the major contributors to economic output in the OECS, is expected to remain subdued as a result of unfavourable external and domestic conditions. Fiscal developments are expected to be dominated by the stabilisation and consolidation of operations based on the declining trajectory of revenue collections. Liquidity in the domestic banking system is expected to remain tight, consistent with the decline in economic activity which is likely to continue to retard deposit growth. The risk to this outlook is heavily weighted on the downside and emanates from both the external and domestic spheres.

Construction activity reportedly fell in most OECS countries. In Saint Lucia, economic activity contracted in the first three months of 2010 compared to the outturn in the corresponding period of 2009; largely attributable to declines in construction and wholesale and retail trade. By contrast, increased activity was estimated in Saint Lucia's tourism industry as well as its agricultural sector, whereas activity in its manufacturing sector remained relatively flat.

Other major contributors to GDP in OECS states that had contracted in 2009 were wholesale and retail trade, transport, hotels and restaurants and manufacturing (see Figure 2.1). However, in March 2010, the ECCB reported that there was an overall resurgence in the manufacturing and tourism sectors in the sub-region. Manufacturing activity increased as a result of an expansion in output of major commodities in key Member States. In Saint Lucia, there was an expansion in the output of food, beverages and tobacco.

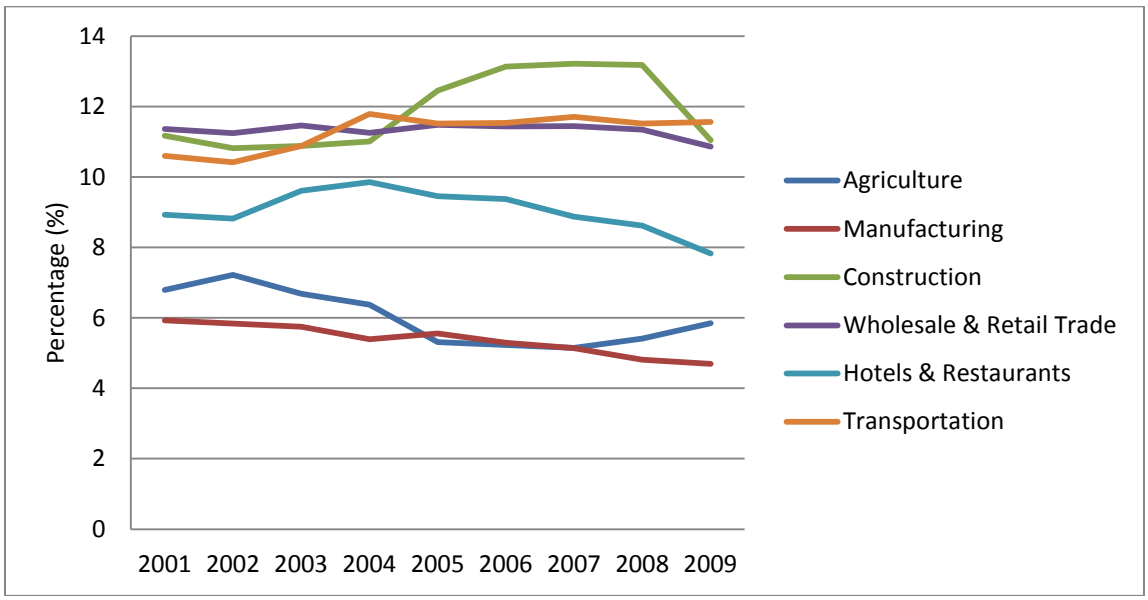

FIGURE 2.1: OECS SECTORAL PERFORMANCE: 2001-2009

Activity in the tourism sector waxed and waned during 2010 (from data reporting up to September) and rates of increase were much slower compared to the corresponding period a year prior (Table 2.2). Total visitor arrivals grew by 2.3 percent to 1.6 million in March, compared with growth of 8.3 percent in the first quarter of 2009 (Table 2.2). Increases in stay-over arrivals were recorded at 12.5 percent in Saint Lucia.

TABLE 2.2: SAINT LUCIA SELECTED TOURISM QUARTERLY STATISTICS

	9-Mar	9-Jun	9-Sep	9-Dec	10-Mar	10-Jun	10-Sep	10-Dec	11-Mar
Total visitors of which	383,131	188,049	146,329	297,252	408,740	1,196,648	154,750	408,740	360,374
Stay-over visitors	74,251	71,324	64,773	68,143	83,530	79,326	81,168	83,530	82,652
USA	22,464	29,918	22,148	24,155	30,980	37,796	35,410	30,980	32,014
Canada	15,455	4,321	2,223	6,564	15,427	5,759	4,574	15,427	15,035
UK	21,258	16,613	15,446	18,536	19,584	16,644	15,848	19,584	18,021
Caribbean	9,811	16,032	20,925	13,411	10,108	13,634	20,305	10,108	9,306
Other countries	5,263	4,440	4,031	5,477	7,431	5,493	5,031	7,431	8,276
Excursions	1,428	1,231	1,223	1,085	1,185	1,585	2,682	1,185	2,596
Cruise ship passengers	298,181	105,494	74,671	220,960	310,250	104,597	62,514	310,250	261,205
Yacht passengers	9,271	10,000	5,662	7,064	13,775	11,140	8,386	13,775	13,921
Number of cruise ship calls	174	59	35	129	198	56	22	198	152
Total Visitor Expenditure (EC$M)	250.67	188.11	156.32	204.64	277.93	217.62	201.81	278	256

Source: ECCB Annual Economic and Financial Report, June 2010 Quarterly Update

2.3.2 CARIBBEAN REGIONAL DEVELOPMENTS

The fateful passage of Hurricane Tomas over Saint Lucia and other Member States in October 2010 did much to highlight the perennial challenge and vulnerability of the country and the Caribbean region. The impact of Tomas on Saint Lucia imposed a major setback on the island, even as it initiated plans for medium term development and shock-adaptation strategies. The strength of regional integration was tested, as affected Member States had to rely on the mobilisation of resources from the wider region (in particular Trinidad and Tobago) in the immediate aftermath, and continue to rely on regional support in the ongoing efforts to restore infrastructure to at least pre-hurricane conditions.

In the wake of Tomas, Saint Lucia has had to face the dire prospects of severely damaged infrastructure and an all but decimated banana industry. The impact of these have grim consequences for its social welfare; translating into a major impediment in the delivery of public welfare services and in employment. Climate change is also expected to have severe impacts on countries of the Caribbean.

The Prime Minister and Minister of Finance noted the deep pessimism about the agriculture sector which could push farmers and workers out of the banana industry and into other sectors (in the present, most likely the construction sector). This means that agriculture could remain unattractive to prospective job- market entrants for a long time.

The implication is that the labour force could be concentrated in a non-tradable sector for most of the re-construction phase, unless the tourism sector could expand quickly, with increases in stay-over visitors and cruise visitors.

The events of 2009 and 2010 have enkindled anew the sense of a collective existential crisis. Haiti's devastating earthquake in January 2010 reminded the Caribbean that all of its Member States face a similar threat, due to their location on the edge of the Caribbean plate, and more importantly, due to the inadequacy of regional building codes and other disaster management systems to mitigate the effects of a calamitous earthquake.

Another notable reminder of regional risk was the liquidity woes of CL Financial and its subsidiaries operating across the region. The demise of the conglomerate proved that even with a comparatively more conservative financial system, the Caribbean was not immune to the hubris that ignited the financial crisis of 2008-09 in the US. The CL Financial crisis also highlighted that just as in the United States financial sector, the Caribbean would need to devise and implement stricter financial regulations to guard against systemic risks.

One of the challenges in the offing is the further opening of Cuba as a destination in international tourism. The Communist State is in the process of liberalising on a number of fronts which could lead to the major expansion of its tourism sector. As happened in a number of ex-Communist States, the fact of being a closed society in the past, makes the country an attractive location with novelty appeal in the international tourism market. Saint Lucia, as well as other tourism driven economies in the Caribbean, face a major market challenge in the short to medium term from Cuba.

2.3.3 THE SOCIAL SITUATION OF THE REGION

In a November 2010 report on the social situation of the Eastern Caribbean[5], the CDB highlighted some of the current areas where there is a general underperformance in social progress. With a lack of well-collected data, measurement of quantifiable development objectives remains a great challenge. However, some indicators do point to serious social problems. The continuing struggle to manage and reduce the incidence of communicable and non-communicable diseases is still evident in most Member States; but there has been a noted increase in morbidity due to the latter. Obesity is now growing among children, and so is the disposition towards diabetes. Data from 2009 reportedly showed that the rate of HIV infections among females aged 15-25 had also markedly increased.

Crime and violence are two other major public health and safety concerns. They pervade through urban and rural areas. Murder and domestic violence are the two most pervasive forms of crime and violence. They are a challenge to address directly because of an unwillingness to report incidences.

In the education sector, while enrolment rates are high at primary and satisfactory (79.1%) at secondary level, the issue of an inadequately competitive workforce remains an impediment to development. The (ir)relevance of the education curricula was pointed out as one factor responsible for this. For the poor, inadequate access to education services and a generally lower participation in education related activities was also highlighted as a cause; resulting from inequitable distribution of resources.

Consequently, persistent inequality and poverty continue to be major setbacks to development. Poverty levels in the region are still relatively high. While rural poverty has been the norm, urban poverty is also taking on a greater significance in several countries. Poverty and inequality are no longer solely matters of income and money, but also of information and access. Social data remain largely confined to statistical bodies and are not well circulated. Also, the vast majority of the poor do not have access to information via the internet, compounding their disadvantage by further reducing their ability to effectively participate as member of society. Issues of access, knowledge, and the democratization of information need to become more audible in the discussion about poverty reduction.

2.4 The National Context

Saint Lucia ended the first decade of the 21st century facing one of the most difficult challenges in its economic history. It could be argued that since 2008 when the country was racked by the soaring inflation as a result of the increase in the price of imported food products and in energy,

[5] http://www.caribank.org/titanweb/cdb/webcms.nsf/AllDoc/F198F4004C434579042577EC00478FD4/$File/Biennial%20Social%20Report%20NOVEMBER%202010.pdf

the growth process has literally stalled. The spike in food and energy prices heralded an underlying shift in the fulcrum of the world economy as the two Asian economies of India and China started to make a greater impact on effective international demand through their own internal dynamics. Subsequently, prices slipped and inflation slowed with the onset of the global economic crisis that was triggered by the subprime debacle in the United States. The global recession impacted immediately on the vital tourism sector of Saint Lucia.

The trend in recent years has been for cruise tourism to grow relative to stay-over arrivals. However, the global economic downturn exacerbated this trend. While the number of visitor arrivals continued to show increases, stay-over arrivals trended downward and with that, visitor expenditure. While the substantial increase in cruise ship arrivals was a welcome occurrence, it could not compensate for the decline in stay-over visitors. Given the role of the sector on employment and foreign exchange earnings for the country, a slackening of economic growth would have been the sequel in the course of 2010. However, there are signs of recovery as a result of targeting in the marketing thrust of the tourism agencies.

Banana exports which had played a dominant role in the economy and the agricultural sector of the country in the latter half of the 20th have been in an inexorable decline, and were less than half in output terms, in 2007 compared to the level of production achieved in 2000, which in turn was less than half of the output of the early 1990s. The decline in the sector induced rapid rural urban migration, with communities in the southeast of the island suffering a precipitous decline in population, and, correlatively the northwest attracting a large influx of new residents. Some of this has been concentrated in communities within Castries, but there has been growth in communities in close proximity to Castries, for example, in Vieux Sucreic.

2.4.1 THE MACRO-ECONOMIC CONTEXT

One of the main macro-economic issues has been Saint Lucia's weak economic growth over a decade, compounded by the global financial and economic crisis. Following real GDP growth rates of 1.5 and 0.7 percent respectively in 2007 and 2008, the economy contracted by 5.2 per cent in 2009. Several sectors, including construction, tourism, wholesale and retail, transport and agriculture, contributed to the decline in 2009. Overall 10-year growth of Saint Lucia is estimated to average around 1.2 percent between 1999 and 2009. However, a sharp drop in tourist arrivals and subdued FDI-financed construction activity led to a 5.2 percent contraction of the economy in

BOX 1: MACROECONOMIC FACT-BOX, SAINT LUCIA

- Population:
  - 165,595 (2010)
- Infant mortality rate:
  - 20.1% (2010)
- GDP (official Exchange rate):
  - $2,449.7 M (2010)
- GDP – Real Growth Rate:
  - 4.41 % (2010)
- GDP Per Capita:
  - $6,626.6 (2010)
- Labour Force:
  - 85,260 (2008)
- Unemployment Rate:
  - 20.6% (2010)
- Inflation Rate:
  - 1.9% (2009)
- Debt:
  - $2,036.6M (EC$)
  - 64.8% of GDP (2010)

2009. While there was a major incipient rebound in the first three quarters of 2010, the recovery was marred by almost EC$1 billion dollars worth of damage done by Hurricane Tomas. As the fiscal gap is much greater in 2011 than anticipated a year ago, the adoption of a credible fiscal framework to continue debt sustainability is more exigent. Box 1 outlines the current status of Saint Lucia's macroeconomic fundamentals, while Tables 2.3 and 2.4 outline the sectoral performance of the economy up to October 2010 (tourism) and with two year projections to 2012.

TABLE 2.3: CONTRIBUTION TO GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITY IN CONSTANT (1990) PRICES

Economic Activity	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011p	2012p
	Percentage												
Agriculture	6.94	5.47	5.68	4.62	4.32	3.11	3.26	3.29	3.93	3.79	3.57	3.54	3.51
Crops	5.14	3.63	4.15	3.02	2.99	1.87	1.98	1.99	2.51	2.40	2.11	2.08	2.06
Banana	3.55	1.90	3.01	1.86	2.10	1.26	1.34	1.28	1.65	1.51	1.27	1.25	1.24
Other	1.59	1.74	1.14	1.16	0.89	0.61	0.64	0.71	0.86	0.89	0.84	0.83	0.82
Livestock	0.62	0.61	0.58	0.54	0.53	0.52	0.45	0.47	0.52	0.47	0.54	0.55	0.54
Forestry	0.10	0.10	0.10	0.09	0.09	0.08	0.08	0.07	0.07	0.07	0.07	0.07	0.07
Fishing	1.07	1.12	0.85	0.97	0.71	0.64	0.75	0.76	0.84	0.86	0.85	0.85	0.84
Mining & Quarrying	0.62	0.48	0.49	0.47	0.45	0.41	0.47	0.53	0.48	0.49	0.48	0.48	0.47
Manufacturing	5.68	5.56	5.83	5.88	5.50	6.11	6.22	6.27	5.89	6.27	6.06	6.00	6.13
Electricity & Water	4.96	5.42	5.25	5.17	5.07	4.20	3.65	3.93	3.59	3.79	3.59	3.56	3.52
Construction	8.47	8.40	7.95	7.80	7.59	8.16	8.82	7.79	6.63	5.28	5.18	5.15	5.19
Wholesale & Retail Trade	11.88	10.59	10.66	11.10	11.59	11.72	12.20	12.57	12.07	11.13	11.09	10.95	10.93
Hotels & Restaurants	12.65	11.81	11.67	13.14	13.41	13.63	12.65	11.54	11.72	11.56	12.71	13.26	13.87
Transportation	10.34	10.64	10.18	10.26	10.61	10.21	10.69	10.71	10.68	10.00	9.94	9.97	9.94
Road Transport	7.07	7.38	7.15	6.94	6.76	6.56	6.45	7.11	7.44	7.33	7.24	7.23	7.25
Sea Transport	1.81	1.81	1.65	1.66	2.11	2.01	2.79	2.29	1.98	1.51	1.50	1.48	1.45
Air Transport	1.47	1.45	1.39	1.66	1.75	1.64	1.45	1.32	1.26	1.16	1.21	1.26	1.24
Communications	8.76	10.22	10.93	11.03	11.12	11.41	10.99	11.16	11.34	11.85	11.92	12.03	11.77
Banks & Insurance	10.12	10.83	10.90	10.74	10.81	11.32	13.11	14.14	14.67	15.55	15.50	15.51	15.51
Real Estate & Housing	11.50	12.40	12.62	12.60	12.53	12.66	12.40	13.15	13.76	14.59	14.53	14.42	14.10
Government Services	11.86	12.67	12.39	11.72	11.76	12.18	11.86	12.14	13.06	14.19	14.14	13.99	13.69
Other Services	4.68	4.52	4.58	4.42	4.28	4.17	4.14	4.24	4.24	4.34	4.32	4.30	4.25
Less: FISIM	8.47	9.01	9.13	8.96	9.04	9.29	10.46	11.45	12.05	12.83	13.04	13.16	12.87
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Source: ECCB, CSO Saint Lucia

TABLE 2.4: SAINT LUCIA SELECTED ANNUAL TOURISM STATISTICS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2010 Qtr 1	2011 Qtr 1
Total Visitors	767,037	673,871	704,236	813,681	747,308	695,279	931,685	947,445	1,014,761	886,698	408,740	360,374
of which:												
- Stay- Over Visitors	250,132	253,463	276,948	298,431	317,939	302,510	287,518	295,761	278,491	279,389	83,530	82,652
- USA	91,248	94,044	98,078	107,089	112,557	117,450	113,433	108,596	98,685	118,578	30,980	32,014
Canada	12,213	12,927	13,494	15,315	16,506	17,491	18,640	26,279	28,563	28,649	15,427	15,035
UK	67,046	63,277	75,426	81,370	84,725	73,312	79,180	83,693	71,853	61,353	19,584	18,021
Caribbean	61,047	66,409	70,543	74,242	84,902	78,465	59,049	59,757	60,179	50,071	10,108	9,306
Other Countries	18,578	16,806	19,407	20,415	19,249	15,792	17,216	17,436	19,211	20,738	7,431	8,276
Excursionists	7,176	7,712	12,817	11,441	7,541	7,051	7,841	9,582	4,967	6,499	1,185	2,596
Cruise Ship Passengers	489,912	387,180	393,262	481,279	394,364	359,573	610,163	619,680	699,306	670,043	310,250	261,205
Yacht Passengers	19,817	25,516	21,209	22,530	27,464	26,145	26,163	22,422	31,997	38,138	13,775	13,921
Number of Cruise Ship Calls	378	245	262	328	258	267	314	315	397	317	198	152
Total Visitor Expenditure (EC$M)	629.05	567.02	761.6	881.37	1,030.49	793.67	814.55	839.69	799.73	817	278	256

Source: Central Statistics Office, Saint Lucia

The effects of the global crisis, which was triggered in 2008, were evident in virtually all sectors. The crisis was also transmitted through a decline in Foreign Direct Investment and exports, particularly of tourism services (Ministry of Finance, Economic Affairs and National Development, Saint Lucia's Recent Macroeconomic Performance and Policy Challenges, 2010). The impact of the contraction has been to increase the already high unemployment rate, which stood at 20.5 percent in the last quarter of 2009. This in turn would have negative implications for the poverty level.

Other issues include a widening fiscal deficit and an increasing public debt. It should be noted, however, that Saint Lucia's fiscal situation is not as precarious as that of some Members of the OECS. In fact, Saint Lucia has a positive current account balance, although this has declined from 6.3 percent of GDP in fiscal year 2007/2008 to 2.5 percent of GDP in fiscal year 2009/2010. In addition, its overall fiscal balance has declined from –1.8 percent of GDP to –4.8 percent of GDP (Ministry of Finance).

The total visitors to the island have declined from the Qtr 1 2010 to Qtr 1 2011. This decline is primarily due to the drop in cruise ship passengers visiting the island for that period. Cruise ship passengers have decreased by 49,045 from q1 2010 to q1 2011

Banking and monetary surveillance is conducted within the ambit of the East Caribbean Currency Union, with policies being administered by the ECCB under the guidance of the Monetary Council. The regulation of the non-bank financial sector has to date been the responsibility of the national regulatory agencies. However, given the exposure of some of the Regional non-bank institutions to the global crisis and the losses incurred by depositors, there is some urgency for tightening the regulatory regimes for this sub-sector.

The devastating Hurricane Tomas has to be factored into the MTDSP. High priority will have to be given to immediate recovery and rehabilitation efforts. This unforeseen event, which has adversely affected the productive and social sectors, as well as the economic infrastructure, could negatively impact fiscal management efforts.

While the island had been coping relatively well with its existential risks since these events, pressures are not expected to subside in 2011, due to resurgent oil prices, the renewed global food security crisis, ever increasing geopolitical tensions and unpredictability of natural threats.

The Government is also committed to implementing some crucial tax reforms to improve revenues in its 2010-2011 and 2011-2012 budget statement. In 2010, the introduction of a Value Added Tax (VAT) was announced as a major priority. However, the implementation of the VAT has been postponed until April 2012. The implementation of a VAT is expected to be the most significant tax reform measure to be implemented recently, as it will streamline the tax system by replacing other indirect and otherwise onerous taxes, such as a consumer tax. A range of new revenue measures were also introduced since 2010, both as a response to regional efforts of fiscal coordination and as part of Saint Lucia's internal adaptation strategies (see Box 2).

BOX 2: MACRO-ECONOMIC ADAPTIVE ACTIONS IN RESPONSE TO RECENT SHOCKS

Policy Response/ Action taken in face of the Global Economic Crisis:

- Adaptation and partial implementation of measures outlined under the ECCB's Eight Point Stabilisation and Growth Programme, 2010
- The approval of the Payments Systems Bill, the Money Services Business Bill, and the Commercial Code Bills of Exchange Amendment Bill
- The development of a 3 year financial programme with technical assistance from CARTAC
- New expenditure policies in 2011, including:
  - A freeze on the number of persons employed in the public service;
  - Additions to the cross-subsidization of 20-pound cylinders of cooking gas by an additional $5.00 to offset rising fuel costs;
  - Operational and Efficiency reviews of the Ministries of Communications and Works, Public Service and Social Transformation; and
  - Initiation of a public sector performance improvement initiative, with grant assistance from the World Bank.

Policy Response/ Action taken in face of Hurricane Tomas:

- Implementation of the Post Tomas Rehabilitation Programme
- Assistance to banana, plantain and vegetable farmers (reinstatement of farms)

Summary New/Increased/ Modified Taxes

- Interest payable to non-residents will no longer be tax exempt under the 3rd schedule of the Income tax Act
- An increase in the rate of property tax on commercial properties from 0.25 to 0.4 of one percent based on the open market value
- An amendment to stamp duty calculations to reduce a revenue-loss inducing loophole
- A 5 percent increase on the current 10 percent tax on Cellular Phones.
- New tax incentives and duty exemptions to attract investment in tourism and manufacturing

Structural and Social Policy Highlights

- The continuation of work on an objective transparent targeting mechanism for social assistance
- A 25 percent increase in Public Assistance Allowance
- The establishment of a Central Beneficiary for all social safety net programmes
- Coming regulation of the financial sector

2.4.2 CHALLENGES TO SOCIOECONOMIC DEVELOPMENT IN SAINT LUCIA

The country is faced with a number of acute development problems which will have to be confronted in the Medium Term Strategy. Those at the top of the list include the following:

- Crime and violence;
- Youth disaffection;
- Unemployment;
- Poverty and vulnerability;
- Rural urban migration;
- Poor housing conditions; and
- Deficiency in the human resource base.

2.4.2.1 Crime and Violence

Saint Lucia like the rest of the Caribbean region has been wrecked by an increase in violent crime in the more recent past. Some of this can be attributed to the emergence and spread of gangs with the incursion of narco-trafficking into certain communities of the country. There is inter-island underground movement of marijuana, as well as cocaine trafficking in which regard Saint Lucia is used as a trans-shipment point to the North Atlantic and as a market by South American narco-traffickers. Conflicts over market space among gangs in Saint Lucia explain some of the violence witnessed in some communities.

The effect of this is not only a decline in personal security but also the risk of travel advisories in the tourism sector, with complications for the key foreign exchange earning sector of the country. Table 2.5 shows responses to crime across communities in data collected in the last census. The northwest of the island, comprised of Castries Urban, Castries Suburban, Castries Rural, and Gros Islet seems to be the most affected in terms of the security of the individual: these districts together accounted for more than half of shootings, and almost half of murders and of kidnappings.

TABLE 2.5: DISTRIBUTION OF HOUSEHOLDS WHO WERE VICTIMS OF VARIOUS TYPES OF CRIME IN THE TWELVE-MONTH PERIOD PRIOR TO THE 2010 CENSUS

District	Murder(*)	Kidnapping	Shooting
	Number of Households		
Castries City	7	4	4
Castries Suburban	9	17	9
Castries Rural	45	71	64
Anse la Raye	8	9	7
Canaries	0	1	0
Soufriere	6	15	1
Choiseul	7	6	2
Laborite	5	12	6
Vieux Fort	14	17	7
Micoud	17	23	10
Dennery	20	22	3
Gros Islet	15	23	11
Total Island	153	220	124

Source: Saint Lucia Population and Housing census 2010.
** This includes crimes which were or were not reported to the police*
(*) Note that this category may be exaggerated by respondents

2.4.2.2 Youth Disaffection

Youth disaffection is evident in part in the resort of youth to crime and to the formation of gangs. Violence has spread to the secondary school system, and there is a problem of discipline in the educational system. The obverse of this is the poor performance of students especially in certain schools and particularly, in the declining educational performance of males in the education system.

2.4.2.3 Unemployment

Unemployment has remained at relatively high levels over the latter half of the last decade at over 13 percent, and in the face of the more recent economic crisis has surpassed 20 percent. Youth unemployment has been even higher: 36 percent of labour force participants in the 20-24 age group were unemployed in 2009. Much of this unemployment is structural in nature, and reflects the failure of the country to diversify and to stimulate investment in sectors that can expand and can contribute to job creation. The rural urban flight also would have converted rural underemployment to open urban unemployment, with all the implications this has to encouraging resort to informal sector activity, at best and to underground activity at worst.

2.4.2.4 Poverty and Vulnerability

The Country Poverty Assessment (CPA) 2005 suggests that while indigence would have fallen drastically over the ten year period 1996-2005, poverty might have increased: indigence fell to 1.6 percent of the population in 2005/06 compared to 7.1 percent in 1995. Estimates of vulnerability computed from the data of 2005, suggest that economic or environmental shock could put a large percentage of population under the poverty line. The CPA of 2005/06 found that 28.8 percent of the population was poor, while another 16.2 percent was vulnerable, though not poor. In effect, 45.0 of the population was vulnerable. It could be argued that there has not been enough positive change since 2005/06 to suggest that the level of vulnerability in the society would have fallen substantially.

2.4.2.5 Rural and Urban Migration

The country has suffered a precipitous decline in its rural sector, with the drastic fall in banana production, with the introduction of the new banana regime in the European Union. This has been exacerbated more recently by environmental challenges, firstly by the impact of the drought and then as a result of Hurricane Tomas. The flow of people from the agricultural sector to urban areas has quickened. The data from the most recent census show that Castries and Gros Islet are home to 40 percent of the population, with the Gros Islet area being the area of fastest growth in the inter-censal period. The flow from the other areas of the country would pose a challenge in stimulating new nodes of growth in different geographical areas of the country, given that it is the more youthful and dynamic elements in the population which would have relocated to the north-west.

2.4.2.6 Human Resource Deficiencies

A critical factor in the capacity of a country in achieving competitiveness in the sectors that are export oriented is the quality of the labour force and the depth and breadth of its educational stock. Over the last thirty or more years, there has been heavy investment in the expansion of educational opportunity in Saint Lucia. However, there is a recognition of problems of quality, with large numbers leaving the educational system without having achieved basic levels in the programmes in which they might have participated. Data from the most recent labour force survey show that over 61 percent of the population 15 years of age and over, did not have certificates above primary level education. The current educational plan recognises the challenge and has, as one of its objectives, the enhancement of quality of education, "so that students can master the essential foundations for lifelong education."

The fact is that the vast majority of the labour force has already taken their exit from the formal educational system, and there would be a need to inculcate an orientation to lifelong education to this workforce if Saint Lucia is to secure the requisite cadres of knowledgeable workers in the medium term. This is a major task, empowering through education and training the vast numbers who deem themselves to have ended their years of formal education.

2.4.3 DEVELOPMENT PRIORITIES

The development priorities of Saint Lucia can be seen in the context of conditions that are necessary, even though not sufficient, for transformation. Some of these raise cross-cutting issues that will be addressed in the current plan.

2.4.3.1 Paradigm Shift

A major development priority facing the country is the need for a radical restructuring of its economy in the light of the changes that have occurred in the international economy and which will impact on the regional and national economy. The development strategy of the latter half of the 20th century and in particular the last quarter of the century when the country embarked on political independence paid rich dividends in diversification of its exports from a reliance on bananas, only or mainly, to the exports of light manufactures, and to that other important source of foreign exchange earnings, resort tourism. This tripod afforded the economy relatively rapid rates of growth and laid the foundation for major improvement in the social and physical infrastructure.

The emerging realities of the 21st century suggest that there is need for a major paradigm shift, requiring that the country build a competitive edge in different industries and sectors, compared to its past, and in that regard, it may need to engage in a level of regional cooperation and development that might be vastly dissimilar to the approaches of the late 20th century. In other words, industrial policy for the next decade and therefore, the development priorities of

the next five years are very much intertwined in industrial policy to be pursued in large measure with a regional perspective, even as the generic needs are addressed at the national level.

2.4.3.2 Meeting the Requirements of Climate Change and Increased Environmental Risk

The fact of global climate change is undeniable and the likely economic impact on Saint Lucia resource-based sectors like agriculture and tourism can be substantial unless adaptation measures are put in place to minimise impact and cost to the people of Saint Lucia. The prediction of more frequent and intense hurricanes, along with the occurrence of earthquakes, must be factored into the national development planning process.

There are also institutional requirements that have to be addressed in a country that is prone to serious environmental risks. There is need for the development of an engineering corps capable of undertaking major capital works following damage from natural events, and to engage in the upgrade of the infrastructure, a multi-year task, given the present state of the infrastructure. Such a corps could be regional or sub-regional venture.

The most recent experience with Tomas suggests that Saint Lucia, perhaps in association with members states of the OECS, has to build the capacity in the public and private sectors, possibly through state enterprise or private/public sector entities or quasi-private sector firms that will be provided with the personnel and technical equipment to undertake large scale infrastructure works, some of which become necessary following visitations of nature. Saint Lucia facing a post Tomas devastation was in no position to weigh its needs for assistance against the possible benefits to be derived by foreign Governments or foreign firms. The country needs to have available personnel and other resources to treat with the perennial task of protection in the face of environmental vulnerability.

2.4.3.3 OECS Integration

Over the last two decades, the Member States of the OECS have discovered the importance of deepening the process of integration among themselves, regardless of the pace or lack thereof in the wider regional movement of CARICOM. So far, much of this has been at the level of functional cooperation – for example joint representation abroad. There have been attempts at bulk-buying in the area of pharmaceuticals. However, there has been little in the area of genuine cooperation in establishment of private sector oriented ventures. Yet, there has been one interesting development in the form of WIBDECO which has recently been reconfigured rebranded, and renamed as WINFRESH, and proposes to engage in the marketing of products of agri-businesses from the region.

The firm may have evolved out of the structure originally configured by Geest Enterprises, when the Banana Industry in the region needed to organise itself for a post-Geest World, in which Windward Island producers had to shoulder the responsibility of saving their industry. The model that has given birth to WINFRESH needs to be examined for its suitability for other areas where Saint Lucia and the other member states of the OECS are required, in their best interests, to engage in joint production and distribution systems.

Joint marketing of the tourism product, tourism education and training, the development of air and sea transport, the promotion of festivals, even the management of real estate vis-a-vis a foreign clientele, are areas to be addressed, by Saint Lucia in association with Member States, let alone the areas for functional cooperation like crime-fighting, development of centres of excellence in education, training and research.

2.4.3.4 Institutional Framework for Macroeconomic Management

The country is well served by a number of institutions that conduce to effective macro-economic management. This augurs well for medium term planning. Its Department of Statistics is among the best in the entire CARICOM Region, and is staffed and equipped to provide a range of statistical data needed for planning and for the management of the economy.

The Ministry of Finance is reasonably well provided with personnel with a good background in Macro-economics, and in Fiscal and Monetary policy. Some have worked at the Eastern Caribbean Central Bank and therefore have the breadth and depth of skills necessary to function at the highest level in a Ministry of Finance. Technical capacity is evidenced in the preparation of technical papers. There may be some gaps in Econometric Modeling, but there is nothing to suggest that these are insurmountable among the present cadre of staff. The establishment of a VAT Office and the technical work that has been conducted suggest that the country is well poised to make a successful transition to a less cluttered system of indirect taxation than currently exits. In comparison with other countries, that have introduced the VAT, Saint Lucia seems to be better prepared than others that have done so successfully.

There is also the Economic Planning Department which also blessed with personnel with higher degrees, and training, but there is less depth of experience in the Department. However, the present level of keenness would allow for a steep learning curve.

Other critical institutions populate the meso-framework and should be effective in supporting the thrust in macro-economic management. The Office of the Prime Minister with responsibility for the public/ private sector collaboration is one such institution and has played an effective role and will be well placed to manage the close cooperation that will be required in the facilitation of the real sector, as the country seeks to transform to a competitive mode in new and existing sectors.

There are areas of bureaucratic hurdles where there is need for major institutional change. The operations of the Customs Department seem to have remained in a mid-20th century mode, for all intents and purposes. The formulation of industrial policy seems to present some challenge with a number of institutions involved but, in the absence of close collaboration, there are areas that have not received the level of focus that is necessary.

2.4.3.5 Gender and Equality Issues

Saint Lucia has made several significant strides towards the promotion of Equal Opportunities to all people. In terms of gender equality, the Division of Gender Relations is charged with the responsibility of achieving gender parity in the country. Saint Lucia has been a signatory to the United Nations Convention on the Elimination of All forms of Violence Against Women (CEDAW) since 1982 and the Division fulfils its role by implementing a number of programmes and initiatives aimed at ensuring that there is no disparity in the scope of development opportunities between males and females.

In response to the relationship between poverty and gender-based violence, the Community Response Team programme was set up in communities across the island to provide assistance to victims, as well as violence sensitization training to police recruits. With assistance and funding from UNIFEM, the Division also developed a standardized domestic violence data collection tool to track cases more effectively and avoid duplication. Women's Support Centres were established to provide assistance to female victims of domestic violence in the form of temporary housing, group counselling and coping skills.

Gender disparities in education continue to be addressed, as the Curriculum and Materials Development Unit (CAMDU) has changed the terminology used in its texts to include a greater degree of gender sensitivity; by reversing sex role stereotyping in the characters portrayed in the texts. This is aimed at combating discrimination against women and girls at an early age.

Laws have been established to promote equality of opportunity in Saint Lucia. The Equality of Opportunity and Treatment in Employment and Occupation Act of 2000 provides legal protection against discrimination in the workplace on a number of grounds, not the least of which is gender. Provisions are also made in the act for equal remuneration for men and women performing work of equal value. The Act also makes provisions for the offence of sexual harassment in the workplace.

Pre-emptive measures have been taken against the growing problem of human trafficking; a crime that disproportionately affects women. Saint Lucia enacted Counter Trafficking Legislation in February 2010 and has been working with a number of international agencies to combat trafficking.

2.4.3.6 Strengths and Weaknesses

The country is reasonably well supplied with technical personnel who can engage in project implementation and economic and social analysis. Moreover, there has been a swath of technical analyses that have been conducted in the last five years that provide substantial documentation on the economy and society. These include:

- The Education Sector Development Plan;
- The National Strategic Plan for Health;
- The National ICT Strategy;
- The National Vision Plan;
- The Interim Poverty Reduction Strategy and Action Plan, 2003; and
- The Draft Poverty Reduction Strategy and Action Plan.

The major weakness in the planning system seems to reside in a lack of institutionalized capacity for the coordination of implementation.

PART TWO

THE MEDIUM TERM SOCIOECONOMIC DEVELOPMENT STRATEGY

CHAPTER THREE
VISION, GOALS, TARGETS AND CORE STRATEGY

3.1 The Medium Term Development Vision

The Vision, Goals, Targets and Core Strategy were developed in the Consultation hosted over the period September 13 -17, 2010. The participants, who came from a range of organisations in the public and NGO sectors, were organised into inter-disciplinary Teams. The effort at the synthesis of the output of these Teams is the basis for vision, goals, core values, and the SWOT analysis which has informed the development of the Medium Term Plan for the country. The stakeholders arrived at a consensus with a vision for the country which projects:

> *An innovative and industrious nation, grounded in the principles of patriotism, integrity, and good governance, striving towards sustainable and equitable development for all.*

The viability of the society and the economy depends on the capacity of the population and its producers to be innovative, adopt new techniques and create new products and services that might enter the productive system. Much importance was placed on collective approaches, which can emerge only in an environment of strong patriotism and under a system of governance in which the vast majority feel a sense of engagement. The concern for sustainability recognises the vulnerability of the country and the requirement on all to share in the protection of its environment for posterity. Moreover, the achievement of highly equitable society is seen as conducive to the social good.

The adoption of the vision by a wide cross-section of society would require a mindset shift and as well, greater clarity of perspective and direction among key stakeholders organisations. The works of Lewis (1955) and North (1994) point to the importance of institutional change in economic development and social transformation.[6] The shift required would take more than five years to become evident in the society and body politic, let alone in the economy. The experience of countries that have made a successful transformation over the last decades of the 20th century suggests that time and timing are factors.

It could well be that the convergence of impacts of a global economic crisis on the vital tourism industry, the continued decline in the banana industry, the visitation of hurricane Tomas more recently, might serve to galvanise large sections of the community to action and to the refocusing and review of strategies for economic and social development. The fact that Tomas affected citizens of all walks of life and has shown up the vulnerability of the entire country

[6] Lewis, W. Arthur, *The Theory of Economic Growth*, Allen and Unwin, 1956, and North, Douglass, "Economic Performance through Time," *American Economic Review*, Vol. 84, No. 3., 1994.

might encourage citizens at large to recognise the relevance of sustainable and equitable development as an individual and collective concern, and forced on the population a unity of purpose.

3.2 Principles and Core Values

The Vision is supported by certain principles and core values, namely:

- Honesty and Integrity;
- National Pride/Patriotism;
- Discipline and Hard work;
- Professionalism;
- Excellence;
- Unity and Cohesiveness;
- Spirituality;
- Responsibility/Accountability;
- Creativity;
- Perseverance; and
- Resilience.

The sense of distinctiveness of the people of Saint Lucia, the survival of Creole in the vernacular, and its intrusion into formal language and debate contribute to the sense of national pride. The demise of the Prime Minister and more recent passing of a folklorist have encouraged reflections in the mass media of Saint Lucia and fostered among Saint Lucians their sense of their past. Their commemoration of their two Nobel Laureates are a constant reminder of the creativity of the people of Saint Lucia and should instill the confidence in the people of their having a possibility, whatever the hurdles that confront them: all of this lends to the sense of a possibility consciousness, to creativity, to resilience and to excellence.

3.3 Development and Goals

The Development Goals will guide the Strategy and the Action Plan. The Goals are founded on the Vision, and philosophy of the society, which in turn are anchored on the core values of the people of the country. The goals of the MTDSP are:

1. A sustainable growth path and improved levels of living, supported by a stable macro-economic environment.
2. Human resources developed to support current and future social and economic initiatives.
3. An economy characterized by increased productivity levels and improvements in the work ethic.

4. A significant reduction in the barriers to youth engagement in and benefit from economic opportunities.
5. Optimal usage and stewardship of land and environmental resources supporting the social and economic needs of the population
6. A more integrated economy, with sustainable links between the productive sectors.
7. A more socially cohesive society and a safe and peaceful environment.
8. A significantly improved standard of living in depressed rural and urban areas.
9. Elimination/reduction of socio-cultural, psychological and economic barriers to gender equality.
10. Reduced dependence on fossil fuels as an energy source.
11. A sustainable tourist sector with increased contribution to the development of communities and the national economy.
12. A revitalized agricultural sector capable of responding to food security and export development imperatives.
13. A revamped manufacturing sector, differentiated on the basis of unique attributes.
14. Realization of the potential of ICTs for contributing to the economy.
15. Increased levels of health and wellness among the population.
16. An effective housing delivery system promoting the sustainable development of communities.

3.4 Core Strategy

The core strategy has to do with building an economy that is vibrant, capable of creating and maintaining a competitive edge in a diversified range of production, and capable of providing the society with an equitable distribution of high material standards, across the entire geographic space of the country. This entails raising production and productivity to a new plateau, across a wider swath of industry than has existed heretofore. It involves a socio-psychological shift such that every citizen recognizes that individual competitiveness is critical to survival at the personal and national level on the world stage on which Saint Lucia has to perform.

The point of departure of the core strategy has to take account of the paradigm shift that has taken place in the global economy, and with that, the consequential radical change that has to be made by Saint Lucia in this new dispensation. While the post-World War II performance and its growth trajectory in the last quarter of the 20th century demonstrate successful adaptation of

its economic base and more so its foreign exchange earning sectors, the current evidence and prospects suggest considerable challenge.

The country has to gear itself for a radical re-organisation of its export sector, and of the complementary infrastructure. The experience of the last fifteen years has served to establish this requirement of paradigm change as an incontrovertible fact of life. It is faced with a water-shed moment equivalent to those in the past. Emancipation in 1838, the political disturbances in the 1930s following the Great Depression, the withdrawal from sugar-cane and the adoption of banana as an export crop with the firm led by John Van Geest as the main distributor, and subsequently, the adoption of light manufacturing and tourism as key industries, all marked important stages in its Economic History. Saint Lucia's economic crisis coincides with one of the worst crises in the international economy. Only a radical departure from the paradigm of the past will allow it to provide a decent existence to the citizenry in the context of the new international economy.

Redoubled initiatives in agriculture and agri-business, manufacturing and processing activities, tourism and new services sectors, and all other activities, including export-oriented activities have to be driven by nationals as agents infused with a competitive spirit and well attuned to new information and knowledge that will derive from a commitment to life-long learning, and constant adaptation to science and technology. The core strategy can be accomplished only if the population is quickly upgraded to participate in the dynamic application of available knowledge in the production of goods and services, and is able as well, to create and apply new technology that derives from self-confidence of its people about the capacity to learn and grow. This, in the final analysis, is the source of productivity growth and competitiveness: to have had two Nobel Prize Winners in such a small country, should leave no doubt of the capacity to rise to the challenge.

3.5 The Development Themes

The Development Themes have been shaped by the threats and weaknesses identified by stakeholders, in the conduct of the SWOT at the Consultation and discussions that were held, and which are seen as critical imperatives to be addressed. These include:

- High dependence on one sector for earning foreign exchange, the failure in diversification of the export sector, and consequential vulnerability to shocks;
- Trade liberalisation in a small economy;
- A growing fiscal deficit and challenge;
- Diseconomies of small scale operations;
- Poverty and unemployment;
- Lack of skills and of depth and breadth in education of the workforce;

- Limited productivity growth;
- The increase in crime and the growth of the underground economy;
- The deterioration in the structure of the family system, and in social capital;
- Absorption of negative cultural influences from abroad and youth disaffection; and
- Exposure to pandemics and high incidence of life style diseases.

In respect of a number of these, the Government has made commitments to achieve certain benchmarks, set by the regional and international community. Five of these should be noted here:

1. Stabilisation of the Economy
2. Poverty Reduction
3. Gender Equity
4. Environmental Sustainability
5. Education, Training and Human Resource Development.

3.5.1 ECONOMIC STABILISATION

The OECS Member States have committed to an Eight Point Stabilisation and Growth Programme, as a Strategic Response in the face of the impact of the global down-turn of 2008/09 which led to a severe contraction in these economies and to the exacerbation of fiscal problems that have dogged these countries since the onset of globalisation. The Eastern Caribbean Central Bank has spear-headed a coordinated and collective response, but tailored to each country and involving:

- A Stabilisation Package
- A Stimulus Package
- A Structural Package, and
- The promotion of the private sector.

The countries commit to engage in fiscal reform to ensure greater efficiency in the tax measures, efficiency in Government operations, debt reduction with the target of debt to GDP ratio of 60 percent, public expenditure but in the context of expanding the productive base and infrastructure for private sector growth, amalgamation of indigenous commercial banks, and rationalisation and regulation of the insurance industry.

Another important measure is the attempt on the part of all of the countries to ensure some minimum provision for the poor and vulnerable, even in the face of the austerity measures that have been introduced, or need to be introduced. The improvement in targeting and in the efficiency of the safety net is designed to protect the poor, who are at greater risk in the downturn.

The ECCB predicts that following a period of stabilisation lasting until 2012, these economies should be able to resume growth. Saint Lucia, according to the Minister of Finance in the most recent budget speech, might have returned to growth already, with tourism performing relatively well in 2010. In any event, the MTDSP will have to abide by the parameters set by the stabilisation package of the Eight Point Plan. Moreover, the task of diversification has to remain high on the agenda and has to underpin the rest of the measures comprised in the Stimulus Package, the Structural Package and in the promotion of private sector development.

Fortunately, the country is embarking on this plan, with a debt to GDP ratio that is well within sight of the limit set by the ECCB. The Minister of Finance announced in the Budget Speech for the current year that the debt to GDP ratio was 64.8 percent, and had risen from 63.8 percent in 2009. The disruption to the economic output occasioned by Hurricane Tomas along with expenditures necessary to restore infrastructure would contribute to raising that figure[7]. However, there is a clear commitment to contain expenditure and to arrive at the 60 percent target set by the ECCB, through expansion of the economy, efficiency in the operations of the public service and improvement in revenue collection[8].

3.5.2 POVERTY REDUCTION

Saint Lucia is committed to the achievement of the Millennium Development Goals (MDGs). The first CPA was used to develop an approach to poverty reduction, notably through the following policies, measures and actions:

1. Integration of poverty concerns into the policies and programmes of relevant ministries and statutory bodies, and particularly in the education and health sectors.
2. Creation of a Ministry of Social Transformation vested with the responsibility of poverty reduction, and strengthening of its programme delivery capacity.
3. Initiation and strengthening of poverty reduction institutions and programmes, i.e. BNTF, BELfund and PRF, with substantial allocations of funds to their activities.
4. Implementation of the Short-Term Employment Programme (STEP), and placement of this programme within the National Conservation Authority (NCA).
5. Increase in the budget allocated to Public Assistance.
6. Implementation of the Social Recovery Programme, with funding from the European Commission through its Special Framework of Assistance (SFA).
7. Design and implementation of a number of other public sector initiatives aimed at increasing employment and income generation opportunities for the poor.

[7] As at June 2011, the country was close to its fiscal target. See http://192.168.250.4/Statistics/index.asp#targets

[8] The Prime Minister and Minister of Finance committed to 'remain vigilant in the management of our economy' (Minister of Finance, p.10, Budget Address 2011).

The Government of Saint Lucia like the rest of the Commonwealth Caribbean in adopting the MDGs was clear that some of the targets had already been achieved, and more meaningful objectives could be set for the region. In respect of poverty, the goal is not about halving the proportion of people with less than US$1.00 per day but rather about halving the percentage below the poverty line by 2015. In respect of education, Goal 2, the target is not about achieving universal primary but instead universal access to secondary up to Grade 12. Moreover, the gender disparity to be corrected in the Caribbean is not about the exclusion of girls, but rather about ensuring that boys remain enrolled and complete the secondary programme. In effect, the MDGs have been adapted to conditions in the Caribbean

Saint Lucia is committed to achieving the Caribbean MDGs by 2015. In a number of areas, the country has been making advances. Between 1995 and 2008, indigence, or food poverty or starvation has been cut drastically. However, poverty has remained persistently high at over 25 percent. As indicated earlier when account is taken of vulnerability, an additional 20 percent of the population can find themselves in poverty.

The Public Assistance Programme which is geared to the provision of transfers to the poorest in the society is being reformed through the adoption of strict Means Testing, the use of Management Information System to reduce duplication among agencies, the adoption of conditional cash transfer to address intergenerational poverty, by the introduction of programmes for graduation for those who could be equipped to their own sustainable development, and by improving efficiency in the distribution of transfers and in payment arrangements.

Given the economic shock and then the environmental shock of 2010, large sections of the society would have faced economic difficulties. Rising unemployment is another indication of the problems faced by sections of the society. Moreover, there would have been differential gender impacts given that the labour market is segmented in terms of sectoral and occupational participation. The task for the MTDSP is to reverse the trend.

3.5.3 GENDER EQUITY

Saint Lucia ratified the Convention on on the Elimination of All Forms of Discrimination against Women in 1982. However, progress on gender equality has been slow. A Women's Desk was established initially in the Ministry of Community Development, Youth, Sports and Social Affairs in 1986, some four years after, with a view to complying with the provision of the Convention. Subsequently, there was created a Ministry of Women's Affairs with the clear mandate to:

Create an environment to redress gender imbalances through policies and programmes geared towards maximizing women's participation in, and benefit from, national socioeconomic development initiatives and improve the relationship between men and women.[9]

According to the United Nations, National Machinery for the advancement of Women was initially very effective in part because of a shift in focus and changes in nomenclature in the Department responsible for implementation of the Convention. A Division of Gender Affairs finally achieved some stability in the Ministry of Health and has allowed for better focus on women's issues and gender relations, according to the UN. Notwithstanding legal and constitutional provisions that outlaw discrimination against women and provide for full equality with men, there are still areas where discrimination exists. Moreover, the country has not witnessed the type of changes in public attitudes and values that allow for the full accession of women to the rights enjoyed by men.

There have been positive changes over the years through a range of legislation, evidenced in:

- The Domestic Violence Act, 1994;
- The Criminal Code Amendment Act 1997, No. 14 with provisions for penalties for sexual offences against women and children; and
- The Equality of Opportunity and Treatment in Employment and Occupation Act 2000, with redress for persons discriminated against in places of employment, including sexual harassment in the work place.

A Shadow Report prepared by Cherry (2006) on Saint Lucia in respect of the observance of the Convention, pointed to a number of obstacles and deficiencies in the implementation[10]. It is alleged that there are no special measures and mechanisms to enforce the laws. Moreover, there are still discriminatory laws against women. Foreign born wives of men can receive automatic citizenship as wives, but foreign born husbands of women do not have a similar automatic right to citizenship. Husbands have the right to be consulted and to give their permission for tubal ligation by their spouse. There is no reciprocal right of a wife in respect of vasectomy of a husband.

According to Cherry (2006), domestic violence is still seen as a private matter. Cases of violence are not prosecuted with any vigour. In cases of separation, women may have to engage private legal services to secure their share of the property. However, there is a Division of Gender Relations in the Ministry of Home Affairs and Gender Relations and there is also the Saint Lucia

[9] National Report on the Status of Women (1994), quoted in: http://www.iwraw-ap.org/resources/pdf/35_official_documents/saintluciaLCA16.pdf.
[10] Flavia Cherry, 2006, Shadow Report for Saint Lucia on the Convention on the Elimination of all Forms of Discrimination Against Women http://www.iwraw-ap.org/resources/pdf/St_Lucia_SR.pdf.

Crisis Centre. Family Courts are in place for trials in cases of domestic violence against women and children and the Police have instituted a response system through its Vulnerable Persons Team.

There is need over the period of the MTDSP to address the matter of the rights of women and gender equality through the upgrading of the legislation and as well, through effective public awareness programmes, to induce the appropriate shift in attitudes and values without which legislation will be ineffective.

3.5.4 ENVIRONMENT SUSTAINABILITY

Saint Lucia signed the United Nations Convention to Combat Desertification (UNCCD) in 1997. The island has had to face the challenge of desertification and more particularly land degradation. Thousands of tons of soil are lost each year as a result of the erosion of cultivation on steep slopes. With slash and burn techniques and with an absence of contouring, substantial areas are left without tree cover, which when rains and down-pours occur, normally results in sedimentation of water courses, and serious erosion. The impact of Hurricane Tomas is an example of the devastation that can be wrought on a community with poor environmental practices.

The report on Saint Lucia (4th Reporting and Review Cycle-2010) on UNCCD points to a lack of enabling policy and regulatory environments. One section of the report notes a key factor militating against environmental sustainability.

The haphazard development of land, resulting from the absence of a plan framework, poor planning enforcement and squatting, has led to inefficient and degraded settlements that are difficult to regularize.

Saint Lucia became a signatory to the convention on Biodiversity in 1993. The country has engaged in some self assessment in respect of the three Rio conventions, namely

- The Convention on Biological Diversity;
- The United Nations Framework Convention on Climate Change; and
- The United Nations Convention to Combat Desertification.

Hurricane Tomas which struck Saint Lucia at the end of October, 2010, wrought damage in the sum of almost EC$1billion and caused eight (8) deaths. Large areas of the country were affected. An interagency team comprised of a number of regional and international organisations identified the following impact:[11]

[11] UNECLAC, OECS Secretarial, IICCA, UNDP Preliminary Draft Saint Lucia; Macro Socio-Economic and Environmental Assessment of the Damage ad losses caused by Hurricane Tomas: A Geo-environmental Disaster

1. Road and Bridge infrastructure were severely impacted from flooding and from landslides;
2. Housing located adjacent to unstable slopes were impacted badly. In addition to slope failure occurrences, some evidence of wind damage was apparent;
3. There was significant damage to the water sector, and in particular to the Roseau Dam, which suffered minor structural damage but had major siltation inputs from land slippage along the sides of the dam;
4. Agriculture was severely affected;
5. In the educational sector, schools were damaged by winds and landslides;
6. Rivers were affected in terms of their alignment and carrying capacity;
7. Within the health sector, the Dennery and Soufriere Hospitals were damaged;
8. There was some damage to the electricity sector;
9. The telecommunications sector suffered some infrastructural damage; and
10. The effect on tourism infrastructure appeared to be limited, although there were issues with access in the south.

The haphazard development pattern has resulted in homes being found in the paths of what are river beds in episodes of severe inundation. Moreover, there is a major task of slope stabilisation in some parts of the country in the restoration of the roads and in the resettlement of communities. Tomas might have revealed the fact that there is far less land available for housing settlement and for agricultural production than originally thought. The Hurricane has also prompted a redoubling of effort to rebuild and rehabilitate infrastructure to superior than pre-Tomas standards, and to organise the physical planning process to cope with its vulnerability to extreme weather events. Four specific initiatives were announced in the last budget, namely:

- Commissioning of the National Environmental Commission (NEC).
- A Special Programme on Adaptation to Climate Change (SPACC).
- A Pilot Programme for Climate Resilience (PPCR). This aims to develop a Strategic Programme for Climate Resilience which will result in a project totaling US$5 million.
- The establishment of an inter-sectoral Castries Sewerage Management Committee to guide the approach to the management of sewerage within Castries.
- The establishment of National Recreational Water Quality Standards.[12]

[12] Minister of Finance, Budget Address 2011-2012, p.38 and p.49.

Assistance for these initiatives was expected to come from the Global Environmental Facility (GEF).

3.4.5 EDUCATION, TRAINING AND HUMAN RESOURCE DEVELOPMENT

Human Resource Development is a major plank in the development programme of the country and its most recent educational plan demonstrates that the country is prepared to go much beyond what has been mandated by its international commitments in education. Indeed, while Saint Lucia might have lagged behind other countries of the Windward and Leeward Islands in the development of its education system in the immediate Post World War II period, it became a trail blazer towards the end of the last century vis-a-vis its neighbours. Thus, commitments even under the Caribbean derived MDGs are minimalist relative to its goals.

The essence of its most recent educational policy approach is the improvement of quality with some expansion of quantity in certain key areas. There have been problems in the maintenance and improvement of quality in recent years. The Education Sector Development Plan 2009-2014 proposes a number of objectives that are relevant to the MTDSP. These include:

- Expansion of access to Early Childhood Education to all children in the cohort;
- Reorienting the nature, form and content of primary and secondary education to ensure that students can master the foundations for early lifelong learning and the requirements for the effective participation in life;
- Raising the levels of achievement in Mathematics, English Language and Natural Sciences;
- Improving the participation and retention of boys and implementing programmes for girls at risk;
- The introduction of co-curricula activities in the form of uniformed groups, physical education and sports, Health and Family Life, Wellness, HIV/AIDS; Citizenship Education, and the inculcation of social skills, values, attitudes, positive behaviours and conflict resolution;
- Making provisions for second chance education;
- Providing quality Technical and Vocational Education and Training within a flexible framework to allow for changing labour market needs;
- Upgrading the Sir Arthur Lewis Community College to a fully fledged university college;
- Expanding the use of ICTs to ensure all learners are computer literate and can adapt to the use of ICTs in their daily lives;

- Upgrading of school plants through reconstruction, refurbishment and rehabilitation of buildings and learning resource centres such that facilities for science education and ICT/IT are readily accessible; and
- Provision of library and information services to support development of research and development programmes and improvement in communication skills.

The plan is designed to catapult the population to operating on the frontiers of Science and Technology at the same time as it allows for social integration in a small country seeking to ensure equitable development across its national space and among the communities that constitute the nation.

3.6 Cross-cutting Strategies

3.6.1 STABILISATION AND TRANSFORMATION

The Government is committed to observing the Eight Point Plan of the ECCU. One of the tenets of this Plan is the stabilisation of the economy and the gradual reduction of the debt to GDP ratio to 60 percent or less. The rebasing of the GDP in Saint Lucia has put the country in a more favourable light and suggests that it is relatively close to that bench-mark. While the debt to GDP criterion is important, the recovery of the economy and its return to growth are a necessary condition for the Government to undertake major infrastructure expansion and upgrade to support private sector growth.

The onset of climate change has impressed on the Government the need to make large allocations to infrastructural works. In effect, because of climate change, this small vulnerable island will need to spend more per head of population on infrastructure: small size of country in terms of population pushes up the costs per head of population of necessary infrastructure, and this is now exacerbated by the requirements of climate change.

Massive allocations are required in the rebuilding or building of roads, the restoration and expansion of agricultural production and other productive activities and in establishment or resettlement of housing accommodation units. Such large infrastructure costs, in the final analysis, if not financed from grants and gifts, have to come from domestic sources and therefore the revenues of the Government. Thus, not only is it necessary for the economy to be stabilised. It is as critical that there be a level of economic expansion to support the revenue inflows required by the Government. MTDSP has to be designed with sensitivity to this challenge.

Herein is a classic chicken and egg choice. Resources to expand the infrastructure are a sine qua non of private sector development. However, in the absence of increased revenues, there is need for additional borrowing which increases the debt burden and creates fiscal challenges that can

place a drag on development. A Tomas like event cannot be addressed without borrowing in the absence of major fiscal surpluses. Macro-economic management requires balancing among a number of difficult and sometimes contradictory forces.

3.6.2 ENVIRONMENTAL SUSTAINABILITY AND VULNERABILITY

The country lies directly in the path of hurricanes that pass through the Caribbean annually. Global climate change and the more recent actual experience suggest that the country would do well to anticipate hurricanes of greater ferocity and frequency. It is located on tectonic plates that make it susceptible earthquakes and all the sequels that might arise by way of tsunamis and the like. There is also substantial volcanic activity.

Planning for Saint Lucia has to take account of the vulnerabilities faced by the population from changes in the environment. Moreover, there is need to ensure that the population at large is well prepared to avoid interventions that have serious environmental impacts. Thus, there is need for the accumulation of resources, financial and otherwise, to protect the population from risks or at least for risk reduction.

There is need to address the matter of collective risk insurance for the country, let alone the provision of resources to treat with such matters as muster points and safe locations for large sections of the population that may need to be relocated in the face of some natural disaster, and also to deal with cultural practices that are pernicious to environmental protection like cultivation on hillsides without appropriate techniques. At the same time, there is need to encourage small farmers to continue to produce for domestic and export markets, which involves utilisation of lands, that may be marginal. What takes place on private plots can have serious social impacts. The planning framework in Saint Lucia cannot ignore these problems.

3.6.3 MIND-SET CHANGE, EDUCATION AND POVERTY REDUCTION

Most recently provided data demonstrate that although the country has invested heavily in education and also in training, the work-force cannot compare in its educational base with those countries that have made the successful transition to the use of their human resources or human capital as the source of their competitive advantage in their participation in the international economy. A much quoted example is Singapore which developed an advanced work-force in just about three decades, on the basis of sound educational system, evidence of which is seen in such areas as comparative test scores in Mathematics and in its performance on Cambridge General Certificate.[13] The distribution of the population and of the work-force by educational achievement in Saint Lucia shows that there is a large gap to close to arrive at a structure comparable to the East Asian model.

[13] See for example results for 2010 at http://www.moe.gov.sg/media/press/2011/01/results-of-the-2010-singapore-cambridge-gce-o-level-examination.php.

The Educational Plan makes provision not only qualitative improvement in primary and secondary education, but also for facilities to promote post-school education and training and to support life-long education. It is recognised however, that boys in particular, have not taken advantage of the expanded provision of education, thus making it necessary to introduce mechanisms to encourage their retention in the educational system and their completion of secondary school programmes.

At the same time, there is evidence of gender segmentation of the labour market in which some types of employment are deemed to be fit only for females and others only for males, with the latter invariably receiving higher rates of pay, and thus providing perverse signalling in the building of the stock of skills and knowledge in the labour force. Moreover, with limited education, a large percentage of the work-force will feel challenged in returning to education and in undertaking courses that are necessary for upgrading in the world of work.

The MTDSP will need to address the matter of mind-set change which is critical in the realisation of the benefits of the investment in post-school education and training. Indeed, there will be need for novel ways to induce the vast majority of the work-force to become engaged in self-upgrading as a life-long responsibility to oneself. Moreover, given the need for a major shift in the structure of the economy, in the context of persistent poverty, it is among the poor that there will be need for substantial mind-set change to allow large numbers to escape the poverty trap, in keeping with Lewis's admonition that *'the fundamental cure for poverty is not money, but knowledge.'*

3.6.4 PRODUCTIVITY

A high productivity orientation is a necessary requirement in the implementation of the plan. It will be founded on the improvement in the knowledge base in the work-force and as well in the adoption of new technologies and work-processes. The capacity of management to motivate workers in both the public and private sectors is an intervening variable.

So also is the wide-spread understanding across the work-force that whether one is employed in the tradable or non-tradable sector, one is engaged in international competition in the work-place since output growth in Saint Lucia has its numeraire determined essentially by the international competitiveness of the country which has no recourse but to be export-oriented. A Productivity Commission capable of defining this challenge in real time to all stakeholders irrespective of station and being able to transmit to and reach the individual worker in his/her own frame of reference is an imperative in the thrust to raise productivity levels. Clearly, its role will need to be seen above the fray of domestic political competition.

3.6.5 MIGRATION, DIASPORA FUNDS AND "RE-DRAINING BRAINS"

However, better educational preparation makes beneficiaries better equipped to migrate. Like the rest of the region, Saint Lucia has been a sending country, with large numbers destined to go abroad to work and for economic and social mobility. Saint Lucia has to face the hard choice of investing heavily in those of school age and in the population generally, just to be able to retain some of the skilled and educated cadre required in the transformation process, or not investing in education and training and yet experiencing high emigration. Better trained ad educated personnel are likely to be able to send back larger remittances which in the short term can be important source of foreign exchange.

On the other hand, there is room for perspicacious institutional development such that the country can maximise the returns in both the short and long run from the inevitable flow of migrants abroad. Firstly, diaspora funds can be a source for investible resources for the country's development. There will be need for institutions that create this possibility and which can allow nationals abroad some sense of relative safety in investing back home.

Secondly, there is the possibility of 're-draining brains' by creating the institutional arrangements such that nationals abroad engaged at the higher levels of tertiary education and research, retain some institutional affiliation with Saint Lucia, say through the SALCC. The new information technology can allow them in a virtual world to be accessible to the country and to contribute in teaching, research and surely in an advisory capacity with others back home. Countries like India, China, South Korea and Singapore have exploited the presence of their nationals abroad. MTDSP will need to address how Saint Lucia can derive maximum benefit from its own high level personnel located abroad.

3.6.6 CRITICAL SUCCESS FACTORS IN THE IMPLEMENTATION OF THE PLAN

Critical to the success of the plan are financial and human resources necessary for its implementation supported by institutional arrangements and political will that will steer the course over the period. Saint Lucia will need to raise considerable resources on its own, but will need substantial external support given enormity of the task that is faced in undertaking a paradigm shift in its development.

It is critical to the success of the plan that the Department of Economic Planning remains as a champion of the process ensuring that there is the level of monitoring, providing documentation on the various stages of the plan, and identifying where road-blocks surface and need to be removed. Most critically, there is need for coordination among the various stakeholders, not only be way of regular dialogue, but also by complementary actions among all the players.

3.7 Key Assumptions

The success o the plan depends on there being some level of consensus of its broad outlines. During the preparation of the plan, there was an attempt to secure bi-partisan support for it. Saint Lucia has experienced changes in political administration in the regular cycle of elections, since achieving political independence. It could be argued that across the political spectrum, there is support for diversification of the economy, while at the same time strengthening existing sectors to ensure their continued viability.

Also on the economic front, there is an acceptance of the need for balanced and equitable development. Most critically, the private sector is seen as the engine of development and while considerable reliance will continue to be placed on attracting foreign capital, there is a concern to stimulate domestic capital and to promote SMEs and micro-enterprises as the base of domestic private sector stimulation. Finally, arriving on a path to sustainable development which allows for transformation with avoidance of economic and social shocks is another goal that finds favour across the political spectrum.

However, this in itself, involves a painful process of change in structures that might have worked well in the earlier dispensation of trade protection of the 1970s and 1980s. The trade system faced by the agriculture and agri-business sector of Saint Lucia no longer is accommodating of the banana farmer of the past. Agriculture in Saint Lucia will not survive without a radical shift such that farmers become adept at applying new technology and science in their production systems and are world-wise on the operations of markets and in targeting them. Likewise, workers will need to be upgraded with education and training making them flexible and adaptable in the face of competition in the new international division of labour. It is assumed that the country can overcome the hurdles that have stood in the way of making the required transition in these and related fields.

At the level of the society, there is a commitment to the achievement of the MDGs, and thus to poverty reduction. Such objectives as universal secondary education and the widening of opportunity for tertiary and post-secondary education are widely accepted. Also, the achievement of a capability in the society of ensuring a high level of wellness is a goal that remains preeminent. Thus, a key assumption is that the political process that may result in changes in Government would not result in any major departure from certain tenets that derive from the above.

3.7.1 UNDERLYING ASSUMPTIONS AND RISKS

The capacity of the country to return and remain on a positive growth path depends on a number of factors. The relatively healthy performance of its tourism sector in 2010 has been attributed to the success of an effective marketing programme which targeted certain markets,

especially in the United States. In any event, the continued growth of this market depends in the final analysis on the performance of the United States economy. This country is the source of much of the tourist flow to Saint Lucia. While growth is not yet robust, and the country is plagued with a debt problem, the continued importance of its currency gives it a privileged position in being able to borrow from the rest of the world. Observers are uncertain whether the United States and Europe could escape a double dip, in which these economies return to a deep recession again. Greece remains in acute crisis, while there are continuing problems in Portugal, Ireland, and Spain, in spite of a passable performance in Germany and France, while the British economy might have stabilized. Saint Lucia remains linked to the North Atlantic which is the slower engine in the locomotive of the international economy.

There has been volatility in oil prices triggered in part by the 'Arab Spring' which has seen the fall of three Governments, and civil disorders in Bahrain, the Yemen and in Syria. An underlying fear is contagion to oil producing economies in the Middle East. This will impact the production and flow of oil to major markets with the likelihood of further price rises, let alone the continuing expansion in demand from India and China, which can no longer be viewed as peripheral in demand for key commodities in the international economy.

Indeed, it is the increase in personal income in these two economies to which has been attributed the rise in prices of a range of commodities including food. On the supply side, there have been constraints, mainly as a result of natural disaster, which have seriously eroded stock piles. Brown (2011) argues persuasively that there can be a return to conditions in late 2007 and early 2008 when the price of food skyrocketed in the international economy: the underlying factors, it is argued, make this inexorable.[14]

Another risk is perennial in the form of violent hurricanes and storm episodes, the probability of which seems to have increased in recent years. There are areas of Saint Lucia that are particularly vulnerable to flooding and related risks since following Tomas, neither nature or human intervention has been able to restore conditions to the status quo ante. There are hill-sides that have been eroded and show a level of exposure in which the rainy season of 2011 is likely to cause flooding at lower levels as rivers and water courses discharge on the way to the sea, even in the absence of a severe weather episode. A community like Mingny, where there was severe damage and loss of life in 2010, is likely to be at serious risk and may require evacuation of population.

There are endogenous risks that the country has to overcome. The devastation wrought by Tomas following closely price and supply problems in banana agriculture has created further disenchantment among the farming community, and it is possible that no small number of

[14] Lester Brown, 2011. The geo-politics of Food. Foreign Policy; Bulletin May/June, 2011. Website source: http://www.foreignpolicy.com/articles/2011/04/25/the_new_geopolitics_of_food?page=full.

farmers might vote with their feet, fleeing agriculture for other activity. All this creates a major uphill task in reviving agriculture and in addressing the food security problem of the country, let alone in creating a more competitive agriculture capable of earning foreign exchange at the level previously demonstrated in banana production in the halcyon days of the 1980s.

Another important endogenous risk lies in male underperformance in the educational system and the reality of dysfunctional values among some sections of the youth of the society. This does not augur well for the creation of competitive productive networks in existing and in new sectors that the country has to develop as a factor in its export thrust.

3.8 Population Forecast

The most recently conducted Census was in May 2010. The estimated population was 166,526 persons which represent a five percent increase on the population of 2000. There were a number of highlights in the changes between 1991 and 2000. Firstly, there has been the contraction in the population in the districts of Laborie, Dennery and Choiseul, with Laborie reporting the largest household population decrease.

The district of Gros Islet reported the most rapid population increase, and saw a change from the being the least densely populated district as it was in 1991. The district of Castries accounted for 40 percent of the population of the country, which means that it retained the share that it had in 2000. However, there was migration internal to the area, with substantial movement of population from Castries City to Rural Castries and Gros Islet. The distribution of the population and some of these changes can be seen in Table 3.1.

At average 2001-2010 rates of growth across the districts, the total country population could reach 187,000 by 2020. However, if overall national growth continued at five percent, assuming no net migration, there could be as many as 173,875 people in the country by 2020. One can assume, therefore, that the population in 2015 could lie midway between the present estimate of 166,526 persons and 187,000. The population could grow by 10,000 over the next five years. Whatever the rate of growth, given the imbalances that have occurred over the last ten to fifteen years, there is need for the country to address the issue of a population policy in its overall planning exercise, along with settlement policy and the geographic distribution of economic activity.

TABLE 3.1: POPULATION FORECAST

Districts	1991	2001	2010	Percent Change 1991 to 2001	Percent Change 2001 to 2010	2020	Average growth: 2001-2010
	Est. Pop	Est. Pop	Est. Pop			Est. Pop	
Castries	51,994	64,344	65,656	23.8	2	74,126	12.9
Castries City		12,439	4,173		-66.5		-66.5
Castries Suburban		25,110	17,938		-28.6		-28.6
Castries Rural		26,795	43,545		62.5		62.5
Anse La Raye	5,035	6,060	6,247	20.4	3.1	6,981	11.75
Canaries	1,799	1,788	2,044	-0.6	14.3	2,184	6.85
Soufriere	7,683	7,656	8,472	-0.3	10.7	8,913	5.2
Choiseul	6,405	6,128	6,098	-4.3	-0.5	5,952	-2.4
Laborie	7,491	7,363	6,701	-1.7	-9	6,342	-5.35
Vieux Fort	13,140	14,754	16,284	12.3	10.4	18,132	11.35
Micoud	15,088	16,041	16,284	6.3	1.5	16,919	3.9
Dennery	11,168	12,767	12,599	14.3	-1.3	13,418	6.5
Gros Islet	13,505	20,872	25,210	54.6	20.8	34,714	37.7
TOTAL	133,308	157,775	165,595	18.4	5	187,681	

Source: Saint Lucia Preliminary Census Report, 2010, Central Statistical Office

3.9 Economic Forecast

In spite of a two year negative growth trend in agriculture, the economic performance of the last year has been encouraging, as the overall economy recovered convincingly at 1.38 percent annual growth, compared to -5.19 percent in 2009 (see Table 3.2. However, 2010 growth was based mainly on the revival of tourism and on the impact of the marketing plan for the sector. ECCB estimates suggest that overall annual growth in excess of 3 percent is achievable by 2012. However, this depends on strong growth in agriculture (lead by banana and other crops), manufacturing and tourism (hotels and restaurants). Much depends on the level of investment and the degree to which the tradable sector is transformed and enjoys healthy rates of growth.

The prospects seem to strongly favour tourism as the leading industry in 2011 and 2012, based on the resurgence of demand in the global market and the previous success of the government's marketing/ publicity strategy. The sector is expected to grow by at least 8 per cent per annum in 2012. The sector is expected to benefit from increases in gross inflows from travel, fuelled by an expansion in stay-over visitors. However, the external environment still forebodes high uncertainty, as the United States faces protracted and high unemployment rates and in the Euro zone, economic adjustments have limited the pace of recovery.

The current growth drivers in the global economy are the BRIC economies (i.e. Brazil, Russia, India and China). However, the ECCU countries- are not yet closely linked to these economies, in terms of their being export markets, , and therefore growth in China, India and Brazil do not have an early impact on the demand for Saint Lucia's exports, and thus on its recovery, except in regard to negative effect of commodity prices in the country's imports. Growth in the BRIC economies will continue to have severe impacts on global food and energy prices, returning the global commodity market scenario to levels seen in 2007-2008 by 2015. Additionally, distance from Saint Lucia and myriad alternative destinations in those regions could make them difficult to tap as potential source markets in the medium horizon.

The important banana industry has continued to slide and will experience a severe lag due to low farmer morale and the need for an extensive resuscitation programme in the wake of Tomas. Likewise, growth in other crops is projected to be weak in 2011 and 2012. Output is not likely to increase at a level sufficient to sustain annual growth above three per cent by 2012.

In terms of infrastructure, the post Tomas reconstruction has started and, subject to external support, might well involve substantial activity in the construction sector over the next two years. Public sector construction is expected to increase as a result, as pre-Tomas capital projects continue and reconstruction accelerates. However, construction activity in the private sector may continue to be weak, waning well past the medium horizon, due to a trend of decline in tourism related foreign investment. Nonetheless, domestic investments might ensure that the reconstruction drive will restore some employment lost in the aftermath of 2008, while hotel plants are restored and upgraded to accommodate demand growth in the sector in the medium horizon. By 2012, the construction sector should achieve an overall annual growth rate of four per cent.

TABLE 3.2: GROWTH RATE OF GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITY IN CONSTANT (1990) (%)

Economic Activity	Actual										Projections	
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agriculture	(24.45)	4.39	(15.74)	(2.87)	(24.74)	9.77	2.35	20.50	(8.50)	(4.65)	1.76	2.27
Crops	(32.25)	14.94	(24.77)	2.86	(34.430	10.84	1.88	26.90	(9.41)	(10.82)	0.97	2.50
Banana	(48.79)	59.81	(36.28)	17.69	(37.19)	11.40	(3.41)	30.02	(13.24)	15.02	1.04	2.51
Other	4.65	(34.08)	5.70	(20.81)	(27.88)	9.69	12.98	21.29	(2.04)	(3.67)	0.87	2.49
Livestock	(6.13)	*4.72)	(3.21)	1.96	2.22	(9.68)	5.60	11.97	(13.94)	15.72)	4.89	1.42
Forestry	(0.81)	(2.44)	(3.33)	(3.45)	(3.57)	(2.78)	(3.81)	(0.99)	(1.00)	-	(1.01)	(1.02)
Fishing	0.08	(24.21)	18.56)	(23.40)	(6.82)	24.06	2.28	10.97	(3.02)	1.04	1.97	2.51
Manufacturing	(6.13)	5.46	4.39	(2.96)	16.28	6.71	2.21	(5.38)	0.99	(2.00)	1.50	5.50
Construction	(4.98)	(4.84)	1.59	1.01	12.50	13.22	(10.28)	(14.39)	(24.41)	(0.69)	2.00	4.00
Wholesale & Retail Trade	(14.52)	1.24	7.77	8.42	5.83	9.02	4.56	(3.27)	(12.59)	1.08	1.23	3.00
Hotels & Restaurant	(10.55)	(0.61)	16.63	5.89	6.33	(2.74)	(7.39)	2.24	(6.50)	11.50	7.00	8.00
Banks & Insurance	2.65	1.23	1.98	4.46	9.57	21.40	9.43	4.51	0.45	1.07	2.67	3.22
Banks	2.07	1.93	1.53	4.82	9.87	23.13	9.35	4.64	0.95	1.08	2.90	3.50
Insurance	6.45	(3.20)	4.96	2.14	7.60	9.77	10.02	3.56	(3.27)	1.02	0.80	1.00
Government Services	2.43	(1.65)	(2.07)	4.09	8.36	2.08	3.83	8.40	3.00	1.00	1.50	1.00
Growth Rate	(4.12)	0.56	3.53	3.80	4.62	4.79	1.48	0.72	(5.19)	1.38	2.57	3.23

Source: ECCB 2010

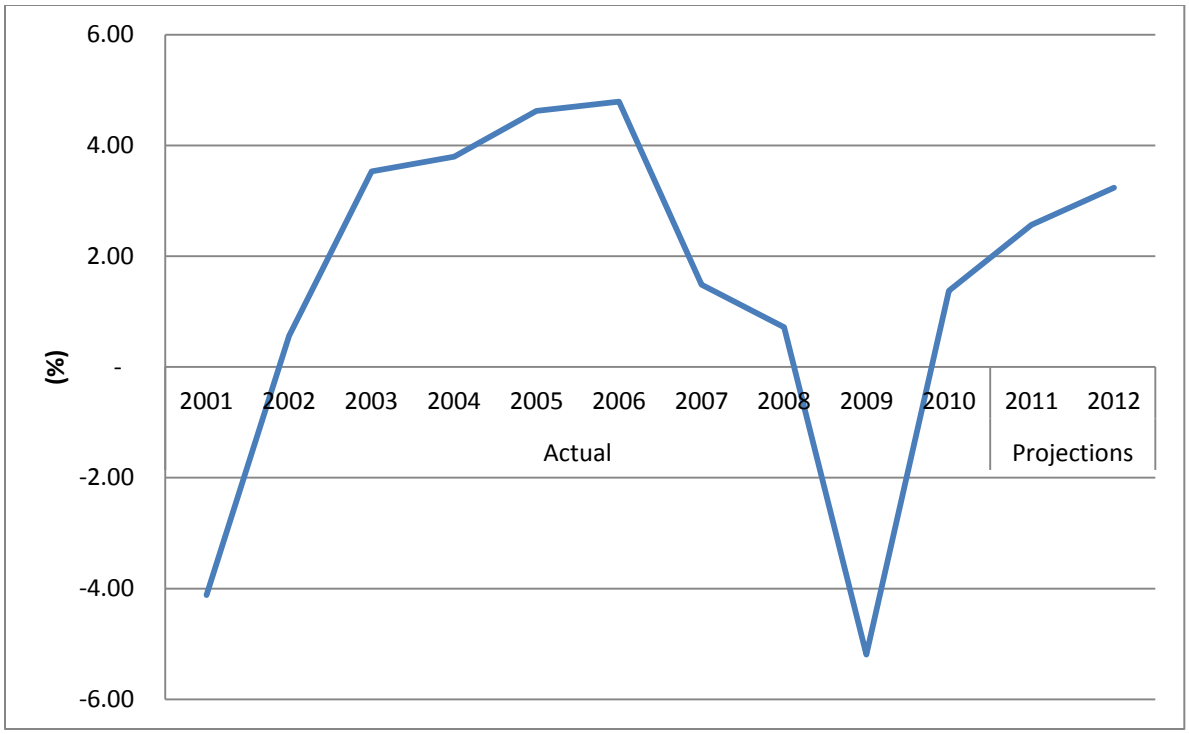

FIGURE 3.1: ANNUAL AND PROJECTED GROWTH RATES, 2001-2012

This is the backdrop against which the Stakeholders have developed a Vision for Saint Lucia for the medium term. This vision embraces various goals, objectives, strategies, and actions that can be encapsulated in five broad areas, namely:

1. Macro-economic stabilisation
2. Promotion of economic transformation and diversification
3. Poverty reduction and promotion of economic and social equity
4. Environmental sustainability
5. Human resource development

The vision and strategies under these broad areas are outlined in the frame below, and constitute the drivers of socioeconomic growth.

NATIONAL VISION

AN INNOVATIVE AND INDUSTRIOUS NATION, GROUNDED IN THE PRINCIPLES OF PATRIOTISM, INTEGRITY, AND GOOD GOVERNANCE, STRIVING TOWARDS SUSTAINABLE AND EQUITABLE DEVELOPMENT FOR ALL

Stabilisation and the Macro-Economy

Macro-economy

- Apply eight point plan of ECCU
- Institute measures to expand revenue base
- Balance fiscal management and growth and development targets
- Tighten regulatory regime of non-bank financial sub-sector
- Strengthen collaboration within ECCU in management of monetary system
- Promote development and export of niche products and services
- Develop measures to support paradigm shift in the economy and society

Diversification of the Productive Sectors through Private Sector Development

Agriculture and Agribusiness

- Rehabilitate agricultural sector and economic infrastructure
- Address low rates of technology adoption and poor agronomic practices
- Diversify into profitable crops – pineapples, cut flowers, cocoa, herbal medicines, organic crops, selected tree crops
- Expand into regional market in banana fresh market and in value adding products and services
- Institute measures to attract youth into agriculture
- Educate and train for business approach to agriculture

Poverty Reduction and Promotion of Equity

Millennium Development Goals

- Target goals of MDGs as defined for Caribbean States
- Scale up poverty reduction programmes
- Design and implement rural development plans for 4 areas during the medium term
- Support families whose financial situation prevent regular attendance at school by school age children with conditional social assistance
- Identify community assets to be used as basis for sustainable livelihoods

Environmental Sustainability

Land Use Planning

- Formulate phased implementation for Physical Vision Plan
- Institutionalise national use plan with implementation of guidelines of zoning plans
- Enforce squatter regularisation
- Provide training in building inspection and property valuation
- Require agriculturalists to seek approval by the DCA in respect of lands not zoned

Human Development

Educational Development

- Implement Education Sector Plan – universalise early childhood, improve quality throughout and improve retention and completion rates at all levels

Mindset Reengineering

- Inculcate civic and community pride
- Promote teaching of history of Saint Lucia and wider Caribbean
- Promote non-partisan regular public discussion of the society and economy of Saint Lucia in the Region, and the World.

ICT Expansion

- Explore development of IT enabled services, e.g. call centres and business processing outsourced services
- Expand e-government services
- Promote universal access to intern et in schools and ICT and information centres across the island
- Formulate protocols for legal requirements e.g joint software production and in combating cybercrime

Youth Employment

- Collaboration of all stakeholder organisations in treating with the social-psychological needs of the youth
- Develop programme targeted at out-of-school youth with support measures in counselling, training and employment
- Counselling services for young men and women engaged in deviant/illegal trades

Post Tomas Rehabilitation

- Review and update building codes
- Devise no-build policy for extreme hazard areas
- Update hazard maps
- Adopt integrated development planning approach to watershed management
- Reafforestation of areas devastated by Tomas, and stabilisation of landslide and slopes through seeding, planting and bio-engineering techniques
- Apply terracing or use vegetation barriers to reduce soil loss

Post-Secondary Training

- Expand enrolment in post-secondary and encourage higher participation of mature workers in post-secondary education and training.

Productivity Improvement

- Devise mechanism for linking productivity and wages
- Provide for upgrade of workers through training and the promotion of life- long education
- Public Sector/Private Sector collaboration in the arrangement for in-plant training and complementing support of public training institutions like SALCC
- Enhance capabilities of management in firms for greater competitiveness

Tourism Development

- Diversify tourist market including tapping into emerging markets
- Enhance provision of services and skills to the yachting sector
- Enhance measures to increase local value added in all-inclusive establishments
- Foster linkages with agriculture, manufacturing and craft
- Identify tourism activities that create visible and direct benefits to communities

Gender Equity

- Design measures to promote equal access to resources for men and women
- Deemphasise collateralisation in creation of bankable projects
- Design measures targeted at prevention and response to gender violence
- Improve retention and completion rates for boys in educational system
- Gender mainstreaming

Environmental Management

- Develop adaptation measures for Climate Change
- Reduce Vulnerability and Risk to Disasters
- Improve Environmental Responsibility and Action
- Complete National Environmental Management Policy and Strategy
- Strengthen the Environmental Regulatory and Policy Framework
- Strengthen Protected Area System
- Improve solid waste management

HRD and Life-long Education

- Inculcate commitment to life-long education as a personal responsibility of each individual
- Provide facilitative arrangements for mature workers to participate in Life-long Education

	• Introduce tourism on school curriculum • Public education and sensitisation on benefits of sector	health care provision • Provide programmes for training, and develop production, packaging and marketing facilities for small-scale female producers		
Public Sector Reform	**Manufacturing**	**Housing Development**	**Infrastructural Development**	**Health and Wellness**
• Promote output and performance based budgeting across the public sector • Improve efficiency of budget process and financial management • Making government more facilitative in serving the community and in particular the private sector • Expand training programmes in the public service • Ensure coherence in salary and compensation across the various levels of the public sector • Review retirement policy in the public sector	• Product differentiation based on uniqueness, quality and packaging • Collaboration between OPSR, other Government institutions and Private Sector on IPR including Geographical indications • Capitalise on link between demand and global health and environmental consciousness in production and packaging of products • Upgrade product range and ensure authenticity in craft • Improve marketing and trade facilitation efforts • Negotiate through CARICOM for successor arrangement to CBI • Explore niche markets in possibilities offered by EPA with EU • Use of ICTs for knowledge acquisition on patents, innovations and input procurement	• Identify poorest and most vulnerable urban for slum improvement programme e.g through UN Habitat Project • Identify poorest rural rural communities for housing upgrade • Design phased plan for critical urban areas – Castries and Vieux Fort • Develop and implement interventions for communities without spatial plans at present, and implement area strategic plans for poorer communities e.g Anse-la-Raye • Develop incentive regime for developers to engage in the provision of housing	• Anticipate climate change and other environmental risks in infrastructural development and in retrofitting infrastructure • Adopting an Asset Management Approach to Infrastructure Planning and Coordination • Ensure strict observance of building codes in new construction and encourage retrofitting of all structures to updated standards	• Promote wellness through the mass media and other fora • Shift emphasis to preventive care over time • Strengthen programmes for prevention and treatment of chronic diseases • Maintain campaign for prevention and treatment of HIV/AIDS • Build links with offshore medical school to upgrade delivery of health care to the local population

Work Ethic	Creative Industries and Craft Production	Community Development	Alternative Energy	Sport
▸ Institute regular public education programmes on the work ethic through use of the mass media ▸ Adopt tripartite approach to the work ethic and productivity	▸ Update cultural policy and legislation with due regard to WTO ▸ Assist NGOs e.g PACE, in development of creative sector ▸ Provide assistance in conceptualisation, branding, design, pricing and packaging of indigenous craft ▸ Upgrade product range and authenticity of crafts	▸ Strengthen community structures ▸ Intensify social extension programmes ▸ Improve personal security and reduce crime and violence	▸ Increase solar and wind energy penetration, and explore geothermal energy possibilities ▸ Explore possibilities for carbon trading under the CDM	▸ Raise Profile of Sport ▸ Provide facilities in all communities for sport and recreation for all ages

CHAPTER FOUR:
MODELING THE MACROECONOMIC DYNAMICS OF SAINT LUCIA

4.1 Econometric Description of Saint Lucia's Macro-economy

This section describes the key components of a working model of Saint Lucia's economy, with selected solution sets in Appendix 1, and provides an exposition on critical parameters and variables of relevance to the plan. The model links the Saint Lucian economy to the rest of the world through three key exogenous variables: external demand (captured by the Tourism sector), international banana prices and internal demand (captured by import value). The model is composed of seven solution blocks: the Government Sector, the Monetary Sector, Price Determination, Balance of Payments, Consumption, Labour Market and Wage Determination and National Income.

Data deficiency is a major challenge in the estimation of this model. The size of the data sets is not consistent across the variables and some sets are not of the appropriate minimum size for regression (30 observations). In order to maximize the number of data observations used for each equation, different equations are estimated using data sets of differing lengths. Therefore, the full system of equations cannot be solved simultaneously, and each sector is analysed individually.

4.2 Government Sector

The Government Sector is determined by the government budget, represented as the difference between total revenue and total expenditure. These variables are defined by the following identities:

$$GOV_REV_TOTAL_t = GOV_REV_TAX_INC_t + GOV_REV_TAX_PROF_t + GOV_REV_TAX_TRADE_IMP_t + GOV_REV_TAX_PROP_t + GOV_GRANTS_TOTAL_t + GOV_REV_OTHER_t \quad \text{Id 1}$$

$$GOV_EXP_TOTAL_t = GOV_EXP_CUR_t + GOV_EXP_CAP_t \quad \text{Id 2}$$

$$GOV_BUD_t = GOVT_REV_TOTAL_t - GOVT_EXP_TOTAL_t \quad \text{Id 3}$$

where:

GOV_REV_TOTAL	Total Government Revenue
GOV_REV_TAX_INC	Taxes on Personal Income
GOV_REV_TAX_PROF	Taxes on Company Profits
GOV_REV_TAX_TRADE_IMP	Import Duties
GOV_REV_TAX_PROP	Taxes on Property
GOV_GRANTS_TOTAL	Total Grants
GOV_EXP_TOTAL	Total Government Expenditure
GOV_REV_OTHER	Other Government Revenue
GOV_EXP_CUR	Government Current Expenditure
GOV_EXP_CAP	Government Capital Expenditure
GOV_BUD	Government Budget

4.2.1 TOTAL REVENUE

The following system of equations decomposes Total Revenue into its respective components:

$GOVT_REV_TAX_INC_t = \beta_0 + \beta_1 GDP_N_t + \beta_1$ Eq 1

$GOVT_REV_TAX_PROF_t = \beta_0 + \beta_1 Q_N_BANKS_INSURANCE_12 + \beta_{22} EXP_BAN_V_t + \beta_{23} Q_N_ELEC_WATER_6_t + \beta_2$ Eq 2

$GOVT_REV_TAX_TRADE_IMP_t = \beta_0 + \beta_1 IMP_t + \beta_3$ Eq 3

$GOVT_REV_TAX_PROP_t = \beta_0 + \beta_1 Q_N_HOTEL_REST_9_t + \beta_4$ Eq 4

$GOVT_REV_OTHER_t = \beta_0 + \beta_1 GDP_N_t + \beta_5$ Eq 5

$GOV_GRANTS_TOTAL_t = \beta_0 + \beta_n GOV_EXP_CAP_t + \beta_6$ Eq 6

where:

GDP_N	Gross Domestic Product - Nominal
Q_N_BANKS_INSURANCE_12	Output - Banks & Insurance - Nominal
EXP_BAN_V	Banana Exports - Value
Q_N_ELEC_WATER	Output - Electricity & Water - Nominal
IMP	Import Value
Q_N_HOTEL_REST_9	Output - Hotels & Restaurants - Nominal

In Eq 1, it is expected that Revenue from Income Tax will increase with a rise in the level of Nominal GDP ($\beta_{\square 1}>0$). Eq 2 assumes that Taxes on Profits are positively influenced by increased productive activity in the banking, insurance, banana, electricity and water sectors ($\beta_{\square 1}$, $\beta_{\square\square}$, $\beta_{\square\square}$ >0). Taxes on imports (Eq 3) are assumed to be positively determined by the value of imports ($\beta_{\square 1}>0$)[15]. The level of property tax equation (Eq 4) is assumed to depend directly on income taxes on hotels and restaurants ($\beta_{\square 1}>0$). Government revenue from other sources (Eq 5) is expected to bear a positive relationship to nominal GDP ($\beta_{\square 1}>0$). Total government grants (Eq 6) are assumed to reflect government capital expenditure ($\beta_{\square 1}>0$).

4.2.2 TOTAL EXPENDITURE

The components of Total Expenditure are specified as follows:

$GOV_EXP_CUR_t = \beta_{70} + \beta_1 DEBT_TOT_{t-1} + \beta_2 GOVT_REV_TOTAL_t + \beta_7$ Eq 7

$GOV_EXP_CAP_t = \beta_{80} + \beta_1 IMP_AID_N_t + \beta_2 DEBT_TOT_t + \beta_3 ELECT_YEAR_t + \beta_8$ Eq 8

where:

DEBT_TOT	Total Debt
IMP_AID_N	Implicit Aid - Nominal
ELECT_YEAR	Election Year Dummy (1 = yes, 0 = no)

[15] There are two limitations of this specification: (1) There is not sufficient data to reflect the disaggregation of imports into goods and services and capital imports for the entire data set. (2) The number of tax concessions offered on imported goods can possibly render the import variable redundant.

Current expenditure (Eq 7) is assumed to depend on past values of external debt ($\beta_{71}>0$) and government revenue ($\beta_{72}>0$). Capital expenditure (Eq 8) is specified to increase with nominal implicit aid ($\beta_{81}>0$), total debt ($\beta_{82}>0$) and in election years ($\beta_{83}>0$). Total government expenditure is given as the sum of Current and Capital Expenditure (Id 2).

4.3 The Monetary Sector

The monetary sector is defined as follows:

$MON_BASE_t = NFA_CB_RESERVES + NDA_CB_CRED$ Id 4

$M1_t = \beta_{90} + \beta_{91} MON_BASE_t + \beta_9$ Eq 9

$NFA_CB_RESERVES_t = \beta_{100} + \beta_{101} CAB_t + \beta_{102} NFA_CB_RESERVES_{t-1} + \beta_{10}$ Eq 10

$NDA_CB_CRED = \beta_{110} + \beta_{111} GOV_BUD_t + \beta_{112} NDA_CB_CRED_{t-1} + \beta_{11}$ Eq 11

where:

MON_BASE	Monetary Base
NFA_CB_RESERVES	ECCB Imputed Reserves (proxy for Net Domestic Assets)
NDA_CB_CRED	ECCB Credit (proxy for Net Domestic Assets
M1	Money Supply (Narrow Money - M1)
CAB	Current Account Balance

Since foreign exchange reserves are thought to be an important variable undergirding Saint Lucia's systemic health, a solution set for the monetary sector is developed. The supply of Narrow Money (Eq 9) is assumed to be determined by the monetary base ($\beta_{91}>0$), which is an identity (Id 4) defined as the sum of net foreign assets of the ECCB and net domestic assets of the ECCB[16]. Net foreign assets (Eq 10) are determined exogenously by the current account balance ($\beta_{101}>0$) and net foreign assets from the previous period ($\beta_{102}>0$). Net domestic assets (Eq 11) are determined by the current government budget ($\beta_{111}>0$) and net domestic assets from the previous period ($\beta_{102}>0$).

4.4 Price Determination

Inflation dynamics are assumed to be governed by a standard equation that links the current money supply to nominal GDP and the current wage rate. Since there is no wage index, the last variable cannot be used in its current form. Since there is no official policy on inflation targeting, a comfort zone of 3-5 percent can be assumed based on 20 year inflation trends.

$INFLATION_END_t = \beta_{120} + \beta_{121} M1_t + \beta_{122} GDP_N_t + \beta_{12}$ Eq 12

where:

INFLATION_END	Inflation Rate (end of period %)

[16] Both net foreign assets and net domestic assets contain elements of autocorrelation. Correction for autocorrelation will be carried out in further diagnostic adjustment of the model.

Inflation is assumed to depend directly on the money supply and the level of economic productive activity[17]. Alternatively, a second, more detailed specification of the inflation dynamics relevant to Saint Lucia can be specified, by enhancing the inflation identity with the inclusion of lagged inflation, capturing the forward feed effect of indexing prices to past inflation and the feed backwards effect of inflation expectation. The effect of wages on general price levels is also imputed in this equation. There may also be some accounting for pass-through of inflation to Saint Lucia from the international commodity markets by including an equation on import prices.

$$\rho_t = \beta_{90} + \beta_{91} M1_t + \beta_{92} GDP_t + \beta_{93} WAGE_t + \beta_{94} P_M + \rho_{t-1} + \varepsilon_9$$

where:

ρ_t = *Inflation*
ρ_{t-1} = *Inflation one year prior to date*
Wage = the wage price index
P_M = Import Price Index

4.5 Balance of Payments

EXP_TOT_t	=	$EXP_BAN_V_t + EXP_OTH_V_t$	Id 5
CAB_t	=	$EXP_TOT_t - IMP_t$	Id 6
$CHANGE_RESERVES_t$	=	$CAB_t + KAB_t$	Id 7
$EXP_BAN_V_t$	=	$\beta_{130} + \beta_{131} GDP_US_t + \beta_{132} INT_BAN_PRICE_t + \beta_{13}$	Eq 13
$EXP_OTH_V_t$	=	$\beta_{140} + \beta_{141} GDP_US_t + \beta_{14}$	Eq 14
IMP_t	=	$\beta_{150} + \beta_{151} Q_N_GNDI_t + \beta_{15}$	Eq 15

where:

EXP_TOT	Export Value
EXP_BAN_V	Banana Exports - Value
EXP_OTH_V	Other Exports
CHANGE_RESERVES	Change in Holdings of Foreign Exchange Reserves
KAB	Capital Account Balance
GDP_US	US Gross Domestic Product
Q_N_GNDI	Gross National Disposable Income - Nominal

In this system, banana exports (Eq 13) are assumed to be exogenously determined by US GDP levels indicating world demand ($\beta_{131}>0$) and international banana prices reflecting an incentive

[17] The inflation identity can be enhanced by the inclusion of lagged inflation, capturing the forward feed effect of indexing prices to past inflation and the feed backward effect of inflation expectation. There may also be some accounting for pass-through of inflation to Saint Lucia from the international commodity markets by including an equation on import prices.

to export (β_{132}>0). Other exports (Eq 14) are also assumed to depend directly on US GDP (β_{141}>0). Total exports are given by the identity (Id 5) summing banana exports and other exports.

Imports (Eq 15) are expected to bear a positive relationship to gross national disposable income (β_{151}>0). The current account balance (Id 6) is computed as the difference between total exports and imports. The change in reserves is the sum of the Current Account and Capital Account balances (Id 7).

4.6 Consumption

Total consumption is modelled as a one-equation system determined by gross national disposable income.

$$Q_N_TOTAL_C_t = \beta_{160} + \beta_{161}\, Q_N_GNDI_t + \beta_{16} \qquad \text{Eq 16}$$

where:

Q_N_TOTAL_C	Total Consumption - Nominal

4.7 Labour Market

The labour market is described by the following system:

$$UNR_t = (LF_t - LF_EMP_t) / LF_t * 100 \qquad \text{Id 8}$$

$$\Delta LF_t = \beta_{170} + \beta_{171}\, \Delta EXP_BAN_V_t + \beta_{172}\, \Delta TOURIST_ARR_t + \beta_{17} \qquad \text{Eq 17}$$

where:

UNR	Unemployment Rate
LF	Labour Force
LF_EMP	Employed Labour Force
TOURIST_ARR	Total Visitor Arrivals

Changes in the labour force are assumed to reflect activity in the banana export and tourism sectors. The decision to enter/ stay/ exit the labour force (Eq 17) is expected to depend in large part on improvements or declines in the performance of these two major foreign exchange earning sectors (β_{171}, β_{172} >0)[18]. The unemployment rate is defined as the ratio of the unemployed labour force to the total labour force (Id 8)[19].

[18] Another factor that could not be precisely modelled was the impact of government employment expansion programmes.
[19] The unemployment rate is also implicitly affected by the limited absorptive capacity of the labour force for school leavers as well as a lack of incentives for the working-age youthful population to enter the labour force.

4.8 National Income

National Disposable Income is specified as an identity summing GDP and Net Income from Abroad and deducting Taxes (Id 10). GDP is defined from the expenditure perspective as the sum of consumption, investment, government expenditure and net exports (Id 9).

$GDP_N_t = Q_N_TOTAL_C_t + Q_N_GCF_t + GOV_EXP_TOTAL_t + CAB_t$ Id 9

$Q_N_GNDI_t = GDP_N_t + Q_N_NIA_t - GOVT_REV_TAX_t$ Id 10

where:

Q_N_TOTAL_C	Total Consumption - Nominal
Q_N_GCF	Gross Capital Formation - Nominal
Q_N_NIA	Net Income from Abroad – Nominal

4.9 Assumptions of the Model

Based on the relationships described in the model, a set of targets is established for achieving a sustainable growth path. An annual growth rate of 5 percent is achievable by 2013, based on the success of the following policy directives:

7) Continued investments to the sectors currently leading growth - tourism and the non-banana sector, with an increased thrust toward diversification in both sectors

8) Strengthening of investments directed toward entrepreneurship in the non-banana sector, with the objective of achieving a higher contribution of that sector to exports

9) Re-positioning of extra-regional and intra-regional exports as greater contributors to GDP

10) More emphasis on developing human capital, whether future entrants into the labour market or incumbent labour market participants.

4.9.1 GDP GROWTH ASSUMPTIONS:

- The target growth rate to be achieved by 2013 is 5 percent per annum.
- The tourism and non-banana agriculture sectors are projected to lead this growth.
- Exports will play a more significant role as a share contributor to GDP by 2015.
- The share of taxes should rise by about 2 percent or more of GDP, with the government playing a greater role as an investor. Debt will inevitably increase in the interim. However, the objective is to reduce the debt to GDP ratio to 65 percent by 2015.
- The Labour force is assumed to experience an annual growth rate of 1.5 percent.

4.10 Relationships among Sectors

The model will also include a GDP component which simulates the current functioning of the productive sectors and sets the growth parameters which would be appropriate to reach an overall annual rate of GDP growth of 5 percent. Specifically, the sectors that are being tested are

Agriculture, Construction, Manufacturing, Banking and Insurance, The Tourism Sector (using proxies such as the Hotels and Restaurant sector and the Real Estate sector), Wholesale and Retail, Government and Other Services.

The correlation matrix chronicles the linear relationships between the model variables (See Table 4. 1). Agriculture as a sector stood out as having the least positive correlation overall to the other sectors, and more importantly to the GDP. The strong negative interrelationship between Agriculture and the Hotel and Restaurant sector may be indicative of the low local content of the food used in the Tourism sector. However, its negative correlation is even stronger with other sectors such as Government Services and Other Services. One possible explanation for this finding may be competition for labour among these sectors, and the progressive crowding out of Agriculture due to frictions in the sector. Overall, Agriculture is negatively correlated with GDP and it is the only sector to demonstrate this trait.

On the other hand, there are relatively moderate and strong positive correlations among the other sectors. The Banking and Insurance sector has a strong positive correlation with Manufacturing and Wholesale and Retail sector, indicating that growth in domestic credit plays a significant role in growth in the distribution and production sectors. Conversely, low credit availability to operators in the Agricultural sector may be one deduction that can be drawn from the inverse correlation between Banking and Insurance and Agriculture. Banking and Insurance also seems to have an almost perfectly positive correlation with Real Estate and Housing[20].

From the correlations matrix, it can already be seen that Hotel and Restaurants sector is strongly correlated with all of the other sectors, except Agriculture, which is the only sector with which it is negatively correlated.

[20] The high correlations seen between variables in the matrix may be an early indication that multicollinearity could affect the results of a standard OLS regression. In a case like this, spurious results may arise, since two variables may be explaining the same components of variation within the dependent variables. Normally, to correct for multicollinearity, we might re-specify the regression by finding suitable justifications for dropping one or another variable, either based on the regression results, or based on theoretical assumptions, or both. Corrections for multicollinearity will be conducted in future iterations of the model.

TABLE 4.1: SECTORAL CORRELATIONS MATRIX

	AGRI	BANK_INS	CONSTRUC	HOT_REST	WHOLE_RET	MANUF	REAL_HOUSE	OTH_SERV	GOVT_SERV	GDP
AGRI	1.00	-0.50	-0.09	-0.39	0.07	0.02	-0.43	-0.29	-0.38	-0.24
BANK_INS	-0.50	1.00	0.68	0.94	0.75	0.81	0.97	0.90	0.98	0.92
CONSTRUC	-0.09	0.68	1.00	0.84	0.85	0.79	0.76	0.88	0.72	0.88
HOT_REST	-0.39	0.94	0.84	1.00	0.82	0.85	0.96	0.97	0.94	0.97
WHOLE_RET	0.07	0.75	0.85	0.82	1.00	0.93	0.82	0.85	0.80	0.91
MANUF	0.02	0.81	0.79	0.85	0.93	1.00	0.84	0.85	0.87	0.93
REAL_HOUSE	-0.43	0.97	0.76	0.96	0.82	0.84	1.00	0.95	0.97	0.96
OTH_SERV	-0.29	0.90	0.88	0.97	0.85	0.85	0.95	1.00	0.92	0.97
GOVT_SERV	-0.38	0.98	0.72	0.94	0.80	0.87	0.97	0.92	1.00	0.95
GDP	-0.24	0.92	0.88	0.97	0.91	0.93	0.96	0.97	0.95	1.00

4.11 Sectoral Performance and GDP Growth

A regression equation is specified to determine the current functioning of the main productive sectors in relation to the GDP at market prices. The aim is to make a preliminary identification of the main sectors driving economic growth. The estimated values are a good fit and reveal that most sectors, except Government Services and the Wholesale and Retail trade are significant in terms of influencing overall economic activity as measured by nominal GDP (see Table 4.2).

TABLE 4.2: REGRESSION RESULTS OF GDP EQUATION[21]

Dependent Variable: GDP_MKT_PRICE				
Method: Least Squares				
Date: 06/17/11 Time: 11:35				
Sample: 1978 2012				
Included observations: 35				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	35.10491	73.87027	0.475224	0.6386
AGRI	0.863689	0.458834	1.882354	0.0710
BANK_INS	1.378305	0.714613	1.928742	0.0647
CONSTRUC	3.340946	0.517099	6.460938	0.0000
GOVT_SERV	0.491246	1.107129	0.443712	0.6609
HOT_REST	1.474040	0.558461	2.639467	0.0138
MANUF	2.752578	1.270737	2.166127	0.0397
REAL_HOUSE	1.709963	0.694332	2.462745	0.0207
WHOLE_RET	0.667074	0.752890	0.886017	0.3837
R-squared	0.995067	Mean dependent var		1209.156
Adjusted R-squared	0.993550	S.D. dependent var		401.3003
S.E. of regression	32.23031	Akaike info criterion		10.00073
Sum squared resid	27008.62	Schwarz criterion		10.40067
Log likelihood	-166.0127	F-statistic		655.6187
Durbin-Watson stat	2.285076	Prob(F-statistic)		0.000000

However, the results change when the significant regressors are log-transformed and regressed on the GDP growth rate. Agriculture and Manufacturing are revealed not to be significant in terms of explaining variations in the annual GDP growth rate, but Real Estate and Housing and the Hotel and Restaurant Sector are quite convincing regressors. The coefficient signs on Real Estate and Housing, Hotels and Restaurants and Agriculture however, do not conform to the *a priori* expectation that they would be positive (e.g. the results suggest that a 1 percent increase in production the Real Estate and Housing sector can negatively impact GDP by an average of 3.72 percent, *ceteris paribus*). See Table 4.3.

[21] From the production perspective, GDP is typically specified as an identity. However, for the initial purposes of the model, a regression equation is estimated to gauge the significance of various sectors.

TABLE 4.3: ELASTICITIES OF GDP TO CHANGES IN SELECTED SECTORS

Dependent Variable: LOG_GDP_MKT_PRICE
Method: Least Squares
Date: 06/17/11 Time: 12:30
Sample: 1 38
Included observations: 38

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1311.368	147.2621	8.904995	0.0000
LOG_AGRI	1.666036	2.000075	0.832986	0.4117
LOG_CONSTRUC	-0.302749	2.721042	-0.111262	0.9122
LOG_BANK_INS	11.46044	2.203647	5.200669	0.0000
LOG_GOVT_SERV	-14.89054	2.595435	-5.737205	0.0000
LOG_HOT_REST	0.095314	2.933642	0.032490	0.9743
LOG_MANUF	2.568904	5.702372	0.450497	0.6557
LOG_OTH_SERV	25.95687	8.288387	3.131716	0.0039
LOG_REAL_HOUSE	-5.660381	3.058958	-1.850428	0.0745

R-squared	0.918356	Mean dependent var	1276.567
Adjusted R-squared	0.895833	S.D. dependent var	451.2496
S.E. of regression	145.6402	Akaike info criterion	13.00355
Sum squared resid	615120.8	Schwarz criterion	13.39140
Log likelihood	-238.0674	F-statistic	40.77500
Durbin-Watson stat	1.310796	Prob(F-statistic)	0.000000

4.12 Forecasting Outcomes - Measuring Magnitudes of Inputs and Outputs

The elasticities of GDP growth rate to changes in various sectors are also tested. Again, Agricultural production is not significant as an exogenous variable. Economic activity in Hotels and Restaurants and Manufacturing are also not significant according to this specification. However, some of the coefficients describing the impact on GDP demonstrate the following:

- *Ceteris paribus*, a 1 percent increase in agricultural production could increase GDP by approximately 1.7 percent, on average.
- *Ceteris paribus*, a 1 percent increase in activity in the manufacturing sector could increase GDP by approximately 2.6 percent, on average.
- *Ceteris paribus*, a 1 percent increase in activity in the financial services sector could increase GDP by approximately 1.4 percent, on average.

4.13 Conclusion

The results highlighted above are preliminary and indicate a need for more heuristic methods. However, once the necessary other relevant data are made avalable, the log regressions will be tremendously useful in calculating the estimated investment requirements needed to reach sectoral growth targets, which in turn will feed into overall annual GDP growth targets.

CHAPTER FIVE:
THE MACRO-ECONOMIC AND FISCAL SYSTEM

5.1 OVERALL STATEMENT

Economic volatility is an inherent feature in the operations of SIDS. Reliance on a narrow range of exports for foreign exchange earnings and for government revenue leaves them vulnerable to any change in the conditions for one of the export sectors. At the same time, economic transformation requires major investment in infrastructure complementary to private investment.

Environmental threats and actual disaster impose major costs, in the first to reduce vulnerability, and in the second, to restore vital infrastructure. The revenue base for dealing with all of this might be limited if the economy is not growing very quickly. Loans have to be contracted to expand infrastructure, but the inherent volatility can lead to short-falls in revenue and thus in debt service. The degrees of freedom of a Government can be severely constrained. Saint Lucia has had such conditions as its underlying reality for more than a decade.

5.2 Goal 1: A sustainable growth path and improved levels of living, supported by a stable macro-economic environment

A major target of the plan is to achieve a rate of growth of ***five percent or more*** in the medium term, at the same time reducing negative impacts of the restructuring of the economy, and gradually reducing the level of debt and in provision for debt service, in line with the Eight Point Plan of the ECCU. However, this has to be set against the backdrop of the major reconstruction now required in the aftermath of the devastation caused by Hurricane Tomas.

Other key assumptions around the projections are as follows:

- The debt to GDP ratio can be reduced to 65 percent by 2015;
- The share of taxes in GDP will rise by between 2 and 5 percent, thus increasing revenues, quite apart from the level of foreign aid and assistance that might be secured in the medium term;
- The share of Exports as a percentage of GDP will increase by 5 percent, and will be distributed across a range of sectors, with rapidly rising shares in total output, namely in Other Agriculture, Manufacturing (Agro-processing), and other Services, beyond Hotels and Restaurants;
- A labour force growth rate of 1.5 percent per annum will keep the labour force growing, as a result of demographic changes and higher participation rates; and
- Unemployment can be reduced to twelve percent of the labour force by 2015. (See figure 5.1)

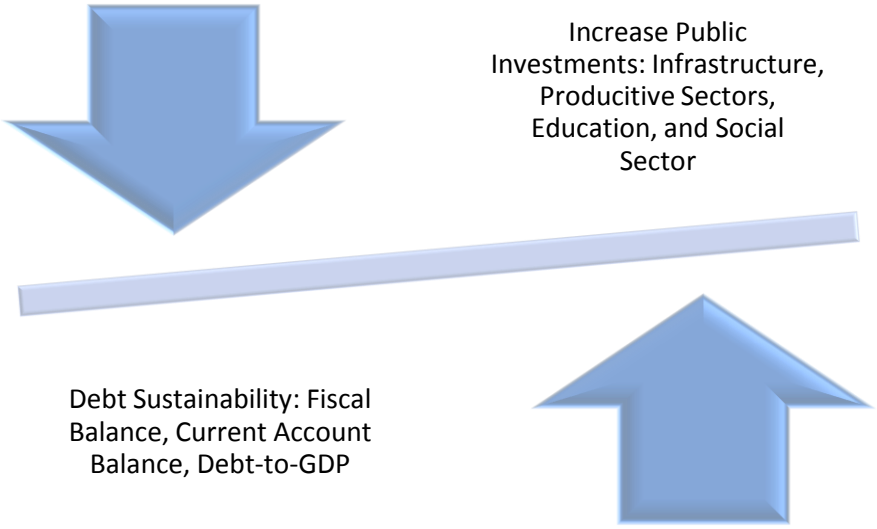

FIGURE 5.1: BASIC MEDIUM TERM DEVELOPMENT CHALLENGE OF SAINT LUCIA

5.3 Context- Achieving the Macro-Prudential Goals

The economy of Saint Lucia remains small but has achieved some limited degree of diversification compared to where it was in the 1960s and 1970s, in the decades before political independence. While bananas remained an important industry in the last decades of the 20th century, tourism and, to a much lower extent, light manufacturing developed an important presence in the production system and in exports. In the 1990s, the banana industry faced a new regime for imports into Europe as the continent deepened its integration and then as WTO rules required it to reduce protection of imports from Saint Lucia and the Windward Islands. Since then, tourism has become the most significant sector in the economy.

The most recent estimates show that the economy was growing at over four percent in 2010, the recovery in tourism being one of the factors responsible, and this in spite of the continuing decline in banana agriculture. It is a moot point whether this rate of growth has been sustained into 2011, following the devastation caused by Hurricane Tomas and the continuing fallout in the banana industry. Europe which is an important source market in the second quarter of 2011, faces continuing debt problems albeit in some of the smaller economies – in the PIGS – Portugal, Ireland, Greece and Spain. Moreover, while the economy of the United States is in recovery mode, the pace is still slow. This does not bode well for a rapid revival of the macro-economy of Saint Lucia.

During the process of consultation, the strengths, weaknesses and factors affecting country risk were examined. Discussions focused on the development of frameworks that will ensure fiscal and debt sustainability. The reduction of vulnerability and the improvement in risk management have come to be viewed as preeminent objectives following a spate of negative economic and environmental shocks. The Government has reaffirmed its commitment to the goal of placing Saint Lucia on a sustainable growth path in its recent policy statements, in the presentation of the Budget 2011-2012. However, current measures may be inadequate to meet this goal in the medium term, in the absence of external support. At best, the economy of Saint Lucia might achieve a rate of growth of five percent by 2013 and maintain this for the rest of the medium term, surely until 2015. In the last quarter of 2011, this seems to be an optimistic forecast.

The success of the Medium Term Development Strategy will depend on the implementation of comprehensive development and transformation process, based on a number of reforms to stabilize and strengthen the macro-economy. Given Saint Lucia's current macroeconomic context, there is need for sustained investment spending over an extended period, to support growth and to provide capital goods and basic services necessary for physical and human development. However, Saint Lucia faces the dilemma of having to incur sizable fiscal expenditure to improve and expand its infrastructure to mitigate its high natural vulnerability and, at the same time, to arrive at a platform of debt sustainability.

The current outlook on the risk factors confronting the Saint Lucian economy is sombre. In respect of the risk of exogenous shock factors, the inchoate price spirals in global food and energy commodity markets will continue to be significant limiting parameters of growth in 2011. Internally, the fiscal burden of reconciling post-Tomas recovery efforts with other capital and social projects, in addition to the economy's large rollover needs will also present major constraints in the execution of this Medium Term Development Strategy. The expansionary fiscal policy of 2010 will have to be maintained in 2011 to support major reconstruction and recovery projects. Fiscal expansion will inevitably increase public debt, as gross financing needs will grow as a percentage of GDP, at least in the short-term.

Current debt to GDP is estimated to be 64.8 percent which is closer to the ECCB target of 60 percent than a year prior. However, current commitments and the possibility of having to borrow at higher interest rates, lend further credence to IMF's recent projections that public debt could increase to 88 percent of GDP by 2020. It is assumed however, that in spite of the immediate increase in the level of debt required in the post Tomas reconstruction, the expansion of the economy would lead to revenue increases allowing for debt sustainability.

5.4 Assessment, challenges and key indicators

Box 5.0 outlines the major strengths, weaknesses, opportunities and threats of the marco-economy gleaned from the stakeholder consultations that were held in 2010. While some of the issues raised in that activity cannot be targeted under this chapter's overall macroeconomic strategy, their importance as variables affecting the overall outlook of the economy was appropriately registered here.

Box 5.1: Summary SWOT

Strengths	Weaknesses
• Stable Currency Relatively • Low Inflation • Good infrastructure • Favourable investment climate	• High unemployment • High relative cost of labour • Poor Productivity • High BOP deficit • Complicated Tax system, which is a disincentive to investors • Narrow range of dominant sector • Overdependence on developed economies • Lack of cohesive linkages between the sectors • Smallness and diseconomies of small scale
Opportunities	**Threats**
• Possibility to promote sport tourism • Diversification into other crops, e.g. Root crops, cut flowers, pineapple, papaya, and herbs for traditional medicines • Possibility of new innovation through the use of ICT and new technological platforms • Health and Education tourism • Proximity to large regional export markets • Opportunities to access the EU market via the EPA	• High intraregional transit costs • High energy costs • Lack of competitiveness in Regional Trade • Exposure to external shocks for global economic dynamics • Vulnerability to Natural Disasters • Geographic location and the allure of the underground economy for disenfranchised youth • Small and inefficient production systems

5.4.1 THE FISCAL SYSTEM

In going forward, the medium term strategy will have to include a strong focus on building fiscal space through a number of broad based expenditure and taxation reforms and a comprehensive debt sustainability strategy. This is paramount for Saint Lucia, because its vulnerability as a SIDS is more likely precipitated by exogenous shocks than endogenous ones. Building fiscal space will enable the economy to absorb and adapt to shocks (e.g. the ravages of natural disasters, and global or regional financial sector spill-overs). The strategy of building fiscal space is broadly in line with the goal of achieving a sustainable growth path, as it ensures that current investment and recurrent needs are adequately met without jeopardizing the same for future generations. Debt sustainability will be achieved through more efficacious tax administration and revenue management. Some measures that can be implemented to increase fiscal space are:

1) Broadening the Tax Base and Improving compliance without increasing the Tax Burden on the lower income groups
2) Rationalising Expenditure by monitoring allocations and performance
3) Strengthening Capital Budgeting and Asset Management
4) Managing Deficit Financing with a sound Financing Programme

Saint Lucia's fiscal space challenge is illustrated in Figure 5.2.

EXPAND FISCAL SPACE TO ACCOMMODATE CURRENT GOALS WHILE USING EXCESS SPACE MORE EFFICIENTLY

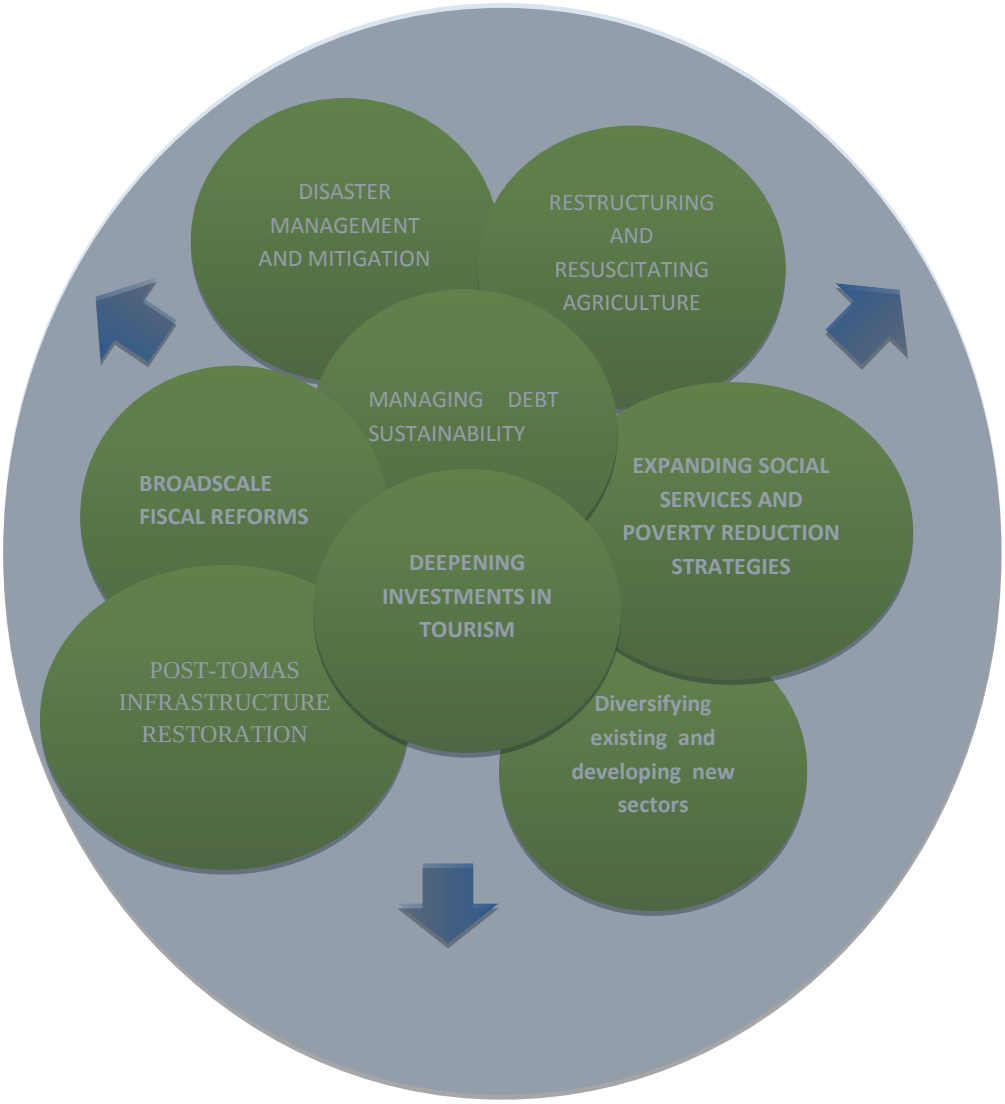

FIGURE 5.2: CURRENT FISCAL SPACE CHALLENGE OF SAINT LUCIA

5.4.2 BROADENING THE TAX BASE WITH NEUTRALITY ON THE POOR

As the gross expenditure requirements of Saint Lucia expand, so too will its fiscal space need to expand in the long term to accommodate sustainable development. However, the medium term fiscal expansion strategy should include measures to improve the efficiency of revenue collection and expenditure control.

In keeping with the Eight Point Plan of the ECCU, there is need to introduce the Value Added Tax (VAT), in part to rationalise on a range of indirect taxes, that now apply, and to reduce the reliance on import duties, but also to introduce tax measures that are more elastic with respect

to growth in the economy. The experience in the OECS countries and in the wider region, where the VAT has been introduced, is that the tax has contributed substantially to revenues of the Government, and in spite of its regressive features, in so far as more resources are made available to address poverty reduction by targeting the poor with transfers and social investment, the final effect of the tax might well lead to improved equity.

Firstly, the better off whose consumption is less able to escape the tax authorities than their income sources, fall within the net and therefore contribute to taxes in ways in which they might not have through formally progressive income taxes. Secondly, it is possible to mitigate the impact of the tax on lower income groups by exempting from VAT those items that figure more prominently in the basket of the poor than of the better-off in society. The introduction of the VAT is likely to escape inter-party partisan politics since the country is likely to abide by the recommendations proposed for the ECCU by the Commission on Tax and Tax Administration Reform in member states.

Another argument in favour of the VAT is that it can be accompanied by a reduction in high rates of marginal taxes on income, and can allow for broadening the tax base, and even to a gradual reduction in the average tax burden. To reduce the risk of volatility in collections, there will be need for targeting to ensure that VAT yields rise with GDP growth and the composition of collections reflects the performance of tax bases.

Because of the large demands made on Government in the short to medium term, with regard to the expansion and upgrade of the infrastructure, physical and social, and the difficulties in securing concessional financing, the expansion of the fiscal space allowing for discretionary investment by the Government, may have to come initially from a larger share of government revenue in GDP for awhile. Moreover, the rating of the country is likely to be determined mainly by its capacity to manage debt and to bring down the ratio of debt to GDP. Indeed, the raising of revenue to cover debt is seen as a critical feature in the management of the macro-economy.

5.4.3 PERFORMANCE MONITORING AND OUTPUT BASED BUDGETING

The report of ECORY Nederland BV to the European Commission on Public Finance Management Performance in Saint Lucia in 2009, assessed the performance of the Government of Saint Lucia on the credibility of the budget, its comprehensiveness and transparency, level of policy based budgeting, predictability and control in budgeting execution, accounting recording and reporting and external scrutiny and oversight. The Report notes that while GOSL scores well on credibility, this is substantially better for recurrent expenditure than for funded capital expenditure.

Indeed, there is frequent under-spending of capital expenditure out turns compared to budgetary estimates. There was also room for improvement with regard to transparency, with significant expenditures and revenues not captured by the budget documents. In respect of policy based budgeting, where multi-annual budget preparation is often necessary there was also room for improvement. The budgeting process remains primarily annual. The preparation of the MTDSP and a PSIP is expected to eliminate this deficiency.

In 2010, the IMF reported that Saint Lucia's gross financing needs were less than 10 percent of GDP. Since then, this may have increased considerably as post-Tomas recovery efforts began in 2011. Saint Lucia's access to regional financing is relatively good; however, a system of prioritization of expenditure is needed to minimize the impact of rising debt as more borrowing will be necessary in the medium term.

TABLE 5.1: TOTAL FINANCING AVAILABLE TO SAINT LUCIA, FY 2011-2012

	Allocation
Total	1,337,807,300
Recurrent Revenue	895,382,000
Capital Revenue	442,425,300
ODA- grants from friendly Governments	112,038,338
New Bond Funding	205,112,667
Loans	117,202,733
of which:	
CDB	73,800,000
World Bank	17,200,000
IMF	11,800,000
Kuwait Fund for Arab Economic Development	14,500,000
Total Financing Available for FY2011-2012	1,889,461,038

The government has affirmed its commitment to enhancing the protection of the most vulnerable groups with a number of social safety nets, aimed at achieving the Millennium Development Goals. In fiscal year 2011-2012, Saint Lucia's recurrent revenue allocation will constitute 67 percent of its total budget and 50 percent of GDP. Its capital expenditure needs will be supplemented by loans from multilateral organisations and from official development aid (Table 5.1). New bond financing and increased loan repayments will augment Saint Lucia's overall debt in the medium term. The Government is a huge player in the economy in terms of both recurrent and capital expenditure. Efficiency on both counts is vital let alone in the programming of asset management in respect of the physical infrastructure in the vulnerable environment of Saint Lucia.

5.4.3.1 Financial Sector

The global economic crisis of 2008/09 impacted not only on the foreign exchange earning capacity of the Caribbean economies. In short order, their financial sector found itself reeling with problems of capital inadequacy. Moreover, weakness in the regulatory system and/or the flouting of rules created exposure and failure in the CL Finance Group in Trinidad and Tobago

and in the subsidiary companies operating in the region and the Stanford Bank in Antigua and Barbuda proved to be a shaky pyramid that quickly crumbled once depositors panicked over the safety of their savings.

The ECCU has pushed for integrated supervision to ensure that non-bank financial institutions are better regulated and for the amalgamation of indigenous banks to shore up their capital base and to improve economies of scale and scope. Moreover, the insurance sector is being brought under closer supervision as well, with efforts at rationalisation in their number. In respect of the vital credit union movement which has been able to mobilise substantial funds among small savers, the real test is to introduce better regulation without destroying these institutions, given that they may be a ready source for investments in SMEs, which have been avoided by and large by the traditional banking institutions with the result that their presence has done little to change the Sociology of finance and entrepreneurship. However, orderliness in the operation of the Financial Services Sector is a sine qua non of stability and thus, of macro-economic stability.

5.4.3.2 Labour and Employment

The size of the labour force is ultimately determined by underlying demographic factors and participation rates in the country. The recent census of the population has established that the rate of growth in the population has fallen relative to the growth rate between 1991 and 2001. Thus, population estimates made for the period since 2001 that were based on projections of the earlier rate of growth have exceeded the actual census result. The census reflects a rapid decline in the birth leading to a reduction in the number and the percentage of the population in the age cohorts under 15 years of age. The shape of the population pyramid has quickly taken on an egg shape as the base shrinks.

However, in spite of the possibility of net migration, thus of a decline in the population of working age, labour force participation rates have been rising, in the main because of an increase in the participation rates of women. Universal access to primary and more recently, to secondary education, have been fully availed of, by girls, more so than by boys. Although there is segmentation of the labour markets and continuing barriers to some occupations and sectors for women, participation in the labour market has been the predominant social trend.

The removal of these barriers and the commitment of the Government to the observance of international conventions on the rights of women will result in a continuing growth in participation of women in the labour market. Their dominance in educational performance in secondary level education is being extended to the tertiary level. The probability of non-participation and withdrawal from the labour market falls, the higher the level of education of a woman. Thus, although the rate of growth in the population is likely to continue to slow in the medium term, the rate of labour force is likely to continue to grow over the period.

The country has suffered high levels of unemployment in the more recent past. Most recent estimates suggest that over 20 percent of the labour force has been unemployed. This high rate is likely to have an impact through discouraging participation. Discouraged worker effect serve to reduce participation in some sections of the labour market, especially among secondary workers, or those who are not seen as the primary earners in households.

There is also the phenomenon of the additional worker effect that can be counter to the business cycle as households seek to maintain income levels by encouraging participation of secondary members when conditions become more difficult. Children may have to engage in labour market activity, as well as mothers who might have preferred to stay at home to tend to younger children. At the other end of the spectrum, there might be additional worker effects if an increase in the availability of employment encourages those who might otherwise remained outside the labour market, to join as a result of the fall in the opportunity cost of leisure with employment becoming more readily available.

For present purposes, we can project that the labour force will increase by a rate of up to 1.5 percent per annum over the short to medium term. This is reflected in Table 5.2. A major goal is to reduce unemployment from its present high level of over 20 percent to 12 percent or less by 2015, in the midst of an increase in the labour force over the period. However, employment creation in a market-oriented system is determined by derived demand for labour, and thus, by the level of expansion and the capital labour ratio in the economy. High growth is likely to be more conducive to employment creation. (See Table 5.2)

TABLE 5.2: POPULATION AND LABOUR FORCE

	2007				2008				2009			
	Jan- Mar	Apr - Jun	July-Sept	Oct-Dec	Jan- Mar	Apr - Jun	July-Sept	Oct-Dec	Jan- Mar	Apr - Jun	July-Sept	Oct-Dec
Estimated Population	168,700	168,740	168,770	168,830	170,090	172,010	172,020	172,490	173,210	173,120	173,410	173,490
Population 15 years and over	124,440	124,530	124,210	128,200	134,050	130,980	131,000	132,150	134,590	135,400	138,690	137,170
Labour Force	82,220	81,740	81,770	85,260	87,240	83,870	88,620	86,400	86,860	91,970	89,790	90,060
Employed Labour Force	71,030	70,520	70,400	72,780	74,500	71,800	73,630	71,900	71,730	75,410	74,910	71,650
Persons who want work												
(I) The Unemployed	11,190	11,220	11,370	12,480	12,740	12,070	14,990	14,500	15,130	16,560	14,870	18,450
(ii) Non-Seekers	6,590	5,420	5,530	4,680	3,800	3,900	4,430	5,400	5,770	4,970	5,910	5,200
Unemployment Rate %	13.6%	13.7%	13.9%	14.6%	14.6%	14.4%	16.9%	16.8%	17.4%	18.0%	16.6%	20.5%
Relaxed Unemployment Rate %	21.6%	20.4%	20.7%	20.1%	19.0%	19.0%	21.9%	23.0%	24.1%	23.4%	23.1%	26.3%
Non-Job Seeking Rate %	8.0%	6.6%	6.8%	5.5%	4.4%	4.7%	5.0%	6.3%	6.6%	5.4%	6.6%	5.8%
Population under 15 years (%)	26.2%	26.2%	26.4%	24.1%	21.2%	23.9%	23.8%	23.4%	22.3%	21.8%	20.0%	21.0%
Labour Force as a Percentage of Total												
Population	48.7%	48.4%	48.5%	50.5%	51.3%	48.8%	51.5%	50.1%	50.1%	53.1%	51.8%	51.9%
Labour Force as a Percentage of												
Population 15 years and over OR												
Labour Force Participation Rate	73.8%	73.8%	73.6%	75.9%	78.8%	76.1%	76.2%	76.6%	77.7%	78.2%	80.0%	79.1%

CHAPTER SIX:
KEY PRODUCTIVE SECTORS

6.1 OVERALL STATEMENT

Growth and transformation are premised on the presence of sectors that create a dynamic in the domestic economy, on both the tradable and non-tradable sides. Saint Lucia as a SIDS needs to have a few such sectors especially among its export-oriented industry. Given the decline that has taken place in recent years in its export sector, the task in the short to medium term, is to build new export industries that are able to hold their own in the international market place. This means in effect, the emergence or birth of new industry that has to be born competitive, or the revamping and restructuring of existing sectors such that they can rise to the challenge in the more competitive dispensation of the world economy. It means also that efficiency in the non-tradable sector – Construction, Domestic Distribution and Commerce, Transport, and the Utilities – is also improved: much of it complements the export sector. This Section focuses on the tradable sectors mainly, however, given their critical role in the development of the country.

6.2 Goal

In order to achieve the Vision, we shall pursue policies and employ strategies to:

- Increase productivity across the entire economy;
- Expand the productive base of the society with special reference to private sector development and diversification.

In respect of the productive sectors, the primary goal is to enhance the performance of the tradable and non-tradable sectors and to ensure in respect of the former, substantial diversification within existing sectors, and into new sectors. In the case of tourism, eco-tourism, health tourism, entertainment and community tourism will serve as the platform for rebranding and marketing Saint Lucia in international tourism.

Agriculture in Saint Lucia developed a monocultural bias towards banana in the hey-day of period when it was seen as green gold. Diversification has been a challenge. However, even with the loss in competitiveness in Europe for its bananas, the country has a future in agriculture and in down-stream agri-business activities, especially in the light of the growing concern for food security in the midst of the upward thrust of world food prices: Lester Brown's prognostications of an impending food crisis cannot be dismissed lightly.[22] A revitalised agriculture, more diversified and better organised, and supported with technology, and with research and development, can satisfy domestic demand and as well provide for new exports in

[22] Lester Brown, 2011. The geo-politics of Food. Foreign Policy; Bulletin May/June, 2011. Website source: http://www.foreignpolicy.com/articles/2011/04/25/the_new_geopolitics_of_food?page=full

regional and extra-regional markets. The manufacturing sector will also need to be revived with new activities, including agro-processing emerging possibly with the revival of the industrial site in Vieux Fort.

There is growing recognition of the contribution that might be made by the Creative Industries Sector which has remained relatively unexplored, in spite of its capacity to contribute to product differentiation and as stand-alone products and services.

Finally, there is the Information and Communications Technology (ICT) Sector. ICT remains an amorphous entity in spite of the routinization and industrial structures that have been built up around it. Wide exposure across the population even of a small country may lead to new industries and activities that could hardly be anticipated, let alone the productivity gains associated with its use in industry and administration, and thus in the public and private sectors.

6.3 CONTEXT

The last quarter of the 20th century witnessed a remarkable transformation of the economy of Saint Lucia from essentially a primary producing economy to one in which secondary and tertiary sectors came to play an increasingly significant role in the share of production. As a SIDS, the performance of the export sector is a major determinant of the rate of growth of the economy. More particularly, in the case of Saint Lucia, as an export dependent economy, other sectors than agriculture, which was the raison d'être of its post Columbian existence in the first place, became significant contributors to exports and the earning of foreign exchange. Light manufacturing, including export-oriented light manufacturing and tourism, along with the banana industry, created the 'tripod' as it was once characterised by late Prime Minister, John Compton.

The major problem for Saint Lucia has been the radically changed conditions which these sectors have faced since the last decade of the 20th century. New rules for the entry of bananas into the European market (and therefore into Britain) were introduced with the formal integration of Europe into the European Community and then the European Union. The subsequent inauguration of the World Trade Organisation (WTO) led to trade rules that involved essentially the dismantling of trade protection for banana exports of Saint Lucia to the United Kingdom which was the main destination of banana exports of Windward Island producers.

Over the same period, the export-oriented light manufacturing sector suffered a comparable decline as the formation of the North American Free Trade Area brought Mexican capacity into the picture. This resulted in a major reduction in most of trade advantages accorded by the Caribbean Basin Initiative (CBI) to Saint Lucia in the market of the United States which was the

main destination of its exports of light manufactures. Tourism has become the main foreign exchange earner, but remains subject to considerable volatility, let alone the pressure of new competing destinations within the Caribbean and other parts of the world.

6.4 OPPORTUNITIES AND CHALLENGES

Critical to the transformation and development of Saint Lucia is the performance of its export sector. The new rules based system of WTO has led to the reduction of preferential trade arrangements. However, regional integration and such an arrangement as the Economic Partnership Agreement (EPA) with the European Union create some space for the export production and exports of Saint Lucia. The country is committed to the deepening of the integration process within the CSME and in particular in OECS, which envisages a fully integrated space in the near term. At the wider CSME level, to the extent that countries are committed to the pursuit of regional food security under the umbrella of the Jagdeo Initiative, and given the push factor of food prices rising internationally, there are emerging possibilities for supplies from Saint Lucia in the domestic and in regional markets.

There are a number of challenges however. In respect of the EPA, there is need to identify new products and services that can be targeted at the European Market. An immediate challenge is the availability of studies on market entry and, more so in an European economy operating at two speeds and in the throes of a crisis. The two larger economies – Germany and France – have had reasonable rates of growth up until recently, but the debt crisis in PIGS and incipient problems elsewhere, as for example in Italy, and in peripheral economies, threaten to plunge Europe into a crisis that has wider repercussions for the North Atlantic economies and even the world economy.

Small scale operations in Saint Lucia would find themselves hard-put to mount entry into what would be a new market to them at this point in time, and to undertake substantial investment in time and in learning that would be required to secure penetration in the medium term. However, there may be few options, and positive efforts to exploit the EPA, with domestic capital of Saint Lucia along with foreign capital that might enter, may yet create rewarding opportunities.

A major challenge in the development of intra-regional trade has to do with the provision of reliable and reasonably priced transport, especially for agriculture produce. Although in recent years there has been some improvement, cargo handling of agricultural supplies to regional destinations falls short of what has come to be expected and required in the trans-Atlantic shipment of bananas and other supplies for example. Meanwhile, Caribbean consumers who are the target market, have become accustomed to fresh market produce from North American and even more distant destinations that are displayed in hyper-markets including those of food chains like Price Mart and IGA. Produce that fails to observe such standards will not secure

market presence: Louisiana and Idaho sweet potatoes can displace sweet potato and dasheen from Saint Lucia in such a scenario, and may enter the domestic market at lower price and better quality than domestic supplies.

The major strengths, weaknesses, opportunities and threats facing the productive industries are summarised in the following Box.

Box 6.1: Productive Sector Summary SWOT

Strengths	Weaknesses
• Availability of natural resources for production • Emerging supplies of non-banana agriculture • A few domestic firms with experience in assembly and export-processing operations • Strong marketing and promotional platforms (Trade Shows, Saint Lucia Jazz Festival) • Unique cultural heritage that can be formed into a distinctive "Saint Lucian" brand. • Sensitivity to requirements of industrial policy, and industrial facilitation – OPSR and Ministry of International Trade	• Small farmer agriculture on small plots may be unsuitable for crops in diversifying agriculture • Outdated and inefficient Agricultural Health and Food Safety (AHFS) Systems. • National Development Corporation not equipped to reignite industrial development • Deepwater harbour in Vieux Fort has great potential but is underutilized • Nebulous understanding of the stipulations of the EPA as regards entering the European market • Low investment from private sector and low incentive to invest
Opportunities	**Threats**
• Astronomical price increases in food imports might establish viability of domestic agriculture • Interest in agri-business growing • Interest in food security growing • WINFRESH creating new market possibilities with non-banana agriculture • Integration of OECS, CSME and EPA opening possibilities • A solid tourism sector that can be used to generate more interest in cultural tourism and the production of more tourism characteristic goods • Opportunities for improved market access to Europe and wider CARICOM via the EPA and the CSME • A growing Caribbean Diaspora in the North Atlantic which can be both a significant export market and a strategic distribution hub for cross-over products to the North Atlantic • Growing digital media platforms that can be exploited to promote cultural products across the world	• Loss of hope in farming community can lead to further rural urban migration and abandonment of productive land • Lack of competitive advantage in scale for domestic production of physical goods. • Limited depth in industrial skills in the labour force will reduce attractiveness for inward investment • Outsourcing of production/ manufacturing of physical goods to low labour cost regions (China. Mexico, India) • Global economic instability and its effect on procyclical spending- the creative industries could slip further down on the list of priorities • Poorly developed/ enforced protocols for free movement of artists under the CSME • Absence of a strong brand like Jamaica's that can compete with the dominant cultures of Europe and North America • Lack of regional collaboration leads to competition among the region (i.e. Carnivals and festivals)

6.5 Targets

Given the target of five percent per annum growth for the entire economy, the rate of growth of the tradable sector is targeted in excess of five percent, generally. The export oriented sectors are projected to grow as follows:

- 2012 – 3 percent
- 2013 – 5 percent
- 2014 – 6-7 percent
- 2015 – 7-8 percent

To support this rate of growth in the export-oriented sectors, there will be the complementary investments made in infrastructure and other areas of the economy, in addition to the private investment that will be made in these sectors as well as in non-tradable goods and services sectors that are the platform for production in an economy. Much of the investment will include physical construction as with buildings and other capital works, and the soft infrastructure by way of education and training systems, and knowledge management geared to provide a work-force, with a capacity to compete in their productive endeavours, with the rest of the world.

Another infrastructural requirement is the ability to undertake market analysis. In addressing the needs of each tradable sector, domestic facilitating agents (for example, the Ministry of Trade or the Ministry of Agriculture) have to support their interventions with research on:

- The nature of industrial organization in the domestic sectors;
- Costs of production or goods and/or services to be exported;
- The nature of the target market and profile of consumers (including income and taste patterns) in the target markets;
- The profile of producers and costs of production in competitor countries;
- Special trading arrangements allowing access and/ or rules (e.g. phytosanitary and related requirements for agricultural products);
- Comparative transport costs in market access between Saint Lucia and competing countries.

In the case of the vital tourism sector, the implied modus operandi requires the collation of real time data on competing locations. Tourism authorities in Saint Lucia would require information on room rates and relative costs of air travel to other destinations in the Caribbean and to such destinations as the Maldives, the Seychelles and Mauritius, as well as disposable income in the UK and Germany in assessing the likely flow of visitors to Saint Lucia from these source markets. The prospective visitor from the UK would examine competing options in deciding on the destination country for a holiday.

6.6 Strategy

The key strategic interventions involve:

- Promotion of productivity growth by advocacy across the society of need for productivity consciousness to improve competitiveness;
- Stimulation of entrepreneurship and growth of micro and SMEs, through programmes designed to engage attention of a wide array of Saint Lucians in business and enterprise;
- Provision of credit to Micro-business and SMEs, and support to credit unions and other NGOs involved in the provision of credit to non-traditional business enterprises and farmers;
- Creating an enabling environment for the entry of foreign capital, including a one-stop shop to assist foreign investors in establishing in Saint Lucia;
- Support for agri-business development and agro-processing through Research and Development underwritten by the state and involving technical personnel in the Ministries of Agriculture and Trade and in the SALCC;
- Updating copyright and patent legislation and improving awareness among the population, with special regard to the development of the Creative Sector of Saint Lucia, by way of the Performing Arts, Literature, Art, and Craft;
- Trade Promotion through active search for markets within the region and beyond, for products and services
- of new and existing entrepreneurs, through investigation of any possibilities provided by CSME, OECS Union, CARIFORUM EU-EPA, and in the revision of CBI and CARIBCAN: source markets for tourists in other locations than the North Atlantic, need to be researched and promoted – South America, China and India, for example, cannot be ignored

6.7 Institutional Considerations

6.7.1 PRODUCTIVITY GROWTH

The promotion of productivity would require substantial consensus creation across certain key stakeholders, namely the labour movement, the private sector, the NGO movement and the Government. There is need for recognition across the society that the country faces a sea change in its development space. With globalisation, and with the gradual relative decline of the North Atlantic Economy, the main market to which the economy of Saint Lucia has been hitched literally since its foundation, and the rise of Asian economies, the country and its people have to make a paradigm shift. The capacity to earn from the rest of the world depends on the creation of goods and services that are competitive in global markets. This means that the standards of productivity and of quality set by countries like India and China cannot go unnoticed by firms operating in Saint Lucia.

Productivity growth needs to be encouraged across a wide swath and this involves learning by doing, education and training and collaborative networks between the stakeholders focusing on productivity enhancements and involving post-secondary and tertiary institutions of the country. Each worker in Saint Lucia has to be constantly aware that his/her income requires best efforts approaches in order to guarantee sustainable income in the present and into the future. It is imperative that workers embrace life-long education as essential to work, and there will be need for an infrastructure to support this.

A critical factor in productivity improvement has to do with the level of facilitation in Government and the degree to which public servants are aware of their complementary role in national production and national productivity. Inefficient port operations and customs procedures add to the costs of business and can make products and services uncompetitive in the global market place.

Customs officials in Saint Lucia may not be aware that the fact that the country does not have 24 hour operations in its customs clearance and does not permit credit card payments for customs services, puts its products and services at a disadvantage relative to countries where their counterparts are more sensitive to the needs of business seeking to penetrate external markets. A National Commission on Productivity may be helpful in the creation of the appropriate mindset among the population.

6.7.2 TRADE ADJUSTMENT MACHINERY

An important institutional arrangement required in the society is the creation of a structure and supporting mechanisms to identify sectors and activities that are at risk of decline or becoming moribund and providing support for workers and firms to make an orderly exit and to enter new activities. This usually requires the retraining of workers and new investments on the part of firms.

The absence of such a structure has resulted not only in the flight of workers and farmers from banana agriculture, but their departure from agriculture altogether, even though there are rewarding activities in other types of agriculture and agri-business. Instead, the country has experienced the idling of workers, with unemployment surpassing 20 percent some of which has resulted from the decline in banana production, and at the same time, there is also complementary idling of productive land and, threateningly, its application to illegal agriculture, namely marijuana production. Trade adjustment machinery is a critical institutional requirement for Saint Lucia in an environment in which there will be rapid changes in competitiveness of its industry requiring fast foot work on the part of its workers and firms.

6.7.3 STIMULATION OF ENTREPRENEURSHIP

The thrust of private sector development ever since the State developed strategies to encourage investment has been directed at the provision of fiscal incentives largely to encourage foreign investors to establish operations in Saint Lucia. Thus, private sector led development has largely been seen in terms of foreign investors entering the business environment of the country. The nature of the incentive structure as well has been such that only larger businesses of the country, associated with traditional centres of enterprise and distribution, could avail themselves of the opportunities being put in place. The early variant of the Lewis strategy anticipated the entree of foreign investors, from whom local businesses, usually the larger domestic enterprises, would learn the 'tricks of the trade', and in time arrive at the capacity to displace them.

In more recent times, partly as a result of the growing interest in the international community in SMEs and as a result of the work of such institutions like the Grameen Bank, there is better recognition of the role performed by the small scale sector, including in the developed countries themselves. Indeed, the emergence of start-ups in the field of technology in the last half of the 20th century in Silicon Valley and other locations, elsewhere in the world have given a new perspective to the earlier work of Schumpeter (1961).[23]

While to its credit, the Government of Saint Lucia, like others in the Caribbean, has made formal provision for the promotion of SMEs and the like, including micro-credit, it would be difficult to assert that SMEs and Micro-enterprise are seen as essential to the main stream in the development of the private sector of Saint Lucia. It is seldom about credit to small enterprises that would become large, or which are 'small to become big' but rather about enterprises that are on the periphery. In effect, their role is more akin to the assisting in redistribution rather than in the promotion of growth, development and efficiency in the economy. The enterprises and the support system put in place for them expect that they will be 'small to remain small'.

Support for moving SMEs and Micro-business to centre-stage will require a paradigm shift within Government, such that the sector is no longer seen on the periphery in the development of the country. Instead, it will serve as a fulcrum of its transformation, engaging large numbers, especially young people and in particular, those with high level training. These will be the source of new entrepreneurship of the country joining traditional centres of domestic enterprise in creating a dynamic environment. In this new dispensation, the career path pursued by graduates from tertiary education will no longer be limited to employment as technocrats in the public service or as high level personnel in existing private sector establishments, domestic and foreign, but rather also as new entrepreneurs involved in production of new products and

[23] Schumpeter, J., *The Theory of Economic Development*, New York, Oxford University Press, 1961.

services, or utilising new and updated techniques in the production of existing products and services.

In the field of agri-business and agriculture, there will emerge as a result of this new approach to micro-enterprise and SMEs, a radically different farming community, capable of applying new technologies in food production across the entire gamut, and becoming adept at producing for an increasingly sophisticated domestic, and regional market. From this base, they will be able to address the requirements of extra-regional markets, from which altogether they would earn incomes that make the opportunity costs of being in paid employment in Government an easy option to discard. All of this spells a change in the Sociology of Business, which is seldom seen as the remit of organisations involved in the provision of credit to farmers and SMEs.

The Government recognises the need to invigorate the Small Enterprise Development Unit, by creating a "One Stop" information and facilitating infrastructure for Micro and Small Enterprises, and by ensuring that the Small Enterprise Advisory Committee functions effectively. There is need for urgency in implementation of plans for a Business Incubator Facility, for the provision of product testing and process development with special reference to the needs of SMEs, and for making fiscal and other incentives accessible to the smaller enterprises.

6.7.4 TRADE PROMOTION AND SEARCH FOR NEW MARKETS

The shift industrial strategy to allow for greater diversification of the economy has to be supported by measures that ensure that a significant share of the output of the diversifying productive system can enter export markets, or if solely directed at the domestic demand, is of a quality and a price that it can hold its own in the face of markets that are open and free of protection. In respect of export markets, the provisions allowed domestic producers in regional markets – CSME and OECS Economic Union – and in extra-regional markets through the EPA, CBI and CaribCan, or in the open international market, can be exploited only with conscious policies designed to ensure competitiveness. A small country with limited industrial infrastructure and support systems, is unlikely to penetrate external markets successfully without selective measures undertaken by the Government in association with the private sector.

The more recent attempts of the Ministry to address the deficiencies are steps in the right direction, but they are still mostly in an incipient stage of development. The institutional arrangements include:

- The implementation of a National Export Development Strategy, supported by the establishment of the Trade Export Promotion Agency (TEPA), and development of comprehensive trade information network;

- The creation of an EPA Implementation Unit; and
- Establishment of an Investment Facilitation Portal to provide a web-based centralised database, linking all agencies involved in administering regulatory procedures for establishment of businesses in Saint Lucia.

This latter has the makings of a one-stop shop. The Ministry of Commerce, Industry and Consumer Affairs has already developed a Medium Term Economic Strategy Paper, 2010 to 2013. It incorporates a comprehensive list of measures that can result in the institutional arrangements necessary to undertake the transformation of the manufacturing sector of the country and its businesses, and for placing the tradable sector on a platform for a more competitive environment in the early 21st century. There is also the Private Sector Development Strategy 2010 – 2014, which seeks to give structure to the thrust announced in the 2009 Budget Address which had as its theme: "Generating Growth, Securing Jobs, Promoting Competitiveness and Protecting Vulnerable Citizens in the face of Global Recession".

6.7.5 LEGAL INFRASTRUCTURE AND THE CREATIVE SECTOR

A major institutional deficiency that needs to be addressed has to do with Intellectual Property and Copyright. There is a widely held view among the stakeholders in the Creative Sector that the country lacks the appropriate legal machinery to allow the sector to grow and flourish, and, moreover, the structures that have been put in place by the Government have not been able to contribute meaningfully to the development of the sector, largely because of the poor resourcing and limitations in their remit. In spite of this, there have been notable initiatives by a number of groups with promising results, but with large areas of under-fulfilment. This has meant that in respect both of stand-alone cultural expression as well as in products and services that can be differentiated through the cultural prism of Saint Lucia, there have been opportunities that have gone untapped.

6.7.6 ASSESSMENT

The Tourism Sector has become the most important sector in terms of foreign exchange earnings for the country, and is a significant contributor to employment, and to Government Revenue, though with some leakage because of fiscal incentives. For purposes of National Income Accounting, a major share of the sector is identified under the heading Hotels and Restaurants. However, the sector embraces an array of areas, some of which are well integrated with other areas of the economy, while others though not stand-alone, exist largely to serve visitors to the country. Transport, recreation, retail services, real estate, food and beverage, dive operations, and art and craft are some of the areas that are embraced under tourism. The firm *Tourism Economics* estimated that the core tourism sector represented 30 percent of GDP in 2008, and attributed 64 percent of economic output to tourism directly or indirectly.

The most important subsector is the Hotel Industry which accommodates stay-over visitors. Tourism Economics estimated that 40 percent of Tourism GDP was accounted for by hotels. Saint Lucia has been able to build a significant resort industry in the last three decades, with much of the plant located in the Reduit and Gros Islet areas in the North West of the island, and to a more limited extent, the south west area of the country in the proximity of Soufriere. Much of the room stock is under the control of foreign operators, the most significant being the regional group Sandals, which manages two of the largest properties on the island.

There is a growing real estate component with villa accommodation provided for up-market guests/owners. This has attracted mainly foreign investors in the second home market. The Cruise Industry has grown by leaps and bounds in the last decade and now accounts for the largest number of visitors. However, the sector still accounts for only a fraction of the expenditure. Another component of the sector is Yachting. Saint Lucia's geographic location in the middle of the island chain of the Eastern Caribbean, and its sheltered bays, and other natural amenities eg water quality, have made Saint Lucia an attractive destination. The country has become a major destination, with Rodney Bay becoming a major port of call/destination for a large number of yachts mainly from the North Atlantic. Other marinas are located at Marigot, Ganters Bay and Soufriere.

The island offers immense possibilities with eco-tourism given its rain forests, its sulphur volcano and a number of other natural amenities, and this subsector has been growing over the more recent past. In the area of entertainment and festivals, the Saint Lucia Jazz Festival has established itself on the calendar of Jazz enthusiasts and a large number of visitors come to the country annually for this event. Carnival is also a tourist attraction, though it is performing way below its potential. There are also opportunities for linkages with the creative and health sectors in the medium term.

6.7.7 CHALLENGES

There are a number of challenges facing the industry. The British Government has imposed a tax on travel abroad which makes Caribbean destinations more expensive to reach. Another major hurdle has to do with travel to Saint Lucia. While the island is served by international carriers, from Europe and North America, much of this traffic is handled at its international airport in Vieux Fort which is more than an hour away from the main locations of hotel accommodation on the island in the North West of the country. A large section of the road to this part of the island is by way of a mountain road that needs to be upgraded, especially in the more challenging stages from Dennery on the east coast to the west of the island. Substantial sections of it are now in need of rehabilitation, following the severe destruction wrought by the passage of Hurricane Tomas.

Saint Lucia boasts of a second airport, which was really the first to be established, the George Charles Airport in Castries. While this is ideally located relative to much of the tourism plant, its runway cannot be extended and is too short to accommodate jet aircraft. Indeed, there are likely to be problems in its retaining certification even for the smaller aircraft that utilise its services. Major expansion in visitor arrivals for stay-over guests, can be effected only through Hewanorra, and this will require substantial investment in highway upgrade. Given the topography of the country and the nature of the present road, major expenditure is envisaged.

The Yachting Sector has shown considerable promise, and has experienced respectable growth in the last fifteen years. However, there are emerging barriers in realising its full potential. A recent review of the sector identified the following:

- Weakness in the existing legislation for regulation of yachting services;
- Inconsistency in immigration policies;
- Limited insurance coverage;
- Limited services available to yachts and their crews;
- Lack of a pool of skilled workers for servicing yachts and repairs thereon; and
- Weak linkages with the other subsectors of the economy.

Moreover, there is a general lack of understanding of the needs of the sector including among the facilitation agencies in tourism. All these have been limiting factors in exploiting the potential that may exist for Saint Lucia to be accepted as first class destination in the yachting fraternity.

Another huge problem that the country faces in the promotion of its tourism sector is the insecurity posed by crime and violence, including attacks on visitors. Saint Lucia has not escaped the increase in criminality that has gripped the rest of the Caribbean, in part triggered by the involvement of sections of the communities in these islands in the international narco-trafficking industry. As important transhipment points between the supply sources in South America and the market in the North Atlantic, the islands have become locations for distribution of some product, and also for firearms which drug-running syndicates use to protect turf.

Another area of possibilities to be realized is the link between supplies from domestic agriculture and the hotel sector. This has not been developed such that the farming community can rely on the sector as the source of a stable demand for its output. On the other hand, hoteliers argue that there are problems of quality and regularity of domestic supplies, which forces them to rely on imports. This has meant that the growth of the industry has involved substantial leakage abroad. However, there are a few cases of supply networks being successfully established with pineapples in the south of the island, with the personnel from Ministry of Agriculture performing an intermediary role.

In respect of the sale of art and craft in shops serving visitors, most of the merchandise is comprised of goods made in China, with the country's colours or other insignia placed on items, effectively as a memento as to where it was bought, rather than where is was made.

6.7.8 KEY INDICATORS

- Tourism value added increased by 7 percent per annum;
- Increased employment in hotels and restaurants and in other areas related to the tourism sector;
- Increase in tourists from outside existing source markets within the North Atlantic and from emerging markets eg. South America;
- Improvement in personal security, evidenced in decline in violence against the person and in crimes against visitors;
- Mechanisms in place to link local suppliers especially of agricultural produce and fishery products with all-inclusive hotel establishments;
- Training in place to prepare cadres with skills needed in yachting sector;
- Select communities assisted with community based projects (at least three per annum) to afford them capability to manage community based tourism products and services;
- Craft producers upgraded in design of products based on domestic raw materials (eg. Choiseul);
- Tourism topics introduced in school curriculum at various levels;
- Regular communication between tourism and other sectors to determine the needs and standards of the tourism sector;
- Encouraging demand for local products within the tourism industry possibly through modifications in the incentives regime.

6.7.9 STRATEGIES

The strategy is designed to create a sustainable tourist sector with increased contribution to the development of communities and the national economy

Objectives:

- To institute measures to increase the sector's contribution to GDP and to the national value added
- To upgrade products and services, including facilities for yachting
- To increase local support for the industry in the face of the negative public perception and attitudes towards the sector
- To address crime and violence and security of the individual.

Focused measures will be mounted not only to increase the room stock, and guest accommodation, especially of the up-market brand, but also to link hotel establishments to the farming community with the objective of ensuring a higher domestic input in the food and beverage areas in the fare made available to tourists. A correlative of this measure is the upgrade of quality in produce. Domestic supplies outside the traditional export crops and produce must be part of *haute cuisine* in the new dispensation. The training and upgrading of the other complementary or auxiliary services including services for yachting will be addressed.

This will involve training and upgrading of such personnel as taxi-drivers, and tour guides, personnel directly engaged in front office operations, workers in restaurants and other locations frequented by tourists, and personnel for repair and maintenance of yachts. All these services constitute part of the tourism product and their quality helps determine the competitiveness of Saint Lucia in international tourism.

The curriculum of the school system will need to include tourism studies, and public programmes need to be mounted to induce civility among the population such that service is not equated with servitude, but rather the exercise of soft power in the market place to the advantage of the people of Saint Lucia. The assurance of personal security of the ordinary citizen in general and of tourists in particular, is a sine qua non of successful tourism.

6.8 AGRICULTURE

6.8.1 ASSESSMENT

For most of the second half of the 20th century, agriculture in Saint Lucia was dominated by the banana industry. The country was the dominant producer in the Windward Islands which in the post-World War II period became a major source for the supply of the fruit to United Kingdom as it sought to rebuild its economy while minimizing imports from non-Sterling area countries. The Geest Group that established itself in the UK recognized the possibilities offered by the Windward Islands in serving the needs of the British economy for fresh fruit, and succeeded in building a regional supply chain that added to the fruit supplied by the other British West Indian supplier, Jamaica.

The fact of a relatively secure market and the possibility of year round production with banana production, created a virtuous cycle for a farming community with small and medium sized farms. Small farmers could be assured of regular income from their production, affording them the possibility of meeting their living requirements with routine and regular payments. The institutional arrangement of small farmer agriculture was supported by another complementary institutional structure. Although small farmers were not highly educated, technical information was supplied by the Extension Services, under the control of the Banana Growers Association in each of the islands.

In addition, the supporting research and development was discharged by WINBAN. The result was that although most farmers faced major limitations in their education and technical capabilities, the complementary structures compensated almost fully for technical deficiencies. The success of small farmer agriculture under these special conditions was seen in the quality of life enjoyed by most, in spite of the monoculture that these conditions created. There was little interest in the production of any other crops for export, since there were few other crops could match bananas in providing stable, reliable and regular income and employment.

The removal of protection which came with the formation of the European Union, and the establishment of WTO wrought havoc with the industry in the Windward Island Producers which could not compete with Central American and South American suppliers, in markets that were made more open. In short order, production fell precipitously. Saint Lucia which produced and exported over 150,000 tons could hardly reach 50,000 tons. While the issue of diversification of Agriculture had engaged the attention of the Government of Saint Lucia and the Region as CARICOM, as well as such agencies like CARDI and IICA, the institutions to facilitate an orderly transition from a monocultural system were never put in place.

Moreover, there remained a cherished hope across the farming community, that there was a still salvation in banana production. In the absence of an infrastructure that could support farmers in alternative agriculture, comparable to the structures in place for bananas, many farmers could not survive in the new dispensation. Not only did they withdraw from banana production. They withdrew from agriculture altogether. Indeed, it has been argued that to the extent that there was any evidence of agricultural supplies other than bananas, this has to do with some small amount of intercropping done by farmers as part of their banana production.

There is a view among the farming community that banana is still the main viable agricultural enterprise, and any attempt to diversify has to retain banana agriculture as the platform around which other types of agricultural activities can be built. There is some empirical support for this position based on the performance of non-banana agriculture in recent years. Figure 6.1 and Figure 6.2 suggests a complementarity, with non-banana exports declining as banana exports fell and this only changing in the immediate past, as farmers have come to recognize that they can no longer rely on bananas to survive.

In effect, it has taken time for the new realities in agriculture to be accepted as fact by the farming community. This other agriculture has consisted of tubers – yam, tannia, sweet potato, and dasheen as well as plantain, breadfruit, grapefruit, soursop, mango and pineapple, and significantly, cocoa which has been promoted by Hotel Chocolat as a special project, producing a specialty product. This point to the possibility of the flavouring cocoa of Saint Lucia being differentiated by its geographic identifier and commanding significant market space on that basis.

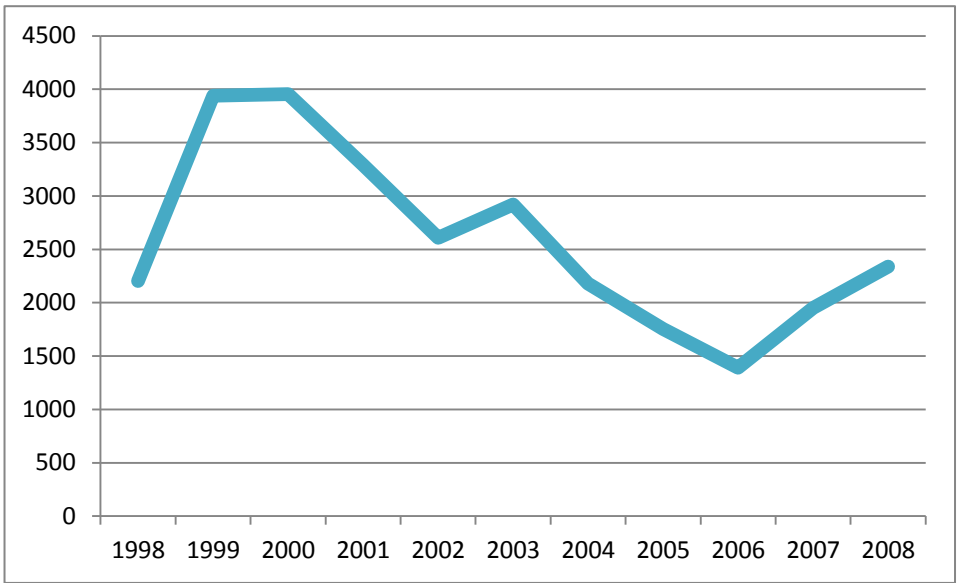

FIGURE 6.1: TOTAL NON-BANANA AGRICULTURAL EXPORTS (TONNAGE)

Source: Saint Lucia Annual Economic Review 2009

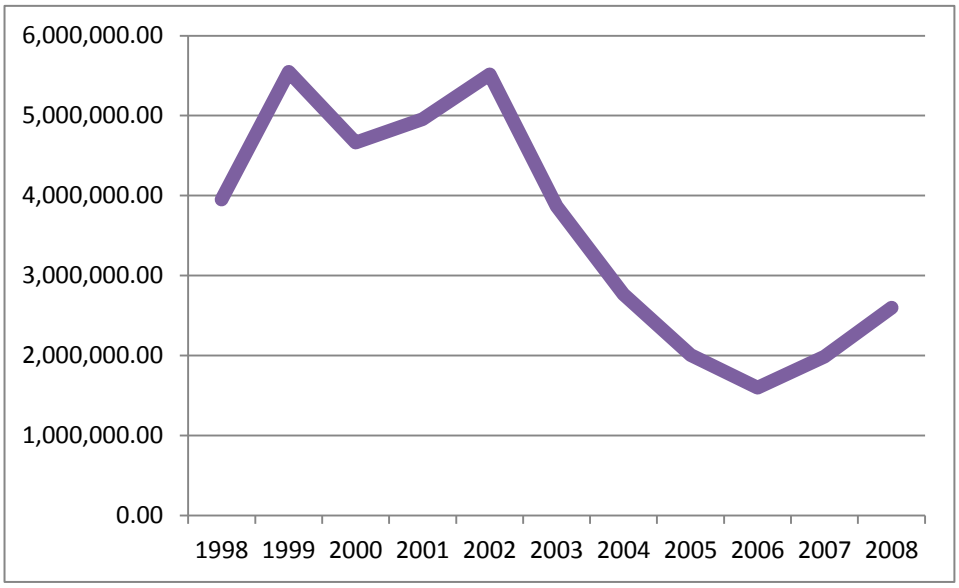

FIGURE 6.2: TOTAL NON-BANANA AGRICULTURAL EXPORTS (DOLLAR VALUE IN EC$)

Source: Saint Lucia Annual Economic Review 2009

There is finally some evidence of domestic produce sharing space with imported produce which can be found in abundance in the up-market groceries in Saint Lucia. The foreign produce occupies far greater shelf space than domestic produce but the latter retains a presence. Consultations with farmers and others in the agricultural community reveal that the hotel industry is becoming an important outlet for supplies of such commodities as pine apple,

papaya, domestically produced cantaloupe, mango, five finger, and as well for cut flowers and ornamentals.

An important development in 2010 was the rebranding of WIBDECO to WINFRESH.[24] This agency which serves the needs of Agriculture and Agri-business in the Eastern Caribbean, was supposed, in its earliest incarnation, to support the process of orderly transition to a more efficient banana industry by providing an avenue for export of the diversified product that marginal banana farmers were expected to switch to, as they transferred out of banana production but remained in competitive agriculture with new produce. WIBDECO was going to guarantee a market outlet for alternative crops and agribusiness (Kairi Consultants and Agrocon, 1993).[25]

Unfortunately, the main external support that Saint Lucia secured over the years, in scaling down banana production to a core of competitive farmers, was not particularly interested or concerned with the income and employment generation in non-banana alternatives.[26] The institutional restructuring to support alternative agricultural activities in terms of Research and Development, Extension Services and Marketing was not addressed: in effect, there has been nothing that replicates or approximates in respect of alternative agricultural activities, the institutional underpinning that applied with banana production.

Discussions and consultations with the stakeholders in farming – Ministry of Agriculture and farmers of various types - reveal that the farming community in 2011are more accepting of the need for radical changes necessary to survive than might have been the case in the mid 1990s. There would have been incredulity at the thought of the Saint Lucia losing protection and being exposed to the full blast of international competition with its banana industry. There have been a number of initiatives by groups of farmers in some parts of the country. In Choiseul and other areas of the south, pineapple, papaya and a number of non-traditional crops have attracted interest of farmers.

Also, in the area of livestock production, there has been an expansion of domestic supplies evidenced in increases in poultry and pork. There has also been a significant increase in the Fisheries Sector, with the support of technical assistance from Japan, and fish landing and storage facilities have been upgraded in Vieux Fort, Anse La Raye and Dennery, for example.

[24] http://www.thevoiceslu.com/local_news/2009/october/13_10_09/WINFRESH_LAUNCHED.htm

[25] Kairi Consultants and Agrocon Ltd, 'Final Report: Development of a Time-Phased Action Programme to Improve the International Competitiveness of the Banana industry of the Windward Islands', submitted to the Caribbean Development Bank, April, 1993.

[26] Report entitled "impact Evaluation of the Special Framework of Assistance for traditional ACP Suppliers of Bananas, period 2006 – 2008. Country Report, Saint Lucia."

6.8.2 CHALLENGES

IICA has summarized the major challenges faced in regional agriculture in its review of the Jagdeo Initiative. The general situation for the region applies aptly to the specifics of Saint Lucia and is demonstrated in:

- Limited financing and inadequate levels of new investments in the sector.
- Outdated and inefficient Agricultural Health and Food Safety (AHFS) Systems.
- Inadequate research and development.
- A fragmented and disorganised private sector.
- Weak land and water distribution and management systems.
- Deficient and uncoordinated risk management measures.
- Inadequate transportation systems, particularly for perishables.
- Weak and non-integrated information and intelligence systems.
- Inadequate marketing arrangement.
- Lack of skilled and quality human resources.

The devastation caused by Hurricane Tomas has exacerbated conditions in some parts of the island. There are other problems which though not peculiar, create a challenge for agricultural reorganization. Tree crop agriculture, for example, may require some consolidation of holdings, but is faced with abandonment of holdings and their conversion to other types of land use, and patterns of inheritance in family land that contribute to fragmentation (Brown and Co, 2009).

6.8.3 KEY INDICATORS

The success of a transformation to a competitive and vibrant agriculture will be evident in the following;

- A more competitive non-banana agricultural sub-sector
- New enterprises created and existing ones strengthened
- Inter-sectoral linkages deepened
- Increased rural incomes and livelihoods, and improved rural communities
- Increased employment in the non-banana value chains
- Designated production areas and farms targeted for assistance based on outcomes of the agro-ecological zoning studies, supported with GIS platform
- Increased participation of young people in the agricultural sector
- Increased sales of Saint Lucia export in the Caribbean markets
- Increased demand for Saint Lucia non-banana produce on the local, regional and international markets
- Increased uptake of technology by farmers and value added producers
- Better skilled and equipped research services and extension and advisory services.

6.8.4 STRATEGIC FRAMEWORK

The strategy for the sector is to build on the diversification initiatives already undertaken and to fortify those activities and that shown promise.

The National Adaptation Strategy recently completed for the country, with financing from the European Union (EU) outlines sixteen development priorities in agricultural diversification, namely:

1. Ensuring Domestic and Regional Food Security with firm commitments between Saint Lucia and regional partners on products and produce to be promoted as part of regional food security.
2. Changing Taste and National Psyche, including through raising profile of domestic produce to haute cuisine status for the country.
3. Adopting Farm to Market Value Chain Approach in which farmers are encouraged to go down stream of the value chain.
4. Undertaking Demand and Supply Studies by the Ministry of Agriculture as part of its facilitating role.
5. Expanding Opportunities for Accessing Agricultural Credit, to ensure easier access but without encouraging the notion of entitlement to 'argent government'.
6. Mounting a Freshman Programme to encourage a cadre of entrepreneurial young people into farming.
7. Overcoming Monoculture through the encouragement of mixed agricultural operations.
8. Improving Agricultural Productivity through better technical inputs including recruitment of more skilled and knowledgeable labour and personnel.
9. Modernising and making the Extension Services relevant across a wide swath of crops and produce.
10. Upgrading Agricultural Technology (Research and Application) through close links with CARDI, UWI and IICA.
11. Formulating Integrated Technological Packages, supported with information on agricultural practices in the rest of the world.
12. Training for the Farming Community with user friendly courses designed to raise educational and technical background of farmers.
13. Training in Communities Lucia with the marketing of training and educational upgrading across the country
14. Making use and management of land resources sustainable by stricter planning controls, on the one hand, to avoid alienation without careful assessment of the net benefits of alternative uses, and by undertaking agro-ecological zoning studies and soil and nutrient testing to help guide the types of agricultural production.
15. Linking Agriculture and Tourism through the supply of food and through show-casing the agriculture in the historic development of Saint Lucia.

16. Reaffirming the importance of Agriculture through the School Curriculum, including through the restoration of Agricultural Science in the Primary School Curriculum.

Altogether, these development initiatives provide a framework not only to achieve diversification of agriculture, but to create the mechanisms through which the sector can return to making a major contribution to the development of the country. Not only will it contribute to the provision of decent employment and incomes, but also will ensure equitable development across the geographic space of the country.

6.9 MANUFACTURING

Saint Lucia's tradable exports are concentrated in a few primary areas and its principal markets are traditionally the UK and the Caribbean. Its export base has largely been dominated by agriculture (particularly bananas). Although manufactured goods contribute significantly, the performance of the sector shows some volatility, influenced by the prevailing market conditions and technological change. The main manufactured exports are Beverages, Processed Foods, Paper and Paperboard and Electronic Components.

6.9.1 ASSESSMENT AND CHALLENGES

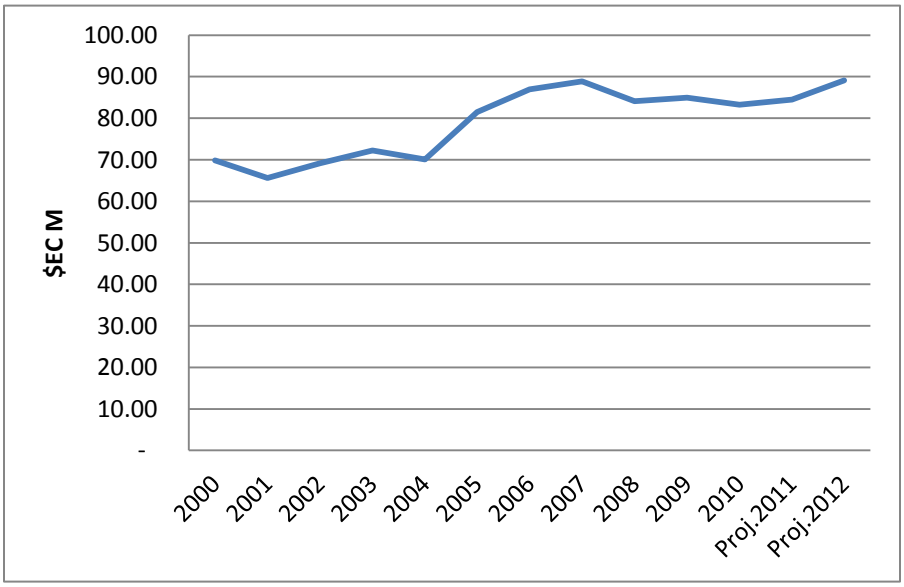

FIGURE 6.3: GROSS VALUE ADDED FROM MANUFACTURING, 2000-2012

Although the growth trend and forecasts in gross value added from manufacturing are positive, the gross contribution to GDP has varied widely, with mostly negative growth. Between 2005 and 2006, there was a major spike in the sector's GDP contribution (Figure 6.3). However, this was followed by a severe decline until 2008. Data from 2009 and 2010 demonstrate a consistent decline in manufacturing activity in 2010, following a minor rebound in 2009 (Figures 6.3 & 6.4). By September 2010 there was a continuation of a downward trend in output of metal products, chemicals and corrugated paper and paperboard. However, copra and copra derivatives, plastics and furniture seemed to be growing consistently, offsetting the decline in overall

growth in 2010. Value added is estimated to have decreased by 4.0 percent in 2010, despite a 1.9 percent increase in the total value of production. The weather conditions of 2010 played a major role in the performance of the sector, as manufacturers incurred additional operating costs as a result of the drought earlier in the year and Hurricane Tomas later on.

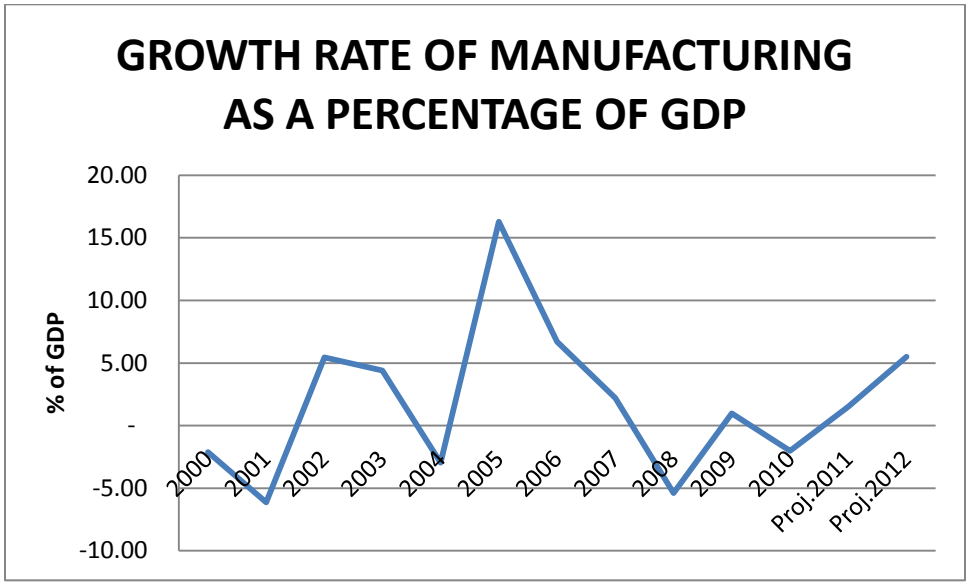

FIGURE 6.4: GROWTH RATE OF MANUFACTURING SHARE OF GDP, 2000-2012

Box 6.2: Small and Medium Entrepreneurs: The Case of Praslin Seamoss Farmers Association

The Association consists of 30 individuals operating small scale agri-processing businesses. The main products manufactured by this enclave were sauces, seasonings, relishes, milk and fruit based drinks. The group representative related some of the difficulties confronting the association: 1) Having to import inputs such as bottles, bottle caps and labels due to the poor quality and higher relative price of local alternatives, 2) Theft of sea-moss when left at sea and theft of rope to secure the sea-moss bed, 3) Difficulties identifying markets, 4) Limited access to financing given availability only of high cost financing options, 5) The high cost of duties.

What would help their business:

1. State assistance to combat praedial larceny
2. Technical assistance for certain production processes; e.g. bottling, preservation for longer shelf life
3. Marketing of the products so that they can have access to a wider market (domestic and abroad)
4. Reduction in the level of duties on inputs
5. Facilitation from the state with technical information

6.9.2 INDUSTRIAL STRUCTURE

The manufacturing industry is characterized by geographic scatter, and disjointed infrastructure. It lacks appropriate financial support and is handicapped by archaic legislation. The Vieux Fort Industrial Estate is the most significant site for industrial production and there is a free-zone which is operated by the National Development Corporation (NDC). The internal free-zone grants licences to external and internal members. The free-zone consists of an area in which there is a cluster of business (80% of which are foreign owned) that import duty free goods for re-distribution to other islands, and another area which is dedicated to light manufacturing and processing of raw materials. Although the Vieux Fort area had benefited from growth due to decentralization of government services and a concomitant influx of businesses, the 2009 global recession had a major negative impact on economic activity and has since precipitated a mass closure of businesses. Apart from that main industrial cluster, the sector is populated with a number of small and medium enterprises that rely on local and imported raw materials.

6.9.3 CHALLENGES CONFRONTING THE SECTOR

6.9.3.1 Problems with Competitiveness and Small Size

Currently, manufacturers are facing increased competition from other Caribbean and Latin American Countries for market share in the CARICOM region. A major threat to Saint Lucian manufacturers is the price and cost advantages of Latin American competitors and the fact that dumping can occur, even though it is difficult to prove. With developing bilateral and multilateral agreements, Latin American competitors have access to the regional market and are able to produce a higher volume at a lower cost, which means that their unit costs are significantly lower than other smaller operators.

The fact that Saint Lucia is not protected by anti-dumping legislation means that while its exports are being crowded out in the CARICOM market, there is currently no legal framework to provide redress. The recent fate of the Windward Islands Packaging Company (WINERA) provides an example of crowding out by Latin American operators. WINERA currently exports 60 percent of its output to regional markets such as Trinidad and Tobago, Martinique and Barbados, Trinidad and Tobago representing a significant market. However, signed agreements between Trinidad and Tobago and countries such as Costa Rica, Brazil, Columbia and the Dominican Republic have seen the introduction of direct competition to Saint Lucian paper products in that market at prices far below WINERA's price point.

There is also the problem of small market size and the impact this has on the provision of goods and services. Currently, the unit cost of production is high because businesses operate on a small scale and the reliance on imports for most inputs puts them at risk to the vagaries of pricing and supply flows...

6.9.3.2 Labour, Skills and Training

Generally, the sector suffers from a labour force that lacks the necessary skill and talent pool. The literacy rate is low among persons employed in the sector. Therefore, this has the potential to impede training and the use of advanced technology in manufacturing plants. A strategic plan for the industry must reflect the educational needs of the sector. Therefore, training opportunities must be designed to service the manufacturing sector. The National Skills Development Centre (NSDC) does not provide training opportunities for the manufacturing sector. As a result, manufacturers have to import skilled labour in some areas of their operations. Additionally, the NSDC provides mainly short term training. The NSDC needs to be properly funded in order to provide for the training needs of the country.

It was also noted by industry stakeholders that workers generally have poor work ethic. Apart from the general lack of skill and expertise appropriate for the sector, there is still a heavy reliance on foreign investment to keep the sector expanding. Local initiative is sorely lacking and the overall risk averse approach to entrepreneurship is a major hindrance to growth. One reason for this is that generally, there is a stigma attached to the manufacturing sector. At the lower end, workers are not attracted to the field because of the stigma, and at the higher end, firms are constrained by a limited supply of skilled workers.

Box 6.3: Models of Community Initiative in Small Entrepreneurship: The Case of the Coutiere Group

The Coutiere Group was started in June 2010 in response to the closure of the Belle Fashions Factory in Dennery. Its purpose was to provide an alternative for young women (approximately 450-500) who lost their livelihood. The women specialize in sewing garments for sale, but envisage being able to diversify into uniform production for banks, schools, companies and stores. There is also a vision towards the production of handbags and other accessories.

The group aims to produce high quality products, with the skills base being already in in place, since most of the women had gained considerable experience from working at the Belle Fashions factory. The group also benefitted from further training in garment construction, design, sewing technique, tie-dying and fabric painting. The group plans to maintain a program of continuous training, in cognizance of the competition they face from Chinese products.

The group has plans to form itself into a legal entity so that it can receive full benefits as a domestic operator. Following the model of similar companies which started the same way in India, the group hopes to expand on a scale large enough to be a significant regional and international player, while creating jobs that contribute to poverty reduction in Coutiere.

6.9.3.3 Legislative Framework

There is an unanimous view of an urgent need to revise the Fiscal Incentives Act of 1974. The act is archaic given the requirements of the present: the application process involved in obtaining fiscal incentives is time consuming, protracted and riddled with bureaucratic procedures which increase the time it takes to do business. Very detailed information is asked of applicants without this being clearly related to the award of incentives. Therefore, the process involved in obtaining fiscal incentives needs to be seen as more transparent.

Stakeholders lamented the fact that the Government has signed bilateral and multilateral agreements apparently without adequate assessment of the ramifications of these agreements which have significant implications on the sector. Article 164 of the CARICOM agreement provided protection for indigenous businesses such that goods imported from extra-regional sources attracted higher tariffs, but this protection was time bound and was due to end in 2010, and it was alleged that domestic firms had not been prepared to face competition. The Caribbean Basin Initiative (CBI) was also due to expire in September 30th 2010. This agreement provided beneficiary countries with duty- free access to the US market for most goods. The main organisation responsible for negotiating on behalf of Saint Lucia is CARICOM. The challenge faced by domestic operations was evident in the fact that nothing had been done in providing an extension of the agreement before it expired.

6.9.3.4 Summary of Major Issues Confronting the Sector:

Stakeholders have expressed concern over the state of industry and business in the country. The issues identified as critical included the following:

- The labour market is not inclined towards manufacturing/ there is a general lack of orientation towards manufacturing.
- Lack of financing hinders potential local operators from entering business
- There is a general mentality that foreign investment is the only way activity can be initiated. This is also linked to a lack of risk taking among local entrepreneurs.
- There is a need to build capacity with an emphasis on technical education
- Economic Planning should play a more critical role in promoting manufacturing
- The industrial buildings are in need of repair
- Businesses complained about the high cost of rent and this was reduced by 20-30%
- The free zone attracted foreign investors before the 2009 slowdown. However, since then, most of these businesses have closed leaving behind a number of empty factory sheds
- There is no encouragement from NDC for Saint Lucians to enter businesses.
- The deepwater harbour in Vieux Fort has great potential but is underutilized

- There is a tendency to apply for loans to purchase consumer goods and not to invest in businesses
- The government attempts to milk taxes from the more successful businesses, thereby hindering growth.

6.9.4 STRATEGIC ACTIONS

Critical Areas to be addressed by the Government

- The Government and the Private Sector will develop a vision for the manufacturing sector.
- The Forum created for public sector/private sector dialogue through the Office for Private Sector Affairs will be strengthened
- Policy will be directed at creating a facilitating environment for private sector growth and at the removal of barriers for the development of manufacturing companies.
- Facilitation will be directed at the type and areas of manufacturing in which Saint Lucia has a comparative advantage or in which a competitive advantage can be created, including the processing of special teas for which the country is famous.
- The agencies involved in industrial development and export promotion will work to ensure close coordination of their actions and measures.
- Concerted efforts will be directed at the improvement of shipping links to neighbouring islands in the development of exports.
- The Green Parrot Restaurant will be acquired and utilised as a location for training.
- The Rodney Bay Marina will be used as the locus for training in all aspects of maintenance of yachts.
- The Government will facilitate payment by credit cards for services at ports of entry.
- Customs procedures will be simplified and modernised to accommodate to the needs of manufacturers and information technology will be utilised in the administration of trade licences.
- Customs officials will be trained and upgraded to ensure more efficient discharge of their duties, including in the use of information technology.

6.10 INFORMATION AND COMMUNICATION AND COMMUNICATIONS TECHNOLOGIES

6.10.1 ASSESSMENT

Saint Lucia's current level of ICT development has a profile that is not dissimilar to other SIDS in the Caribbean and other regions. While its telecommunications industry is regulated, mobile and fixed line services are provided in a duopolistic market between Lime and Digicel (Mobile Services) and Cable and Wireless and Tele St. Lucia (Fixed line). Its current tele-density of 51 lines per 1000 reflects a precipitous shift from land line to mobile phone subscriptions between 2004 and 2009. Between these two years, the number of mobile subscribers soared from 60 percent to more than 99 percent, with a strong bias towards pre-paid service. By 2007, the

telecommunications industry was estimated to contribute about 10.8 percent to Saint Lucia's GDP.

In terms of broadband internet access, the market is fairly competitive, with four Internet Service Providers (ISPs) servicing approximately 20,000 subscribers. Access has been growing due partly to rapid growth in cyber cafes and increased private access through personal computers in the homes and via web-enabled mobile telephones. However, the ratio of urban to rural penetration is still quite high, indicating a need to provide greater access in rural communities. The penetration rate of the entire population is also quite low, at 9 percent. Another major infrastructural constraint is limited bandwidth, which is currently relatively expensive, making the cost of access more prohibitive for rural users relative to urban ones. This issue is linked to the inadequate carrying capacity of the industry. There is a paucity of skilled ICT professionals on the island and therefore there are only a few firms which provide ICT services. Inadequate software development also limits the carrying capacity of the local industry, making the importation of both software and hardware a less cost-effective but necessary alternative.

The government of Saint Lucia has demonstrated its commitment to mainstreaming ICT into the development process by drafting a National ICT Strategy in 2010. The strategy seeks to take a broad-based approach to ICT development by exploiting opportunities to increase consumer welfare across all economic sectors (Health, Education, Tourism and Agriculture) and by incorporating the use of ICT in the administration of public services through an e-Government initiative. The approach also proposed to focus on enriching the local skills base so that the island's carrying capacity can incrementally grow and become self-sufficient. While the initial stage of the plan is predicated upon a five year program which will require approximately US$22 million for implementation, significant and continuous investment will be needed to transform Saint Lucia's ICT sector to enable it to compete with other advanced knowledge economies. However, the Strategy identified a number of "Quick Win" projects that can be implemented in the interim to kick-start the process, namely:

- NICT Governance – to establish the structure and resources necessary to manage the implementation of the National ICT Strategy, and to sustain ICT development at a national level;
- E-Government Portal – to provide a user-centric online gateway to government information and services;
- Promotion and Awareness – to educate and sensitize the public to the National ICT agenda and the benefits of the initiatives;
- Community Portal Pilot – to build community participation and collaboration through an online portal that supports networking and the sharing of community specific information; and the

- Health Information Portal – to promote a health conscious nation through an online portal that is designed to share health information, support health services and build awareness.

In all, these quick win projects could cost up to US$ 420,000 to be implemented.

6.10.2 CHALLENGES AND KEY INDICATORS

Regulation: At the stakeholder meetings held in February 2011, the issue of a lack of regulation was raised as current threat to consumer welfare and the economic viability of the sector. In general, telecommunications regulations that relate to broadband internet services are deficient. What currently exists are regulations that deal mainly with voice telecommunication and telegram services. Carriers have not been required to increase their capacity and high sunken costs are often used as a justification for the high cost of service. Greater regulation of the market is needed and less liberalisation.

Skills base and human resources: the sector lacks in terms of the number of capable people who can sustain its development. This is also partly due to a mismatch between the current needs of the labour market and an anachronistic education syllabus, which is not producing graduates with the most highly demanded skills. It was noted in the sector consultation that even though expenditure on education is high in Saint Lucia and participation rates are high, the human resource base is not oriented towards the development of a knowledge-based skill-set, which places Saint Lucia's workforce at a severe disadvantage compared to economies such as South Korea or Singapore. Whereas students need to be targeted in ways that will drive them towards disciplines that are skill and knowledge intensive, the training of teachers to have a greater knowledge orientation is also a critical success factor. Therefore, the education system must emphasize the importance of life-long learning both to students and teachers.

Education and the ICTs: The issue of incorporating ICT as a key educational implement is important as it places Saint Lucian students within reach of comparable educational advantages as those available to students in developed knowledge economies. The current penetration of ICTs in Saint Lucia can be improved by aiming for 100 percent connectivity coverage across all schools. There should be refocusing of education expenditure to ensure the World Wide Web is accessible to every child. However, there is also the issue of education from the perspective of science and technology, which forms the basis for creating an adequately skilled class of ICT professionals. It was noted in the sector consultation that there is a preference for Information Technology education at the tertiary level rather than Computer Science which is perceived as more difficult and therefore less attractive to entrants to tertiary education.

This creates a sector of professionals who have lower order of skills than those requisite for the development of a thriving domestic ICT sector that is dynamic and has depth of skills and that innovates based on a good match between individual talent and the needs of the market (e.g.

Computer Science education increases the orientation of the individual towards programming- the most highly prized skill for ICT development). Therefore, a key suggestion is that in order to build a self-sustaining ICT sector, there must be greater focus on encouraging a deeper appreciation of science and technology from the very early stages of the education system, and intensifying the exposure of students to science and technology from the secondary level.

In terms of the TVET program, the concern was also raised that the curriculum was being "localised" and therefore, not providing a comparable value of content that would place graduates in the same proficiency category as TVET graduates in other advanced knowledge economies.

The perception of ICT as an isolated domain when it is in fact cross-cutting: the treatment of ICT has to be all encompassing, recognising the fact that all sectors must utilize ICT platforms in order to be globally competitive. The National ICT Strategy clearly outlines the policy direction that ICTs will be used as a key growth catalyst in all sectors, however, cost and institutional arrangements need to be significantly modified in order to make this happen. Broadband service to Saint Lucia is mediated through servers based in Miami, which is then re-routed to Saint Lucia for distribution. This therefore adds a transaction cost to local broadband service, which is passed on to the end user. Saint Lucia will need to find creative ways of forging public/ private partnership with the goal of procuring a national Internet Service Provider Host (ISPH).

6.10.3 STRATEGIC FRAMEWORK

The strategic framework for the ICT sector will be based on the current draft national strategy and the sector consultation of February 2011. In the medium term, the Government, in association with key stakeholders will:

- Establish an advisory body to do real time monitoring of the industry/ global market and advise the government on changes in technology and the appropriate policy direction to take
- Establish the office of an E-Commerce Secretary to facilitate and drive the process of adaptation of the economy for more intensified E-commerce penetration.
- Ratify existing draft legislation on the regulation of the telecommunications sector, particularly the Finance Act (as relates to online transactions) and the Ecommerce legislation.
- Establish better systems of accountability to hold the government to its commitment to the development of the sector.
- Establish a Ministry of Information and Communication to champion ICT related concerns from within the government, as well change the system of governance to permit greater transparency.
- Enshrine ICT access as a civil right.
- Implement the "Quick Win" projects outlined in the 2010 National ICT Strategy.

6.11 THE CREATIVE SECTOR

The creative sector is the most prolific post-industrial economic sector, as it cuts across the production of goods and service in every other sector. Yet, accounting for its scope, impact and potential benefits has not been properly factored into the development policies of the past. Creative industries are defined as those industries which produce tangible or intangible artistic and creative output, and which have a potential for income generation through the exploitation of cultural assets and the production of knowledge-based goods and services (both traditional and contemporary)[27]. Although the concept of a creative sector conjures up the cultural industries (arts and crafts, the performing arts, articles of heritage and historical significance, film fashion and music), the creative economy transcends into other activities, such as architecture, advertising, publishing, design, Research and Development and software development.

The new paradigm for a creative economy in Saint Lucia will seek to build and strengthen competitive advantage in the traditional cultural industries, but more importantly, to create a vibrant ecology within which local competitive advantage in the new creative industries can flourish. A major part of this strategy will also involve the crafting of a globally recognisable brand for Saint Lucia's products and services which is inimitable because of its "Saint Lucianness". This vision is broadly in line with the overall goal of sustainable development because it places the innate creativity and knowledge of Saint Lucia's human capital as the core factor of production.

6.11.1 ASSESSMENT

The supporting legislative and policy infrastructure for the growth of the creative sector in Saint Lucia is still inadequate. There has been some attempt to create a facilitative legislative environment, evidenced by the introduction of The National Cultural Policy in 2000 and later, the Cultural Development Foundation (CDF). The CDF was established under the auspices of the National Development Corporation. However, implementation has been low, due partly to regime changes over the past eight years failure of institutional coordination. Intellectual Property legislation has also been introduced, but due to a lack of adequate enforcement, levels of infringement by private and public agencies have been unacceptably high. Funding for cultural industries from the private sector is limited to sponsorship of live events, and there is no comprehensive investment regime either from the central government or the private sector.

While the sector's support institutions are growing, the main impediments to development are funding and the lack of a facilitative legislative system. Recent positive developments have included the establishment of the Creative Industries Network (CIN) of 2009. The CIN's

[27] UNIDO "Creative Industries, Micro and Small Scale Enterprise Development, A Contribution to Poverty Alleviation", available at : http://www.unido.org/fileadmin/user_media/Publications/Pub_free/69264_creative_industries.pdf

immediate remit is to aid in the development of distribution and marketing strategies to take advantage of opportunities presented by the EPA and other international trade agreements which Saint Lucia might be signed. However, the lack of or inadequate funding remains a major impediment for other stakeholder groups in the sector. The Saint Lucian Association of Musicians and Publishers (STAMP) has suffered from a gross lack of resources and is now dormant[28]. Additionally, in its inaugural (and only) distribution to date the CDF assisted 54 artists with grants from a pool of $EC360, 000.

The overall industry consensus was that a great deal of activity was generated from these grants and that efforts should be made to resuscitate the CDF.[29] Professionals in Action for Creative Enterprises (PACE) has also been an active agitating agent for more government investment in the development of the sector, but it largely faces difficulties due to a lack of funding and its inability to secure legal status as an NGO. There is the view among practitioners in the Creative Industries, that the registration process for becoming an NGO was more difficult than in registering a company. Funding for industry stakeholders is also difficult to access via aid donors, as cultural industries were not included in the list of industry corporations eligible for funding under European Union (EU) grants.

Another major point of concern in the sector is human resource capacity. The education system has yet to add to its curriculum a syllabus that is dedicated to nurturing creative talents and providing career-building training opportunities for students potentially interested in the sector. The approach to human resource development for the cultural industries is fragmented, with a less well developed system of engendering the required skill-set from the early stages, compared to other academic disciplines.

In respect of music training, although special training is included in the primary and secondary syllabi, it is absent from the tertiary syllabus. Also, because of a lack of a large cadre of appropriately trained teachers, music education at the primary school level is constantly at risk of atrophy, as teachers leave, the programmes have to be discontinued. This was particularly evident in the fate of the Pan in Schools programme[30]. However, there has been a positive response to this deficiency at the policy level, as the Ministry of Education's draft strategic plan (2010) proposes the establishment of a Faculty of Performing Arts at the Sir Arthur Lewis College. Other private institutions involved in the teaching of music theory and practice have been supported by continuous government subvention and satisfy to some extent the demand for music education.

[28] OECS Creative Ecosystems Country Reports, available at : http://www.oecs.org/edu_docs/Actions_for_the_creative_ecosystems_country_reports.pdf
[29] Ibid
[30] Ibid

However, the physical infrastructure for the performing arts is unsatisfactory for the development of this aspect of the creative industries. In order to capitalise on the large-scale income generating potential of live performances, there is an urgent need to develop venues that comply with international standards. Currently, the main venue for cultural activities and performing arts events is the Cultural Performing Centre- a structure originally built as a temporary facility.

The marketing and promotion cultural goods and services also needs to become more coherent. The government has made laudable initial efforts to promote the music and audio-visual sector by linking them to festival tourism. The Saint Lucia Jazz Festival is the most significant event on the island/s festival calendar and has been used as a platform to promote indigenous music.[31] However, the research and development input into the strategy needs to be strengthened to improve real-time assessment of the market for cultural tourism, trends in improving events management, the needs of each sector/ stakeholder group involved and the triple bottom line (the economic, environmental and socio-cultural benefits).

6.11.2 CHALLENGES AND KEY INDICATORS

Other challenges in developing a competitive creative economy for Saint Lucia are as follows:

1) **Improving the perception of the Creative/ Cultural Industries:**
   The potential of the creative sector to provide respectable, sustainable livelihoods for young Saint Lucians is still not well appreciated. There is a need firstly, to address the marginalisation of the arts in the education curriculum, and on a wider scale, change the misconceptions about the economic significance of the creative sector through continuous education. Developing the sector in ways that highlight its potential to contribute to Saint Lucia's overall economic growth could place the creative industry on the same aspirational level as other traditional career paths. There is also a need to widen the perception of the technical proficiencies required for practitioners in the industry and the establishment of institutions to develop standards and benchmarks.

2) **Mainstreaming the creative/ cultural education as a fully academic, knowledge based curriculum item:**
   The perception of the creative arts as a "plan b" option for students less oriented towards traditional academic pursuits should be changed to a reality in which students of a different inclination can find a natural territory in which to flourish academically with creative education provided as another option for personal and professional development. Creative education should be elevated to the level of traditional curricula streams, rather than kept as an option on the fringes of the syllabus. This would require an intensification of the knowledge base of creative education and building a cadre of trained teachers to sustain the syllabus.

[31] Ibid

3) **Linking the creative sector to SME driven growth:**

The creative industry, like other industries, benefits from rapid growth in clusters. Although many creative industries operate individually as SMEs, others cooperate in small groups for sourcing raw materials and marketing. Cultural/creative clusters are an important mode of operation, helping SMEs to obtain higher levels of growth through mutual stimulation, making use of others' knowledge and establishing integrated services and markets. Creative clusters are defined as a combination of production and distribution activities operating within a common structure, capable of promoting creativity, research applications and distribution systems and sponsored by both private and public financing (e.g. Silicon Valley in the USA). Apart from the legislative and institutional supports required, the development of creative clusters in Saint Lucia depends on the availability of support systems that respond to the needs of the cluster. The future of those clusters depends on:

- The supply of 'creative products';
- Marketing, together with tourism;
- Regional development; and
- Inspired innovations and transfer of know-how among industry operators.

In sum, the achievement of a growth rate of 5 percent or more is contingent mainly on the capacity of the country to improve performance in its existing export-oriented sectors, and to develop new sectors and subsectors, capable of providing output that that is competitive in the wider international economy. The analysis demonstrates that this is feasible under certain conditions, one of which is the development of its human resources with education and training. The challenge is in inculcation of a commitment to life-long education among the vast majority of workers who heretofore deem themselves to have ended their formal education in their teen years.

Another binding constraint that has to be removed has to do with the facilitating infrastructure for growth in terms of institutions and processes that allow the productive sector to embrace or to create technical processes that permit of productivity improvement, allow for the penetration of new markets and support production with appropriate R&D. In effect, Saint Lucia has to adopt conscious industrial policy that recognises its status as a SIDS, as the point of departure and is geared to reducing the handicaps that go with that status.

CHAPTER SEVEN
HUMAN RESOURCES DEVELOPMENT, SCIENCE AND TECHNOLOGY

7.1 Overall Statement

Sir Arthur Lewis, the doyen of Development Economics and a son of the soil of Saint Lucia, devoted to *Knowledge* a chapter of his classic, **the Theory of Economic Growth**, published in 1955. The 1960s witnessed the human capital revolution in Economic Thought. By the end of the 20th century, it had come to be generally well accepted that economic competitiveness and indeed, the building of a competitive advantage rest principally on the knowledge and skills in the labour force of a country.

Saint Lucia might have had a slow start in respect of its early efforts at investment in education. However, as it approached self-government and then formal political independence, universalising primary education became a major objective. Major strides were made in the latter years of the 20th century in expanding secondary education. It was one of the first among OECS states to develop tertiary education across a wide swath of areas for the domestic population.

The country has long espoused human resource development as a critical component of its development policy. The promotion of the use of knowledge in the production system has been evident in official statements and in actions implemented by major agents of the state, including the Ministry of Education and Culture. Educational Planning is now seen as an important platform in the development process. The most recent plan is, therefore, a critical component of this present exercise.

7.2 Goal

The primary goal is to develop the human resources of Saint Lucia as the foundation on which will be built the social and economic superstructure of the country.

A well-rounded education capable of equipping the individual with the base for flexibility and adaptability to a changing economic environment is an imperative for a state like Saint Lucia, in which the viability of the export sector determines the level of economic growth and transformation of the country. The adaptability of its economic infrastructure is determined in large measure by the capacity of its workforce to adjust with the use of the most recent information and knowledge to suit new requirements of the international market place. In effect then, the capital of the newest vintage can be incorporated in the stock of knowledge in the workforce.

The prominence of Science and Technology in the economy requires of the society the establishment of systems that allow its people to be constantly aware of the cutting edge especially in fields in which their production structures are engaged. Given the small population base of the country, it is unlikely that its citizens will be in the forefront of scientific and technological innovation across the wide swath of production in which they will be engaged. One of the critical goals therefore, is the development of systems such that its personnel are kept abreast in the real time of advances on the technological frontier.

There are two competing perspectives on the process of adaptation. On the one hand, a country can seek to engage in *technological leapfrogging*, by the adoption of the latest technology in the productive system, or in the production of products and services that embrace cutting edge technology, although it might not have been seen as a performer on the technological frontier. From another perspective, there is the concept of *technological blending* in which the country engages in the judicious use of new along with traditional technologies. The goal for a country like Saint Lucia is to utilise both models.

7.3 Context

The structure of the education and training system still reflects roots that date back to the colonial period. It was only in the wake of the Moyne Commission Report of the 1940s, that the idea of universal primary education was fully embraced. However, the Education Act of 1977 was the first comprehensive instrument outlining the role of the Government in education in Saint Lucia. It took the country most of the second half of the 20th century to approximate this objective of universal primary enrolment.

During this era, given official ambivalence as to the use of English as a second language in a society that was formally accepting of English as the medium of official communication, it is understandable that illiteracy was easily the lot of the large section of the population for whom French derived patois was the lingua franca. Additionally, the school environment was foreign to many children. Although education was compulsory from age five, many children had a short school career.

With a relatively rapid rate of population growth in the first decades after the Second World War, and with social challenges that schooling represented for significant sections of the population, participation rates rose slowly. The result has been that there are substantial sections of the population that are educationally challenged.

It was accepted then that the few would graduate to the elitist secondary education, with a decidedly classical bent. Education provided for social mobility but largely through the traditional occupations in Medicine, Law and Engineering, and Administration in the public services. Business, enterprise industrial production, and large or medium scale agricultural

production were not fields that attracted the attention of those with the highest level of schooling for the most part.

The country embraced the tenets of the human capital revolution in economic thought in the first years of political independence and avidly pursued the goal of "education for all" when this was adopted by the international community in 1990. Indeed, expenditure on education has exceeded 20 percent of the national budget regularly since the 1990s. Formal education planning was adopted in the 1990s and with the assistance of UNESCO and the World Bank, Saint Lucia made rapid strides in the development of its educational system.

However, the earlier low educational achievement among the population has impacted on the labour force of the country. This means that while in more recent times, Saint Lucia might have attained universal education at the primary and secondary levels, there will be need to invest in vigorous adult education programmes targeted at the out-of-school population if the country is to have a chance of building a knowledge economy through which Saint Lucia might attain and retain international competitiveness.

Saint Lucia has not escaped the phenomenon that has afflicted most of the Caribbean of major differential performance between boys and girls, or between male and female students in the educational system. Male retardation or underperformance relative to females is significant across the entire system from primary to secondary and then tertiary.[32] Thus, in addition to those who missed out on securing an opportunity at secondary education, since they had already left formal schooling when the system expanded, there is a large number who have under-performed, dropped out or were mis-educated: there is a 'double miss' therefore. There is, on the one hand, the challenge posed by the rewards in the underground economy in thwarting the notion of education as a base for economic mobility, and on the other, a perception of lack of absorption of graduates in employment consistent with their training.

In most recent years, almost immediately after concerted efforts were initiated to achieve universal primary and secondary education, attention has shifted to early childhood education. For the most part, this area of education has been dominated by the private sector, with the Government's role limited to the establishment of standards and to exercise of regulatory oversight as accorded under the Education Act.

To the extent that this sector has catered to the needs of the poor sections of the society, it has been characterised by a focus on custodial care of its charges, even though children from an impoverished background require a system that contributes to stimulation and to the correction of the challenges posed for the socialisation process of their home environment. The Education

[32] Retardation has to do with students being in a class much below the standard for their age.

System and its processes have a major role to perform in the reorganisation of the society and the economy of the country. It is foundational in its import to the development process of the country.

The most recent Education Sector Development Plan 2009-2014 and the preceding Education Sector Development Plan 2000-2006 have charted the thrust in education in the present century. The first sought to deliver equity and access in education, while the current plan focuses on quality, relevance and the diversification of education. Apropos the economic transformation of the country, the plan seeks to create:

> *a wholesome and functional individual who is accepting of civic responsibility and empowered to compete in a global environment*

Five strategic priorities have been outlined for the plan, namely:

- Quality Education and Training for All;
- Institutional and Organisational Capacity Building;
- Economic and Social Development, Discipline, Spirituality, Health and Wellness;
- Arts, Culture and Heritage; and
- Science, Information Technology, Communication, Research and Development.

These are all relevant to the MTSDP 2011-2015.

7.3.1 OECS AND EDUCATION REFORM

There is coordination of policy at the regional level among Eastern Caribbean States. Saint Lucia provides the Secretariat for the Organisation of Eastern Caribbean States, which has placed the education sector as one of the key areas of functional cooperation. In that regard, Saint Lucia and the other countries have committed to such objectives as:

- Expansion towards universalisation of pre-school, and to strengthening partnership between the private and public sectors;
- Promotion in particular of the participation of children from lower income groups as the basis of correcting socio-economic inequities; and
- General long-term education reform.

In the latter regard, there was established an OECS Education Reform Unit, which has focused on creating a "Foundation for the Future". One of its prime objectives is to address the knowledge gap that faces these countries. There is general agreement on harmonization of core curricula in primary and secondary education, the promotion of programmes that enhance

economic development of the sub-region, engendering collaboration in modes of training, creation of centres of specialisation, and sharing information on best practices in tertiary and post-secondary education.

7.3.2 ADULT EDUCATION AND TRAINING

In 1984, the Adult Literacy Programme was established with the assistance of UNESCO and the OAS to attack the problem of illiteracy in the country. The programme was expanded in the 1990s to include skills training courses in sewing, culinary arts, the building trades, small appliance repair and basic electrical installation and also was targeted at providing continuing education and technical/vocational training for primary school leavers and other adults interested in upgrading their education and training status.

A recent report done by the World Bank reviewed the training and skills development in the OECS and concluded that the OECS is one of the world's most affected regions in terms of the constraints imposed by the shortage of skilled workers on the competitiveness of its firms. More specifically, the Bank noted the following:

- The economic transformation in the Eastern Caribbean has increased the demand for skills;
- The education system is not preparing young people adequately with the skills necessary for new jobs emerging in the economies of the region;
- Many school leavers face difficulties with the basic of reading, writing, and arithmetic;
- Most display lack of behavioural life skills required by employers such as team work, pro-activeness, critical thinking, and communication;
- Most have not acquired professional skills linked to specific careers or technical skills in demand, eg. Information and Communication Technology; and
- Few will receive labour market training while in the labour force.

The World Bank recommends measures to make formal education more relevant to the needs of the Eastern Caribbean economy through:

- Improved governance of education institutions in the Eastern Caribbean by inclusion of a broader societal representation and especially through the involvement of employers and the private sector;
- Improvement in the quality of education and expanding support to students with a wide range of abilities;

- Scaling up youth training programmes supported by policies to improve relevance of programmes, and by inclusion of traineeships geared to provide on-the-job training, even extending to regional collaboration in such programmes.

The creation of a regional market for training, and the encouragement of firms and labour unions to support the training of workers as part of the labour negotiations process were also addressed.

7.3.3 SALCC

The Educational Plan projects the upgrading of the SALCC into a full-fledged university college. One of the objectives of the Educational Plan is to widen the door allowing access to tertiary education to poor families. SALCC will have a role to play in this regard. However, the College faces competition from off-shore universities in Saint Lucia, which have allowed access to nationals and have succeeded in attracting some to their programmes.

There is also increasing use of ICTs by foreign institutions which has made it possible for nationals of Saint Lucia to avail themselves of distance education programmes. While this impacts on SALCC and its domestic client base, citizens are not limited any longer to enrolment at SALCC or being required to go abroad for tertiary studies. Thus, it is possible for much larger numbers than can be accommodated at SALCC to secure tertiary education.

An important objective in the upgrading of SALCC is its potential role in the promotion and conduct of research that can inform national policy and support social and economic plans and decision-making for the country. It is very likely that SALCC, well resourced with personnel, can be a focal point for path-breaking research of direct relevance to Saint Lucia and can discharge this responsibility far more effectively than institutions abroad.

7.3.4 SECOND CHANCE SYSTEMS

One of the priorities outlined in the Educational Plan is the provision for alternative pathways and 'second chance' education. Given the large number of people (as much as half of the adult population) who would not have had the chance of completing secondary education, there is a substantial infrastructure required in this regard. There is CARE and the National Skills Development Centre which is being expanded with a focus on the work-force in general rather than on young people. In addition, the programmes are being developed to secure accreditation regionally and internationally, given mobility of workers in the deepening of the economic integration process.

Another criterion of importance is the requirement of coordination and flexibility, allowing beneficiaries to adapt to the changing needs of the labour market of Saint Lucia. In that regard, ICT is to be applied to permit reach to the largest number of students. At the same time, access to ICT would allow students or participants in programmes to develop a familiarity with the technology.

In addition to creating an enabling environment for TVET, the Plan projects the establishment of systems for continuous learning and national certification of skills on the basis of approved occupational standards. The ethos of continuous learning and growing is likely to become inculcated in the population at large, which augurs well for the catch-up process necessary for a country that has to correct rapidly for a deficiency in the skills and knowledge base of its workforce.

7.4 Opportunities and Challenges

The major challenge facing the country is to pitch-fork its work-force to a higher plateau in terms of education and training, and to ensure that the population can, in embracing new skills and knowledge, raise productivity. It is a prime task then, to adopt a holistic approach to education. There is need to encourage a thirst for learning across the society. There is need for a universal recognition that the future of the country depends critically on the knowledge and skills of the labour force and that economic security of the individual depends on the acquisition of such personal investments.

The involvement of the private sector is critical to the process of worker-upgrading. However, there is likely to be under-investment in training if employers in their own private interests fail to train because mobility of workers and competition among employers prevent the recoup on training investments made by firms, except in cases of firms where the training is very specific to intra-firm operations.

SALCC is to be upgraded to a University College. This would entail both quantitative expansion into other areas, and qualitative improvement in its offerings. It already serves as a conduit through which programmes of other institutions abroad can be made available to residents of Saint Lucia through franchise arrangements. As internet access widens, SALCC can serve as facilitator and provide oversight in respect of programmes accessed from abroad.

Indeed, distance education is being adopted by a number of institutions in the metropolitan countries and Saint Lucia is part of their reach. In effect, then, large numbers of people can enrol in a host of programmes and not only in what is on offer in Saint Lucia itself. In short order, a much larger percentage of the population can be upgraded than applies currently.

The adoption of ICTs in education can serve to improve quality and efficiency in the programme offerings. Another imperative is the widening of curricula to ensure that the vast majority of students secure the basics in respect of Mathematics and Science on the one hand, and language arts, culture, history and social sciences on the other. Breadth of curricula is critical for a society in which flexibility and resilience have to be the touchstone for each individual.

The high personnel costs of education create a burden on the public purse in a period when there are major budgetary limitations. It is challenging to expand the budget on education which is already absorbing close to 20 percent of allocations. On the one hand, there is pressure to engage students in self-financing especially at the higher levels of the educational system.

The challenge is to ensure that the level of social investment is commensurate with the critical social returns to a society that has to raise the bar on its educational levels. There are many in the society who will not be able to afford the private costs of educational upgrading and training. Social benefits exceed private benefits, and this reliance on private signals can lead to under-investment in education and training. The required state intervention in such circumstances has to be managed without providing a subsidy to those who, on their own, might have financed their own education and training. This is a highly contentious area in educational finance.

Box 7.1 outlines the major strengths, weaknesses, opportunities and threats confronting Saint Lucia in the areas of Human Resource development, Science and Technology.

Box 7.1: Human Resources, Science and Technology: Summary SWOT

Strengths	Weaknesses
• Two Nobel Prizes in one generation establish that the country can attain the highest in intellectual achievement • Human capital revolution well accepted and reflected in 'education for all' approach in educational planning • Second chance systems being institutionalized - CARE and National Skills Development Centre – with regional and international certification underpinning • Roving Care Givers Programme compensates partially for limited access to pre-schools for poorer children	• *Education and training system still with roots dating back to colonial period* • *Students making transition from primary to secondary with literacy problems* • *Large sections of the out-of-school population ill-prepared for participation in a knowledge economy* • *Education system not preparing young people adequately for jobs emerging in the economy of the region – general deficiency in technical skills* • *Male underperformance in education significant* • *Early childhood education not universal and poorer children facing inequity in access, with most pre-schools* • *Perception that only certain primary schools in the Castries Basin can guarantee access to best secondary schools reinforcing problems of differential performance* • *Science and Technology not fully at centre stage in the adaptation of the productive system to new requirements of production and trade*
Opportunities	**Threats**
• Expansion in ICTs to be used to allow reach of programmes to large cross-section of population • Enabling environment for TVET being created • Ethos of continuous learning and intellectual growth being promoted • Institutionalisation of home work centres in marginalized communities • Coordination among OECS countries through OECS Education Reform Unit creates focus on comparative performance and recognition of need to raise the bar • SALCC being upgraded and expanding its reach to groups previously un-served • SALCC being a focal point for collaboration with institutions abroad in accessing distance education programmes	• *Parents lacking wherewithal to send children to school with regularity leading to poor performance* • *High personnel costs of education and training in face of budgetary constraints restrict investment in education* • *Reliance on self-financing restricts entry of poorer students and leads to social under-investment in education and training* • *Private sector tepid in respect of investment in training and up-grading of workers, thus leading to under-investment in training* • *Rewards in the underground economy undermine perception of education and training as base for economic mobility among some sections of the population*

7.5 Objectives

7.5.1 DEVELOPMENT ADMINISTRATION IN EDUCATION

Education is the sector that regularly comprises the largest share of the budget of the Government. The internal efficiency will need to be monitored, and should be an early candidate for programme budgeting in the public sector.

Given the critical role of education in the development and transformation process, the administrative capability of the Ministry has to be an area of focus. The relationship of the Head Office to the District Educational Offices and to the school system has to support an improvement in the performance of schools. Upgrading of staff to manage new curricula is one of the imperatives to be addressed. The modernisation of school plant and preventative maintenance will attract substantial resources in creating an environment conducive to learning,

The external efficiency of the Ministry and the educational system has to be monitored as well. Public and Private Sector collaboration will ensure that the supply of critical skills matches demand, through a feedback process and with the support of regular surveys of graduates conducted by the Department of Statistics.

7.5.2 EARLY CHILDHOOD EDUCATION

A priority of the Educational Plan is to increase access to Early Childhood Education for children 0 – 4 years of age. Most of the pre-schools are privately operated. There are just a few government pre-schools but these are really day care centres with pre-schools attached to them. Thus, there is not universal enrolment at this level. Poorer children who are at some distance from Government centres are the ones lacking access. The Roving Care Givers Programme compensates in part for this deficiency by providing stimulation for children 0 – 3 years of age in some disadvantaged communities.

The country faces some hurdles in promoting universal access. With dwindling numbers in the primary schools, there is pressure to add a pre-school component to existing primary schools, although there are mixed views on the advisability of such an approach. On the other hand, rapid expansion in access through state provision will put the privately operated pre-schools out of business.

In spite of the improved regulation, there are problems of quality in the privately run sector. Universalising of access inevitably will require expansion of government centres across the country. There will be dislocation in the private sector, with mainly those catering to the elite surviving. However, the country can ill-afford indifferent quality in the early years of life, and in particular among the poor in the society. Close monitoring will need to be done on the sector.

Over the next five years, the target is to achieve enrolment of at least 80 percent in pre-schools.

7.5.3 PRIMARY LEVEL EDUCATION

The country has enough school places available to allow for universal primary level enrolment. School places are geographically distributed across the country. However, a falling birth rate and an apparent differential in the performance of children in rural schools compared to schools in the Castries Basin have led to perverse trends. Parents seek to send their children to certain schools in Castries to improve the chance of securing access to the better secondary schools. Moreover, the country has experienced a persistent rural urban flight which has placed further pressure on schools in the Castries Basin. In addition, there is still a problem of truancy and of parents lacking the wherewithal to send their children to school. The challenge to be overcome in the period, therefore, is about quality and not about quantity.

A useful intervention has been the work of the Ministry of Social Transformation which has implemented an after-school programme in a number of communities, including in Faux a Chaud on the outskirts of Castries. Initial funding was provided by the Organisation of American States (OAS), which financed payment of facilitators who provided academic support for students from age 5 to 17 years of age.

The programme has had a positive impact on students, especially in Faux a Chaux, where it has served as a vastly superior alternative to students being on the street on afternoons. Sustainability is a challenge given the limited resources of the Ministry of Social Transformation, and moreover, there is a shortage of personnel to work with parents in the home to ensure complementary parental support for the work of the home-work centre.

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Over the period of the plan, attention will be directed at the improvement in delivery of primary level education with focus on a number of priorities as outlined in the Education Sector Development Plan, namely:

- A broader based balanced and differentiated curriculum to include greater use of ICTs, physical education, health and family life, uniformed groups, creative talents, culture and supplementing exam based evaluation with alternative methods
- Inclusion of positive behaviours and other aspects of social development by instilling greater self esteem, confidence building, spirituality and ethics
- Establish new school entry programmes in order to assess speech hearing, vision and psychomotor development
- Continuous training of teachers in reading, counseling and well being as well as new modalities of teaching

- Introduce new modalities of teaching including ICTs and student recognition programmes
- Focus on having greater role models and figureheads for boys and other programmes for retention and implement programmes for girls at risk
- Programmes targeted at children with special needs specifically the gifted and differently abled
- Ensuring school safety and security
- Improve the appearance of the physical plants and have proper hygiene and maintenance of school plants
- Expanding the school feeding program to have greater variety and to target a larger group. This is meal is currently targeted for the poor and needy and is highly subsidized.

7.5.4 SECONDARY LEVEL EDUCATION

The country has recently arrived at the threshold of universal secondary education (USE). There may now be more capacity than there are students, as a result of the changes in the demographic profile of the population. However, serious quality problems have emerged with the almost automatic transition of students from primary to secondary levels. There are students who pass through the primary level and are basically illiterate on entry into the secondary level.

Since secondary schools in Saint Lucia are not zoned, parental choice and performance in the Common Entrance Examination determine placement. There may be as many as seven options available to a student. Thus, students are streamed according to performance in a hierarchy in which the best students gain access to what are deemed to be the best schools. The middle and high end schools get the better students and those that are on the lower achievement scale enter the lower end schools. Students even from the most remote locations are sent to the prestige schools. Given a transportation subsidy, distance is not allowed to interfere with enrolment in one of these schools if students secure a place.

Efforts are being made in the context of the new plan to upgrade quality especially in the schools at the lower end of the scale. This has meant the introduction of programmes in reading and numeracy to overcome basic illiteracy problems, and remedial programmes as a foundation to primary to secondary transition, and then to ensure some level of acceleration as students become proficient in the basics.

Secondary level performance is a good indicator of the quality of the prospective labour force of the country. Saint Lucia falls very short compared to countries like South Korea and Singapore, in which latter, over 80 percent of secondary school students secure five (5) or more passes at the Examination of the Cambridge Syndicate: this compares with under 30 percent for Saint Lucia, according to one report.[33]

An important target over the planning period is to raise the quality of performance such that at least seventy-five percent of students can secure passes in English and in Mathematics in the Caribbean Secondary Education Certificate (CSCE), with a focus on Secondary Schools that have been deemed to be poorly performing institutions.

7.5.5 POST-SECONDARY AND TERTIARY LEVEL EDUCATION AND TRAINING

The distribution of the labour-force by educational attainment is a good indicator of the competitive capacity of the workforce, prima facie. Figures 7.1, 7.2, and 7.3 illustrate the positive change that has taken place over the period 1994-2009, in terms of the percentage of the labour force with educational certificates. In 1994, the vast majority of the work-force was comprised of workers who had no certificates or had achieved only Standard 6 level at primary level. Over the period 1994 – 2009, the number of workers in this category had declined, while secondary level education came to account for a larger share. At the same time, workers holding diplomas and degrees rose from less than five percent to over 10 percent over the period. The differential performance of males vis-a-vis females is seen in Figures 7.2 and 7.3. While both groups showed an increasing share of persons with higher certificates, females moved up the educational hierarchy more quickly than did males.

[33]See results on the Cambridge GCE for 2006 and 2007: http://www.moe.gov.sg/media/press/2008/01/results-of-the-2007-singaporec.php Singapore has maintained high pass rates since the 1980s. The World Bank reports 27 percent for St. Lucia in 2001. See page 29: http://siteresources.worldbank.org/EXTEDSTATS/Resources/3232763-1171296308277/3445908-1171296598448/caribbean.pdf

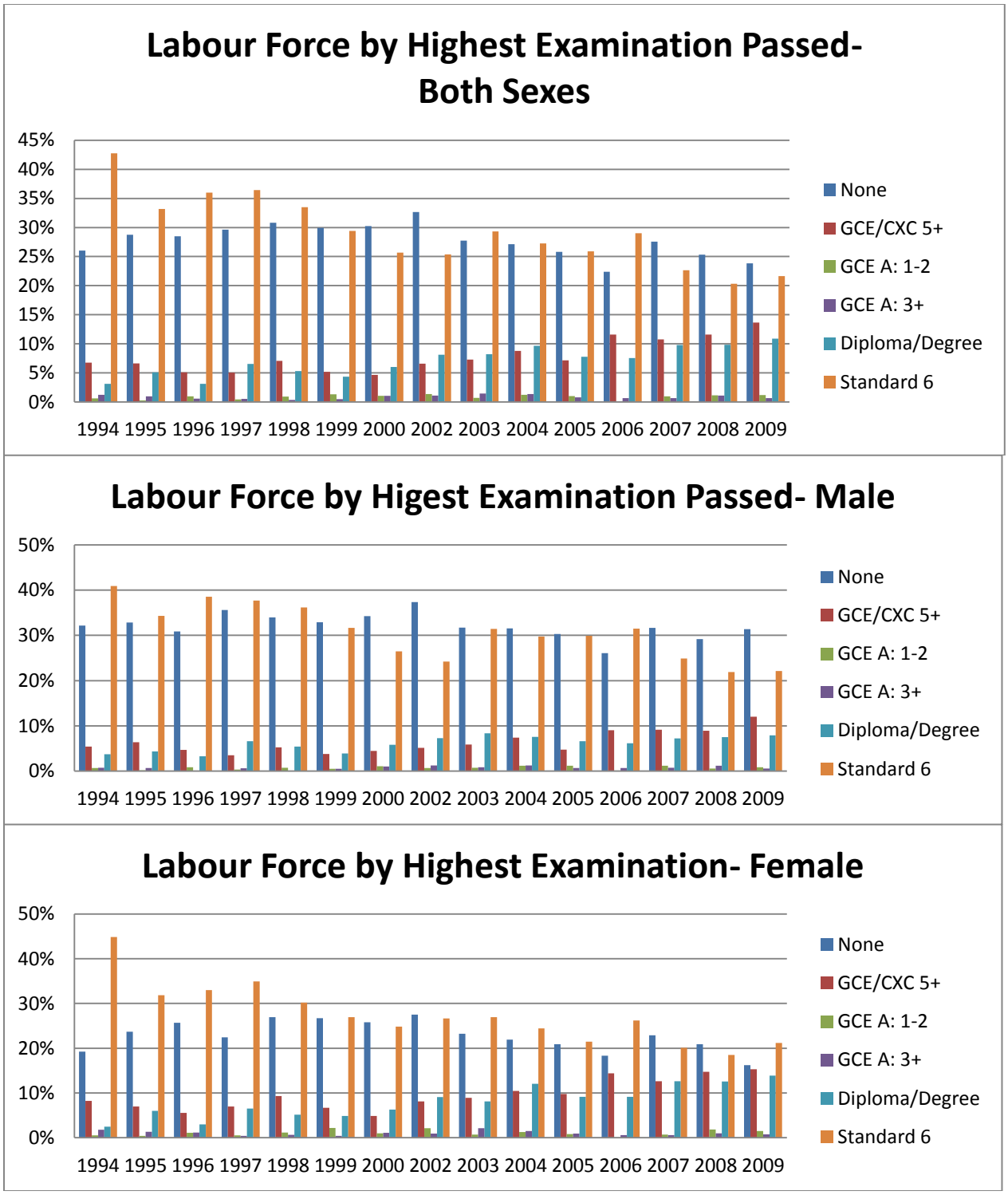

FIGURE 7.1: LABOUR FORCE BY HIGHEST EXAMINATION PASSED

While there has been considerable improvement in the stock of skills and knowledge embodied in the labour force, Saint Lucia entered the 21st century with a low base, which is not propitious for its attaining international competitiveness outside of its unique natural resource endowment. The enormity of the gap faced by the country in a knowledge driven international economy is seen in the fact that the percentage of the potential work-force with a Degree or Tertiary Level Diploma in Singapore was 44 percent, compared to less than 11 percent in Saint Lucia in 2009. The country needs to mount a massive thrust in post-school education and training. This has to be contextualised against a culture in which most workers assume that their educational career would have ended on their becoming adults.

Moreover, many of the programmes of post-secondary and tertiary have been geared to younger people, entering or about to enter the labour force. Correcting the education and training deficit of the country would involve the institutionalisation of flexible and user friendly programmes designed to provide workers and mature adults generally with the opportunity of upgrading their education and capacity to avail themselves of training.

There are two factors to note here. Firstly, life expectancy is increasing and there are pressures to raise retirement ages. Workers are likely to have a longer working career than their predecessors of a generation ago. Secondly, rapid technological change that characterises production in the 21st century requires flexibility and resilience in the workforce. The worker is likely to have to retool and retrain more than once in the course of working life. The better the educational base, the more readily and effectively can a worker adapt to changing conditions in the productive system. There is need to continue the expansion of access to tertiary and post-secondary education of an increasing percentage of the cohort in the pre-labour market entry phase.

A target of 20 percent of the 20-24 age-group enrolled in post-secondary or tertiary by 2015 can be set.

An equal number of enrolment among the more mature in the work-force can be targeted for part-time and full-time participation. Both initiatives will raise the stock of skills and knowledge embodied in the work-force over time, with considerable advance in that direction by 2015. The secondary school plant that is now well distributed across the country should be the base for adult education and part-time programmes targeted at the out-of-school youth and mature workers in the population, who are willing to utilise their spare time for educational advancement and training, SALCC will be an important player in the expansion of tertiary level and post-secondary education and training, through its own programmes, and through courses and programmes franchised from other institutions. It may well be necessary to expand its non-national clientele, whose fees can support the expansion and permit of economies of scale.

There is need to increase enrolment at SALCC and NSDC, possibly by 50 percent by 2015.

7.5.6 SCIENCE, TECHNOLOGY AND INNOVATION

The infrastructure for the advancement of Science and Technology in Saint Lucia remains relatively weak. The country is faced with the challenge of small size in creating a minimum base of personnel in Science and Technology that would allow for the conduct of research across a wide spectrum of areas. While there is considerable literature that has explored the problem of very small countries in participating on the scientific and technological frontiers, much of it relates to countries that are several times larger than Saint Lucia in terms of population: Singapore is an island state and a small country but has a population of over 4m.[34]

The most comprehensive review of the role of Science and Technology in the Commonwealth Caribbean dates back to the late 1970s. Since then the region has seen an expansion in tertiary enrolments and in personnel with tertiary level preparation in the Sciences. However, the nature of their absorption into the economy, depends on the structural base of the economy. Except in the case of Trinidad and Tobago, with its dominant petro-chemical sector, tourism and offshore financial services have been the drivers in many of the economies of the region.

What has emerged by way of manufacturing has remained at the export-processing stage, under the control of transnational corporations, or as small scale operations targeting a protected domestic market. The link between Science and Technology and training at the Universities on the one hand, and the productive system is tenuous at best. Lacking the critical mass of an appropriate infrastructure, the capacity to innovate is restricted.

Some countries, faced with similar deficiencies in science and technology, have employed strategies that allow them to avoid being passive users of new and emerging technologies. Small size need not consign a country to an absolute passivity in adoption of science and technology. In the heyday in Saint Lucia of the banana industry, which was an important sector for the country, there was a supporting node of Research and Development in the form of WINBAN/CARDI that provided a platform for scientific investigation and for in-field experimentation. Although farmers and workers might have lacked formal educational preparation, the institutional arrangements in place, including a well trained cadre of Extension Officers, the high quality research of WINBAN allowed for scientific and technological advances and adaptations to lead to field applications. However, mono-crop agriculture has meant that other areas of agriculture did not attract similar attention.

[34] For example, a recent book by Charles Edquist and Leif Hommen, entitled *Small Country Innovation Systems*, Edward Elgar, 2008, presents successful case studies of National Systems of Innovation (NSIs) in ten small countries, including Singapore, Taiwan and Norway, with the smallest of which being Ireland with just under 4m in population.

With the hollowing out of the banana industry over the years since the formation of the European Union and the termination of protection, any research in Agriculture has been limited to small scale efforts in the Ministry of Agriculture, to the initiatives of regional organisations like CARDI, IICA, and the University of the West Indies and to the Taiwanese Mission of the Republic of China on Taiwan. In recent years, Israel has been the source for improvements in the variety of bananas in production and the Jaffe and the Galilee are very much in evidence in banana production in Saint Lucia. At the same time, in the development of avocado, Israel's initial plant breeding stock relied in part on material from the Eastern Caribbean. It could hardly be argued that there is much domestic dynamism in respect of this area.

The export-oriented manufacturing that existed was largely an enclave sector with little reliance on technical inputs from Saint Lucia itself. The raison d'etre of a presence in Saint Lucia had little to do with mastery of technological innovation, but more to do with securing access to cheaper labour and the cover provided by trade protection in such an arrangement as the Caribbean Basin Initiative. There is little evidence that Saint Lucia was able to follow the model of Singapore in encouraging foreign investment, to engage in technological upgrading through technology transfer from foreign firms entering the manufacturing sector in the country.

ICTs are one area in which there has been some advance with the large sections of the population adapting the new technology in their daily lives, and in some important areas of productive system. It is also the medium through which the country can compensate for the absence of a critical mass in its scientific base in terms of personnel. The use of ICTs among an information-sensitive community would permit firms and other producer units, and indeed, agencies in Government responsible for the facilitation of the private sector, to keep abreast of developments on the technological frontiers in real time, and allows for intelligent applications where innovation in product and service can permit of market penetration, and improved competitiveness in the international market place (Henry 1991).[35]

Saint Lucia, like other islands of the Eastern Caribbean, has enjoyed substantial penetration in the use of cellular Technology. Internet penetration however is far more modest. Given educational challenges among sections of the population, it is likely that many face hurdles in access to the internet and availing themselves of the vast stock of information that is of potential use to them from the World Wide Web. James (2005) has pointed to an interesting example of technological blending in India: here community radio and cell phone use, permit rural or remote citizens to avail themselves of the internet access through radio hosts who conduct on-line and focused searches for information of interest to listeners who pose their questions

[35] Henry, R. M., 1991. "The Information Imperative in the Development of the Commonwealth Caribbean," Information Development, Vol. 7. No. 1, pp. 32-38.

through the cell phone.[36] This is an approach worthy of emulation in Saint Lucia and can address such areas as Agricultural Extension Services, Primary Health Care, Nutrition, and areas of Science and Technology of general interest.

SALCC is at the pinnacle of the educational system of Saint Lucia. It has to be more than the University College of Saint Lucia and has to target at becoming the focal point for marshalling the intellectual resources around Science and Technology and in monitoring applications. Research, application, adaptation and networking with interested researchers elsewhere in the world can be facilitated by the College. Other immediate stakeholders are those involved in technical applications in Agriculture, Fisheries, Physical Planning, and in Engineering.

7.6 Strategies

7.6.1 ENSURE MAJOR UPGRADE IN EDUCATIONAL QUALITY

It is well recognised in official circles in the Ministry of Education that the expansion that has taken place at all levels of the educational system has been accompanied by a decline in quality in some areas. Pass rates on certain national examinations are low by comparison with countries with which Saint Lucia would want to be compared. A commitment to upgrading quality is now a prerequisite. While there is differential ability among students, this might be recognised in differential time that students take to arrive at the standard, rather than in permitting differential standards to emerge across the system.

Performance on examinations is not the only criterion of educational excellence, but remains an important feature. It is not an accident that there are a number of countries in East Asia where students have excelled on standardised tests, in Mathematics, for example. Such high level performance is attributed to a commitment to quality and excellence which lead to capacity and adaptability to absorb and apply new technology, and, increasingly, to innovate and contribute to technological advance, with all the rewards therefrom.

Improvement in quality is also an indicator of efficiency in the educational system. The expenditure in education has been significant in the national budget. If the majority of students can arrive at passing grades with many achieving excellence, the social gains are larger than in the current situation in which money is being spent under the heading of education with disappointing results.

There is need for a redoubling of effort to secure collaboration between home and school, and support for students who display weakness. The institutionalisation of home work-centres with special attention to marginalised communities, provision of libraries and information systems in

[36] James, Jeffery, "The Global Digital Divide in the Internet. Developed countries constructs, and Third World Realities," Journal of Information Science Vol.31, 2005.

communities and in schools, support to teachers with limited experience and training, constant monitoring of students, counselling and due recognition of teachers with superior skills are some of the urgent matters to be addressed in raising the quality of education in the system. Schools that are performing badly in both rural and urban communities will need to be the focus of special attention, with school and community commitments to improve performance. Parents and teachers and Mothers and Fathers Groups have to be part of the process.

While the Ministry of Education will be an important agent in this effort at upgrading, the Ministry of Community Development, through its Community Development Officers will need to engage communities in the supporting the improvement of their schools. Community ownership will facilitate zoning, since every community will have a vested interest in ensuring high quality for its school. It will be necessary to focus public attention by discussion in the public media on the importance of educational quality to the nation.

7.6.2 INCULCATE THE NOTION OF EDUCATION AND TRAINING AS A LIFE-LONG PROCESS

A small export-reliant country requires flexibility and resilience in its labour force to maintain competitiveness in an ever changing international economy. It is likely to have to engage in continuous trade adjustment, as sectors that are competitive in one time period cease to be in another time period, or maintain competitiveness only by radical reorganisation. Human resource development for a country like Saint Lucia in the context of globalisation, therefore has to be based on a commitment of the vast majority of the work-force to secure relevant skills, training and education that are necessary to complement the other inputs that create competitive goods and services.

The institutional arrangements will need to put in place to facilitate such an approach to human resource development. Certification systems establishing achievement in various spheres will be necessary. The Ministry of Education will be a major agent here. There is already evolving national and regional testing and certification arrangements. Coherence among programmes and user friendliness making it possible for the individual to get learning and advancement recognised and credited are necessary features of an effective system of testing and accrediting. Structures will need to be put in place to maintain permanent educational and training records on all individuals as they transition through the formal school system and move on to work careers with education and training episodes interspersed in their working lives.

Most importantly, the Government, private sector and the trade union movement have to provide the level of endorsement such that the reward system is commensurate and consistent with the differential capabilities that are conferred by education and training in the context of the work-place.

7.6.3 PROVIDE BREADTH AND DEPTH IN THE EDUCATIONAL CURRICULA

Given the need for flexibility and versatility in the individual, in the context of an economic system that will make demands on its work-force involving their needing to shift and to be trained and retrained more than once in their work careers, a high premium has to be set on a wide and relatively deep exposure across a range of subject areas, including Mathematics and Science, but as well, the Social Sciences. Scientific literacy is a sine qua non for most of the work-force. Depth and breadth provide a platform for life, and are the foundation on which new information and skills can be built, more effectively than would be the case with a limited educational base. Moreover, given the fungibility of knowledge and given the need, in a small country, for many to invest their brain power in developing solutions across an array of fields, breadth of knowledge permits of a wide spectrum of information processing at the level of the individual.

There is also need for a wide appreciation of the functioning of one's own society, and also its place in a changing world. A society in which the vast majority of the population have a good sense of how the international impacts on their national and individual circumstances will be better adapted to treat with change over which Saint Lucia has little control, except in so far as it can exploit possibilities for protective cover. The asymmetry of its relationship with the rest of the world places considerable weight on the knowledge Saint Lucians have about the world around them.

During the course of their school careers, all students would need to be exposed in some depth to a range of subject areas, which are essential to living and working effectively in the mid 21st century in Saint Lucia.

7.6.4 PROMOTE ICT ACCESS

ICT provides the opportunity for Saint Lucia to engage in a catch-up process vis-à-vis those countries where a larger percentage of population is operating on the frontiers of Knowledge. The judicious placement of telecentres, and allowing access to members of the public to the internet in schools in post-schools hours, are initiatives that will need to be taken. There is need to encourage among the population at large, that each person secure an internet address, as readily as they acquire cell phones. In addition the radio stations should be encouraged to host discussions regularly interactively with listeners on cell phones on topics or issues drawing on information gleaned in real time from the internet.

7.6.5 MOBILISE THE SCIENCE AND TECHNOLOGY INFRASTRUCTURE TO IMPROVE ADAPTABILITY

Since Saint Lucia inevitably will be limited in its Science and Technology Infrastructure, there is a high premium to be set on the access to the Science and Technology being created by others. There are nodes that need to be created that will focus on such areas as Agriculture, Environmental Protection in a small country, Coastal Erosion and Protection, and Forestry including Agro-Forestry. In each case, there are unique qualities of Saint Lucia that permit of special study that might engage scholars from abroad as well as from Saint Lucia itself.

For the most part, the country will need to rely on links with worldwide Science and Technology. What is critical here is the presence of a cadre that is capable of monitoring the technological and scientific frontier in real time and able to interpret and assist in adapting advances for domestic use. Close links between government agencies and the private sector will be critical here. It is this cadre which will promote adaptation at two levels – technological leapfrogging and technological blending.

Because of the problems posed by small size, and because Science and Technology and advances thereon are highly relevant to a small country whose earnings from exports of goods and services are the life-blood of the country, Saint Lucia needs to create the institutional mechanism that would ensure that there is a focal point by way of a National Council on Science and Technology.

The culture and the creativity of the people provide an avenue to the differentiation of the products and services produced by the country. Unfortunately, there is a tendency to treat the arts and culture as marginal to the educational process, and this in a country that has won international recognition in the Nobel Prize for literature through Derek Walcott. There is a need for study on the potential impact of culture and the creative sector and its impact on economic growth.

In sum, as a SIDS, Saint Lucia has to create the structures that keep its entire population engaged in the educational process and in the utilisation of knowledge and information from domestic sources as well as from the rest of the world, in its productive system. This shall be over-arching strategy over the medium term.

CHAPTER EIGHT:
PHYSICAL PLANNING AND INFRASTRUCTURE POST TOMAS

8.1 Overall Statement

While there may still exist debate among scientists and other academics about the fact of climate change and its effects on small islands of the Caribbean, the population of Saint Lucia is fully seized about the increased vulnerability at the personal, community and national levels, in the wake of Hurricane Tomas which struck on October 30, 2010. In the previous decade, the Eastern Caribbean experienced situations of almost whole island devastation, as with Hurricane Ivan in Grenada. Other hurricane episodes might have been less devastating, but their impact on the psyche of the population has been pronounced.

Another phenomenon have been earthquakes, Haiti being the most recent case. Saint Lucia is regularly visited with tremors, located as it is on the edge of the Caribbean Tectonic Plate, which is actively adjusting with the South American Plate. Increased vulnerability to environmental change is a reality and a fact of life that confronts Caribbean peoples and their governments. Unlike the case in larger countries, small land space provides little flexibility in relocation of populations, pre and post disaster. All of this is of considerable import in the planning of infrastructure development, in respect of both its public and private goods contexts.

8.2 Goal

The goal for this programme area is the creation of an infrastructure that abides by the highest tenets of physical planning for a country characterised by high physical vulnerability, through:

- Expansion and retrofitting of the physical infrastructure in light of environmental hazards
- A significantly improved standard of living in depressed rural and urban areas
- An effective housing delivery system promoting the sustainable development of communities

The goal has to be seen against the lessons that can derived from Hurricane Tomas, which, like Ivan in Grenada, has revealed the whole-system risks faced by Saint Lucia.

8.3 Context

Saint Lucia is a 239 square mile land mass. It is a mountainous island, and part of the Windward Island chain. The highest point is Mount Gimie at 8,117 feet. A volcanic crater in Soufriere and the twin peaks, the Pitons are distinguishing features of its topography. It is twenty-seven miles long and fourteen miles wide.[37]

It supports a lush tropical forest and lies in the path of the Trade Winds. It receives 60 inches of rainfall annually in its coastal areas compared to 160 inches in its rainforest, and has an annual average temperature of 80 degrees. Its location puts it in the path of the tropical storms and hurricanes that have their origin in West Africa and make land fall in the Caribbean. Its topography poses a challenge for internal communication and transport, and thus for infrastructural development and management.

Physical Planning is administered by the State through the Physical Planning and Development Act of 2001. There is a Physical Planning Section established in the Ministry of Physical Planning and the Environment, with the responsibility to prepare development plans and to guide development activity in the country.[38] While physical planning is relatively well institutionalised in respect of building construction, there are other aspects of physical exploitation of terrestrial resources that are not as well controlled. Traditional practices of agriculture on steep slopes and other forms of exploitation of its land resources pose certain risks especially in the absence of strict controls.

Another critical challenge faced in physical planning is in controlling the effects of densification which has taken place in urban settlements, some of which have been spontaneous settlements in response to rural urban drift. Housing units on small lots with soak-away pits in close proximity on slopes have led to collapse of homes and to the loss of life. Limited resources and limitations in the legal infrastructure have posed a challenge to urban renewal. Such communities as Anse La Raye, Baron's Drive and Faux-a-Chaud are testimony to the problem in Physical Planning.

Like most Caribbean SIDS, Saint Lucia is beset by a growing number of natural and socio-economic impact variables which have to be managed within a context of random and sudden changes, reduced predictability of those shocks and limited adaptive capacity to mitigate the impact of shocks. The complex relationship between environmental sustainability and patterns of development has been demonstrated most recently in the catastrophic events of Hurricane Tomas. As its population grows, and even more so, as it expands its development programme,

[37] Saint Lucia, National Vision Plan, IDEA, 2008.
[38] http://www.planning.gov.lc/physplanning/index.html

considerable pressure is exerted on the environment by an increasing demand for natural resources, not the least of which is land and water.

Increasing demands will also be made on the infrastructure and utilities of the country while its natural and physical capital resources will need to be managed sustainably as a legacy for future generations. Saint Lucia therefore faces an optimization challenge that can be articulated as the need to achieve its development goals, while at the same time, developing a high level of resilience so that it can continue to meet its development goals. Nested within this is the need to minimize as far as possible the vulnerability of the poorest in society.

The Plan seeks to raise the bar by anticipating Tomas-like episodes as regularly occurring events. The challenge for the country is that a disaster episode is usually at a point in time. The costs can be huge in terms of infrastructure and built development that are destroyed. However, that infrastructure would have been built up over a considerable period. The estimated damage represents a stock of capital destroyed. Its rebuilding and retrofitting, perforce, has to be undertaken over time, and resources are seldom available for immediate restoration to the status quo ante.

8.4 Assessment, Challenges and Key Indicators

8.4.1 SURVEYING THE DAMAGE

Over the last two decades, there has been considerable expansion in the road infrastructure. Overall, there was a total of 707km of paved all-weather road. According to the UNECLAC, the single largest component of damage and losses was attributable to the Transportation sub-sector, which accounted for 37.5 percent of the overall infrastructure sector. The brunt of the damage done was due to the geographical position of roadways and contiguous human settlements near to geotechnical and hydraulic hazards.

Roads on slopes suffered major damage due to erosion resulting from landslides in down-slope areas adjacent to the roadways. Some roads were buried under landslides from up-slope areas. In addition to roadways, culverts and waterways were also damaged.

The road and bridge network was the most severely impacted of all infrastructural sectors, and more significantly, is one of the most costly to rehabilitate. However, under the UNECLAC's post-Tomas assessment[39], an extensive survey of the damage and loss incurred was conducted

[39] Preliminary Draft Saint Lucia: Macro Socio-Economic and Environmental Assessment of the Damage and Losses caused by Hurricane Tomas: A Geo-Environmental Disaster, Towards Resilience

on the water supply infrastructure, roads, and bridges, rivers, electricity, telecommunications and airports/ seaports.[40]

The factors contributing to the damage sustained by bridges were outlined as the following: 1) Many bridges suffered from an inappropriate design which rendered them less efficient in allowing for more rapid passage of debris through their water ways, 2) As a result of (1), rivers clogged by debris became swollen, and 3) The unusual volume of rainfall brought on by Hurricane Tomas far exceeded the design capacity of the bridges.

The areas that sustained major landslides were, namely:

1) The east and south of Castries, especially the residential communities of the Morne, Derriere Fort, Bagatelle, Forestiere and Babonneau, and also along the access road to the Roseau Dam
2) The centre of the island, especially along the Barre de L'Isle and Millet roadways,
3) The Soufriere area, especially in the Columbette and Fond St Jacques areas.

FIGURE 8.1: DAMAGE TO AGRICULTURAL ACCESS ROAD BY LANDSLIDE IN MINGNY

(Taken on February 22nd, 2011)

[40] Updates of the status of infrastructure and the costs of recovery were also provided at consultations with the Ministry of Works, and other agencies/ stakeholders involved in the infrastructure/ environmental sector in January 2011.

Roads, and in particular, forest roads, sustained severe damage as a result of Tomas. Approximately 13 km of forest roads were damaged, mainly as a result of landslides, felled trees and surface erosion. The damage to some roads was so extensive that the feasibility of restoration was deemed low to very low. Among those roads were 6km of the Main Road at Edmund Forest, 1 km of road at Forestiere and 3 km of road, including some damaged bridges at La Porte.

FIGURE 8.2: ILLUSTRATION OF REPAIRED ROAD SECTION IN EASTERN SAINT LUCIA

(Taken on February 22nd 2011)

FIGURE 8.3: EVIDENCE OF ROAD DAMAGE DUE TO LAND SLIPPAGE IN EASTERN SAINT LUCIA
(taken on February 22nd,2011)

The Ministry of Works is usually allocated between $EC10 and $EC15 million for the reconstruction and rehabilitation of roads in their annual budget. However, in the wake of Tomas, significant re-allocation was required. In response to Tomas, approximately EC$19.9 million was spent on clean-up efforts alone and a further EC$2.5 million was to be diverted to fund outstanding clean-up in January 2011. This initiative involved, among other things, clearing passages, and restoring culverts. Other post-Tomas recovery works received an additional EC$5.8 million in funds from the Government.

In respect of the water supply and distribution infrastructure, it was reported that this utility is comprised of fairly old infrastructure that is compromised in terms of efficiency and effectiveness. As a result of Tomas, almost every intake structure and associated equipment were damaged and silted up as a result of hurricane rains[41]. More significantly, the Roseau Dam sustained damage due to sedimentation, slope failure and erosion. As a result, water was not

[41] UNECLAC

distributed from this facility for about two weeks after the event, having an adverse impact on the society, since the dam serves approximately 80 percent of the population.

8.4.2 RECOVERY PROGRAMME

Although recovery efforts have been moving apace, a major setback has been the practical implementation of risk management practices and risk reduction interventions at the national and sectoral levels. The implementation challenge belongs to a universal set of challenges relating to coordination among government agencies, definition of lines of authority and adherence to established protocols. However, one of the successes of the post-Tomas recovery programme was the establishment of a Recovery Committee by the Ministry of Finance. This committee, along with a number of key sub-committees, is primarily tasked with the coordination, planning and governance of the recovery and reconstruction efforts. Its mandate includes: resource mobilization, procurement, accounting and reporting, and macroeconomic assessment.

In addition to the newly established Recovery Committee, an Early Recovery Advisor was recruited to work with a National Reconstruction and Development Unit to produce an early recovery strategy for targeted communities and an early recovery action plan, developed on a consultative basis with the government, local communities and other main stakeholders. A draft Strategy and Action Plan was completed and submitted to the Government of Saint Lucia in May 2011. [42]

8.4.3 HOUSING

Although it was reported that only 3.5 percent of the total housing stock was affected by Tomas, the existing housing stock in some areas was seriously impacted, particularly in Soufriere and Fond St Jacques. A preliminary damage assessment indicated that the island-wide damage to housing stock cost amounted to EC$182 million. Among the findings of the UNECLAC assessment report was the fact that 1860 households were affected, 248 were completely destroyed and 1612 were damaged, but could be repaired. The value of houses damaged was estimated at EC$109 million while the value of houses destroyed was over EC$47 million. The overall effect on the housing sector as at November 2010 was EC$192 million.

The homes that were damaged as a result of Hurricane Tomas were not necessarily those of the poorest households in the district, indicating to some extent one way in which Tomas revealed the overall vulnerability of the non-poor population. The loss of housing affected both dwellers of rental properties and owners of these properties, who would have lost rental income, compounding the overall losses to homeowners.

[42] Hurricane Tomas: "A Strategy and Action Plan for Recovery", submitted by Hugh Cholmondeley, Early Recovery Advisor

FIGURE 8.4: SEVERELY COMPROMISED HOME IN MINGNY

(taken on February 22nd, 2011)

The government housing sector also suffered a severe battering under Tomas, as there was significant infrastructural damage to the Barons Drive relocation project at Cresslands, where housing units, roads and drains were structurally compromised or silted. Total damage to the site was estimated at EC$2.1 million. Overall, damage to the housing sector was

TABLE 8.1: SUMMARY OF DAMAGE AND LOSSES FOR HOUSING SUBSECTOR

Total Effect	EC$192,039,066
Damage	182,538,380
i. Value of Houses Damaged	109,311,456
ii. Value of Houses Destroyed	47,526,720
iii. Value of Furnishings affected	25,700,204
Import component	136,903,785
Losses	9,500,686
i. Value of lost income from rental properties	240,686
ii. Cost for removal of debris	9,260,000

Source: ECLAC estimates based on official Government of Saint Lucia data, culled from UNECLAC Post Tomas assessment

estimated at $192,039,066 and losses at $182,538,380 (see Table 8.1)

The provision of housing is currently dominated by the private sector. Current market values are prohibitive to sections of the society who are most in need. This dictates the need for intervention on the part of the Government. Saint Lucia also faces the challenge of providing low income housing which is not cheap given the requirements involved in compliance with Caribbean Uniform Building Code (CUBiC) which Caribbean countries are pledged to observe.

8.4.3.1 Estimates of Damage and Losses

Estimates of damage and losses were culled from the UNECLAC assessment report and consultations with stakeholders from the infrastructure sector. The assessment of losses was based on assumptions made by the UNECLAC about the equipment required for cleaning up of debris, de-silting roads and restoring road infrastructure. They also included the cost of labour and materials and the cost of the use of watercraft[43] to ferry persons between the north and south while major roadways were out of commission. Total damage to roads and bridges in all affected areas was estimated in November 2010 to have been EC$100,638,750, whereas total estimated losses were estimated at EC$46,020,000. Damage to forest roads was estimated at EC$17,838,400, but there were no losses of bridges. Table 8.2 below provides a summary of the damage and loss incurred by the sectors.

TABLE 8.2: SUMMARY OF DAMAGE AND LOSSES CAUSED BY HURRICANE TOMAS (EC$)

Sector and Subsector	Total	Damage	Losses
Infrastructure	391,550,362	210,877,650	180,672,712
Electricity	8,339,726	3,500,000	4,839,726
Water supply	119,469,453	53,016,600	66,452,853
Roads	120,977,500	74,957,500	46,020,000
Bridges	20,681,250	20,681,250	0
Housing	192,039,006	182,538,380	9,500,686
Water Supply Support Works	5,000,000	5,000,000	0
River Training	88,155,000	35,000,000	53,155,000
Telecommunications	10,089,615	883,900	9,205,715
Forest Roads	17,838,400	17,838,400	0
Airports and Seaports	999,417	0	999,417

Source: UNECLAC, Preliminary Draft Saint Lucia: Macro Socio-Economic and Environmental Assessment of the Damage and Losses caused by Hurricane Tomas: A Geo-Environmental Disaster, Towards Resilience

[43] Ferries, catamarans and pirogues.

8.4.3.2 Financing the Restoration and Recovery Programme

Recovery and restoration works began promptly after the passing of Tomas. The Government's budget for 2010 was revised and some EC$40,000,000 were allocated for implementing agencies to undertake a wide range of emergency actions to assist affected persons and communities[44]. The amount of $19.8 million was disbursed for clean-up, clearing passages and restoration of culverts in the last months of 2010 and in early 2011. In the immediate response to the devastation, retaining walls and culverts were reconstructed at Retoche, Mon Repos and Anse Galet, costing an approximate EC$6.1 million. Major expenditure is required in restoring Primary Roads (costing approximately EC$42 million), the Secondary Roads (costing around EC$12 million) and Tertiary roads (a further EC$12 million).

Funding of the reconstruction effort began flowing into Saint Lucia from donor agencies and International Financial Organizations (IFOs) in short order after the impact. A number of donors have pledged support to the GOSL, in line with their traditional areas of engagement on the island[45]. The GOSL has also engaged with the EU and the Japanese International Cooperation Agency (JICA) to identify funding sources and potential resources available from those institutions.

Saint Lucia has been in receipt of grant and credit assistance from regional multilaterals such as the Caribbean Development Bank (CDB); in the form of an Emergency Relief Grant in the amount of USD $200,000 and the Immediate Response Loan, in the amount of USD$750,000. In January 2011, the Government formally applied for further assistance in financing a major project for the rehabilitation and reconstruction of infrastructure destroyed by landslides and floods. Among the specific infrastructure related activities designated under this project were:

1) Slope stabilization at selected critical sites along approximately 15 km of the road network
2) Reconstruction of Bois d'Orange Bridge
3) Slope stabilization and drainage improvement at the Cresslands Housing Community
4) De-silting, retraining and bank stabilizing of the Marc and Bexon Rivers.

The total project cost was USD$20.068 million, with a proposed financing arrangement of 10.5 percent being borne by the GOSL and 89.5 percent borne by the CDB.

[44] Ibid

[45] Emergency Project Paper on a Proposed Credit in the Amount of SDR 9.7 million (US$15million equivalent) to Saint Lucia for a Hurricane Tomas Emergency Recovery Project, February 17th 2011.

FIGURE 8.5: SECTION OF DRAINAGE INFRASTRUCTURE BEING LAID FOR BRIDGE IN MICOUD AREA
(taken on February 22nd, 2011)

The Government also sought a proposed credit facility from the World Bank in February 2011 in the amount of US$15 million, which contained some elements of restoration of infrastructure in the transportation sector. There was a component in the proposed credit which dealt with reconstruction and rehabilitation of damages critical public infrastructure, with funding in the sum of US $11 million. This component was intended to finance civil works, technical advisory services, and goods required for the rehabilitation of damaged infrastructure. Under this component, the stated aim was that civil works would be executed to ensure that target structures are resilient to future adverse natural events, thereby reducing their vulnerability to disasters.

8.4.3.3 Insurance

Another factor that has helped the recovery effort tremendously is St. Lucia's catastrophe insurance policy for hurricanes and earthquakes with the Caribbean Catastrophic Risk Insurance Facility (CCRIF). The fund released a payout of USD$ 3,241,613 to the government, about 50 percent of which was delivered seven days after the passage of the storm.

The following box presents the major strengths, weaknesses opportunities and threats that Saint Lucia faces in physical planning and infrastructure.

Box 8.1: Physical Planning and Infrastructure: Summary SWOT

Strengths	Weaknesses
• *Access to disaster risk management Facilities, such as the Caribbean Catastrophic Insurance Facility* • *A cadre of competent trained professional staff at the Ministry of Works* • *Membership in the International Community provides access to emergency recovery funding from donor agencies and multilateral organisations, as with Hurricane Tomas*	• *Old Infrastructure and dated building codes* • *Vulnerability to natural disasters exacerbated by onset of Climate Change (i.e. more rapid and frequent occurrence of hurricanes)* • *Unregulated patterns of development and land use* • *High import dependence for national energy requirements*
Opportunities	***Threats***
• *Reconstruction of infrastructure with the incorporation of updated building codes appropriate for Saint Lucia* • *Opportunities to explore naturally available alternative energy source (i.e. Geothermal Energy, Wind Energy, Solar Energy)* • *New developments can be fitted with the appropriate apparatus for sustainable energy use* • *New developments can be regulated to prevent the negative outcomes of unregulated development* • *An asset management programme for all physical infrastructure*	• *High fiscal requirements of maintenance and increased debt burden* • *Unpredictability of Climatic and other Natural events* • *Low public awareness/ participation in sustainable development practice* • *The continuation of unsustainable practices in agriculture, particularly in upslope regions.*

8.5 Strategic Framework

In every respect, all construction activity has to be undertaken in the context of updated standards. Existing infrastructure and buildings will need to be retrofitted to raise standards on a phased basis. Following Hurricane Tomas, a number of assessment reports were produced,

outlining various recommendations that could be put together to form a national infrastructure recovery and management strategy.

The Medium Term Strategy and Action Plan will emphasize the concept of a National Asset Management programme in relation to the total stock of infrastructure. This will be overlaid onto the current recovery program, and guide the process of preserving infrastructure and adapting physical systems for greater resilience as natural events become more preponderant.

In the interim, given the immense investment requirements associated with the rehabilitation of the road and bridge networks, the water supply infrastructure and housing, the government will need to rely on a carefully managed programme of deficit spending over the next five years, borrowing from international and regional multilateral organizations.

In addition to this, the government will also need to tap into opportunities for partnership with the private sector in developing and implementing priority projects. This medium term strategy and action plan will set the overarching framework of priority projects which have been articulated in previous implementation plans, and those which need to be articulated now.

In realizing the urgent need to improve the profile of implementation of public projects, the government's technical skills in project planning, financial and economic modeling, inter-agency coordination and risk management will be strengthened through technical assistance. One of the first steps to be taken in moving forward with the implementation process will be a full staff review in the appropriate agencies, followed by specialized training to build on the existing technical capacity of ministries and state enterprises.

Consultations with stakeholder agencies and professionals, in addition to a review of Post-Tomas planning reports revealed a number of critical issues of maintenance planning that need to be resolved over the short term horizon, namely:

1) A comprehensive structural assessment of bridges before the upcoming hurricane
2) A critical update of the landslide hazard map
3) Geotechnical capacity analysis of developments on slopes
4) Identification of slope areas weakened by the deluge and a comprehensive stabilization programme
5) Identifying risk regions around the island and establishing dedicated funds for risk management
6) Adopting bio-engineering solutions in elevated hazard areas, e.g. Planting shrubs along slopes in lieu of hard engineering

The following matrix (Table 8.3) outlines in broad terms recommendations for the restoration of infrastructure culled from official documents and a schedule of projects that can be implemented in the immediate term.

The three major imperatives of the present plan therefore are:

1) Expansion and development of the physical infrastructure in keeping with the transformation objectives of the economy and society
2) Retrofitting of existing infrastructure to meet the more demanding requirements created by global climate change and from the estimated risks that attend resilience in a vulnerable and ecologically brittle island state. In respect of the first, all new structures will need to abide by standards- CUBiC in particular.
3) The inculcation of a sense of responsibility among the citizenry at large for protection of the physical environment, especially where biological controls and soft interventions are required as part of the protective infrastructure. E.g. Terracing in hillside agriculture and the retention of tree cover or the avoidance of felling of trees, squatting and slash and burn agriculture, as protective measures against flooding. These measures require the appreciation of the public of such measures and their active support.

Watershed management has to be at the core theme of the infrastructural development plan since it cuts across other issues of housing, agriculture and other physical infrastructure. Currently, the Ministry of Agriculture holds the mandate of managing water resources, whereas the Ministry of Physical Development deals with regulation of development. Both ministries will have to collaborate on the development of a water management strategy plan.

TABLE 8.3: INFRASTRUCTURAL REDEVELOPMENT ACTION PLAN/PROJECT SCHEDULE FOR MEDIUM TERM IMPLEMENTATION

Infrastructure	Damage/ Loss Incurred in Tomas	Recommended Action	Projects	Estimated Project Cost ($EC)
Bridges	• Structures compromised due to heavy debris load/ failure of foundation	• *Bridges of major rivers should be designed to pass at a minimum the 1 in 50 year flood event.*	• *Island-wide program to improve bridge capacity by 50% by 2015*	TBD
		• *Existing bridges should be replaced with open span structures, so that their waterway areas are greatly maximized*		
		• *Proper design of wing walls should be incorporated into the reconstructed structures*		
Roads	• Erosion of surface material and structural damage due to landslides, failure of foundations.	• *Subject new roads to rigorous pre-construction assessment of environmental, risk and hazard impacts to reduce future damages and loss similar to those incurred during Tomas*	• *Vulnerability audits of selected roads and bridges aimed at retrofitting to improve design and construction standards.*	TBD
		• *Consider the possibilities of linking Dennery to the North and also constructing alternative routes into Soufriere from the west coast*		
		• *Conduct a full Post-Tomas road inventory and consider the possibility of reviving old roads that have been abandoned.*		
Water and Sewerage	• Destruction of the Roseau Dam and Equipment at the main water treatment plant	• *Explore the use of reverse osmosis and desalination technologies as options to meet future water demands*	• *A National Feasibility Study to determine the costs and benefits of reverse osmosis and desalination technologies*	
Electricity	• Fallen poles and damaged power lines	• *Design a phased Program to install transmission lines underground to reduce damage and losses associated with electricity services*	• *A Phased National program of retrofitting underground transmission lines*	TBD
		• *Prioritize lines serving settlements large populations*	• *Introduce into building code for new communities the requirement of underground power lines*	TBD

Infrastructure	Damage/ Loss Incurred in Tomas	Recommended Action	Projects	Estimated Project Cost ($EC)
Housing	Structural damage to buildings, failure of foundations, heavy silting due to flooding.	• *Use a variety of hurricane resistant metal straps and clips to reduce damage and loss: for example*		
	-	• *Bolted connection of walls to foundations*		
	-	• *Hip or gable roofs in preference to flat or lean-to designs, replace flat roofs depending on affordability*		
	-	• *Devise no-build policies in extreme hazard zones- set strict standards for building in hazard zones*		
	-	• *Set ground floor level of buildings above historic or professionally calculated flood levels*		
	-	• *Petition the EU for funding to rebuild displaced housing in Soufriere*		
		• *Ratification of the National Housing Policy and Plan of Action*		
		• *Implementation of the Housing and Land Development programme at Ferant Estate*		
		• *Provision of Duty free building materials for rebuilding housing damaged by Tomas*		
		• *To make housing available to the lowest 20 percent of the income quintiles, provide lower interest rates and provide an extended repayment period up to 30 years.*		
		• *Encourage insurance companies to offer differential rates to CUBiC compliant housing*	*Conduct survey to ensure that all Public Housing structures are CUBiC compliant and retro-fit those that are not.*	TBD
			Provide incentives for private homeowners to upgrade the standards of their homes by providing loans for CUBiC upgrades and duty free concessions on CUBiC compliant building materials	

Infrastructure	Damage/ Loss Incurred in Tomas	Recommended Action	Projects	Estimated Project Cost ($EC)
Drainage	-Heavy silting of public amenities and inundation under heavy rainfall	• *Establish location and design parameters for public recreational fields to achieve improved drainage*		
	-	• *Develop/ suggest or adopt from most relevant best practice design and construction standards and specifications for equipment, public amenities, public parks, street furniture, pedestrian lights, bus shelters etc.*	*Undertake cost effective vulnerability audits of sports stadia and introduce cost saving maintenance programs*	TBD
	-	• *Use storm-drainage systems for major subdivisions. These systems should take into account anticipated or allowed maximum building coverage on the lot to include the footprint of buildings and all other impervious surfaces.*		
	-	• *Initiate a nation-wide program of rain water harvesting as a means of reducing water run-off or incorporate designs into buildings that channel runoff into natural waterways. Where there will not be a system of rainwater harvesting from buildings, this should be factored into runoff calculations in the design of rooftops, drainage etc.*		
	-	• *Regularly clean and maintain the constructed storm drains or natural drains.*		

Infrastructure	Damage/ Loss Incurred in Tomas	Recommended Action	Projects	Estimated Project Cost ($EC)
Infrastructure (General)		*Review and update building codes: insert additional relevant standards for Hurricanes, Floods, Landslips, Earthquakes, Erosion control on slopes and river banks, storage of hazardous substances.*	*Devise strategic and cost effective plans for execution of Monitoring and enforcing tasks across districts*	TDB
		Craft a practical and realistic procedure to achieve compliance of statutory corporations and government agencies with development approval requirements		
		Widen the scope of EIAs/ EISs/ SIAs for risks and vulnerability assessment of hazard impacts		
		Use Risk and vulnerability audits for essential buildings and infrastructure		
		Develop a National GIS for data collection and analysis	*- A National GIS data collection service- prioritizing the collection of regularly updated satellite imagery and environmental hazard data*	TBD
		Update Hazard Maps with Broad-base access and use		
	-	*Strengthen collaborative mechanisms between the Recovery Committee and other regulatory agencies with mandates for hazard related/ damage and loss mitigation*		
		Build Administrative and Technical Capacity of Physical Planning Section, Hire and train staff to combat skills deficiencies	*Conduct an audit of Administrative and Technical Capacity of Physical Panning agencies*	TBD
		Building of Muster Points: at least two per community		
		Public education and marketing of the benefits of Soft Engineering Solutions-e.g. planting of shrubbery on exposed/ vulnerable slopes.		

Source: UNDP Post Tomas Assessment, Stakeholder consultations and various other official documentation

8.5.1 PHYSICAL PLANNING AND THE ACCOMPANYING LEGISLATIVE FRAMEWORK

The ethos of statutory physical planning is that the State ensures that procedures are put in place to promote the convergence of net private and social benefits in the utilization of physical space, with due regard to the long term costs and benefits. Short-term private benefits may detract from present and long-term social benefits. Given the whole-system risks that apply in Saint Lucia, physical planning involves an interventionist state apparatus. Physical planning is teeming with occasions where rules for the management of the National Commons need to apply, the absence of which could lead to the disasters witnessed in Hurricane Tomas.

The devastation left in the wake of Hurricane Tomas has demonstrated to Saint Lucians the great exigency with which matters of physical planning must be addressed in the overall planning process. Localized environmental risks are exacerbated when individuals exercise their right to develop private properties but do not apply the appropriate procedures for doing so. On a global scale, when these patterns of development are allowed to proliferate, the country's environmental risk is exacerbated. In a similar vein, large state and private entities have to be guided by an established and enforceable regulatory framework to modify their development practices, bringing them in line with standards that reduce environmental risk.

Consequently, there are two main issues that are pertinent to the physical development component of the MTDSP:

1) The activation of a greater mechanism of state intervention to influence physical development in a way that protects Saint Lucians from the dangers of risk creating practices and;
2) The cultivation of a greater awareness and sensitivity towards environmental issues in the Saint Lucian psyche, with a view to having citizens and development agencies bear greater responsibility for the development of their own space.

In the case of the former, there will need to be an enactment of formal guidelines on procedures of physical development in the form of appropriate legislation and established building codes, the enablement of regulatory agencies to ensure compliance across the board, and continuous review and revision of the state intervention mechanism. There will also be a greater emphasis on preventative measures, and where reactive measures cannot be avoided, making them adequate in response to the scale of disaster.

The MTDSP endorses the measures articulated in the National Land Policy (2007) to rationalize public policy and legislation to govern land development and management. These included:

- Strengthening of legislation governing the establishment and management of conservation areas, the compulsory acquisition and vesting of lands and the issuance of protection orders
- Review of the Land Conservation Act

- Introduction of betterment legislation
- Review of inheritance laws and other relevant legislation, particularly to ensure compatibility between the Civil code and the provisions of the Land Registration Act
- Establishment and effective enforcement of standards for all professions and services involved in land administration
- Conduct of a systematic review of public policy on acquisition and divestment of lands by the State, for the purpose of rationalisation, equity, efficiency and transparency.

The National Land Policy also outlined policy instruments and actions to address development planning and human settlements, including:

1. Use of the Integrated Development Planning approach, to guide all forms of development.
2. Preparation of regional and local development plans, statutorily approved and regularly updated, in accordance with the provisions of the Physical Planning and Development Act.
3. Formulation of urban development plans and urban design projects in towns and villages.
4. Effective enforcement of existing legislation to prevent the establishment of new squatter settlements on public and private lands, and continued implementation of programmes aimed at regularising existing squatter settlements.
5. Development and adoption of a policy on housing and resettlements, on the basis of a detailed and up-to-date assessment of needs and demand, and expansion of social and low-income housing programmes.
6. Development of regulations under the Physical Planning and Development Act, to include or strengthen specific provisions such as the establishment and maintenance of green spaces in subdivisions and other types of developments;
7. Provision of adequate public recreational space (parks, trails) to promote healthy lifestyles and wellness;
    a. the increase of housing densities where desirable;
    b. the allocation of lands for multi-storied buildings and amalgamated lots;
    c. the inclusion of water storage capacity in new buildings; and
    d. the provision of adequate access.
8. Creation of nodes of development to optimize the delivery of services, to reduce traffic and congestion in the north- western corridor, and to provide more affordable access to housing areas and commercial centres.
9. Redevelopment of mature housing areas which are presently showing signs of economic and physical obsolescence to allow for more intensive development, and transformation of public sector housing initiatives into more complete and integrated communities

10. Integration of land use and management issues, to include land valuation and options for land use, into the process of rationalisation of air and sea- port facilities.
11. Adoption of a policy on cemeteries that integrates spatial issues and gives full consideration to land management considerations.
12. Full implementation of relevant national policies, plans and programmes. These include the Coastal Zone Management Policy, the National Water Policy and the Plan for Managing the Fisheries of Saint Lucia.
13. Provision of all new educational facilities with associated recreational and playing facilities to encourage and promote holistic development of students.

There is need for coordination with the Ministry of Agriculture, in cross-cutting areas of land and water-shed management, and there is need for its own regulatory framework to be updated, given the critical impact of agricultural practices on risk profile in land use. Poor agricultural practices in the hills by farmers can spell downhill disasters to the population at a lower elevation.

8.5.2 BUILDING FOR RESILIENCE AGAINST HURRICANES AND EARTHQUAKES

Building Codes are standards and guidelines for construction of buildings to ensure a minimum level of safety for the occupants. An appropriate building code incorporates a thorough understanding of the forces that natural hazards impose on the area governed by the code.

The Caribbean region is governed by the CUBiC, which was approved by the Caribbean Head of Government in 1986. In May 1997, a meeting in Barbados between CARICOM Heads of Government and the US Government it was agreed that "Caribbean nations will take steps to reduce damage by hurricane and other natural disasters, by encouraging effective building design and construction standards through the promotion of the CUBiC[46]".

The CUBiC code has been accepted by the Development Control Authority in Saint Lucia, and is incorporated in the Physical Planning Act, which secured legislative approval. Building inspectors in the employ of the Development Control Authority are expected to monitor building construction and ensure adherence to the code.

Given the (1997) status of implementation of the CUBiC codes in Saint Lucia and the recent disasters ensuing from Hurricane Tomas, it is clear that the building culture of Saint Lucia needs to change. The state apparatus for intervention must be able to effectively prevent

[46] From "Updating the Building Code, prepared by Consulting Engineers Partnership Ltd. In association with Alwyn T. Wason P. Eng. , with assistance from the United Nations Centre for Human Settlements and United Nations Development Programme, for the Organisation of Eastern Caribbean States and the Caribbean Community. Secretariat." Available online at: http://desastres.usac.edu.gt/documentos/pdf/eng/doc10297/doc10297-contenido.pdf

buildings being erected near cliffs or on hill tops or on flood plains. There is also a need to expand the role of building professionals – engineers, architects, and quantity surveyors- to enforce the codes at the planning and development stage, ahead of the construction stage and a national drive to encourage the use of the services of these professionals in all building projects.

In addition to building standards, what is required for greater resistance to the impacts of hurricane and other hydrological disasters is the improvement of the standards of older structures via a retrofitting programme. Current estimates on implementing building codes will have to be adjusted to account for a longer- term period of retrofitting potentially vulnerable structures so as to ensure compliance with the CUBiC codes across the spectrums of building age, design and location.

Thereafter, the factor of maintenance of these buildings and possible modifications to incorporate improved codes should be factored into the infrastructure budgeting. Saint Lucia's infrastructure stock will be managed under a national asset management programme which uses the CUBiC codes, in addition to the legislative framework to consistently update the island's resilience to natural disasters. Under the CUBiC code, Saint Lucia should aim to outfit by the year 2015, 50 percent of its buildings to withstand hurricanes and cyclonic winds within a magnitude of force 3-5.

The comparative experience of Grenada and the Cayman Islands with Hurricane Ivan is instructive. The latter suffered far less damage and devastation even though Ivan had strengthened from a category 3 when it struck Grenada to a category 5 when it made land fall in Grand Cayman. Building codes were more rigidly observed in Grand Cayman than in Grenada.

In respect of seismic risks, the challenge of maintaining public preparedness is particularly difficult, given the infrequency of the occurrence of exceptional events and the tendency for these particular events to fade from public consciousness during the long intervals between incidents. Saint Lucia's Qualibou volcano has been known in the past to produce shallow depth volcanic earthquakes, and, in addition to the island's location in an active subduction zone, there is need for greater attention to earthquake related resiliency and vulnerability measures at the policy and construction levels.

Some practical risk reduction measures can be taken in the short term, but longer term seismic risk management will have to address building codes, the location of human settlements on the island, and elaborate evacuation plans, including the use of strategic muster points and the use of advanced early warning detection systems. In extraordinary cases, remote settlements would need to be agglomerated into the larger communities or relocated to zones closer to muster points, so that all persons potentially at risk can share an equal opportunity to benefit from early warning measures.

Another benefit that can accrue from agglomeration of smaller settlements into larger, better-knit communities is the fact that it optimizes the use of strategic edifices that can act as shelters and distribution centres during an event: these include schools, churches and other buildings which will have to be constructed to specific codes. As with resilience measures against cyclonic and hurricane events, planning and implementation will be long term. However, serious consideration will have to be given to the cost of outfitting 50 percent of buildings to withstand earthquakes in a range of magnitude between 6- 8 on the Richter Scale by the year 2015.

Apart from land use planning and building code, another key aspect of a well-built early warning and disaster management system is the use of high technology to detect and predict events. Due to Saint Lucia's relatively small size, the installation of small seismometers at considerable distance from the each settlement could allow for closer monitoring of seismic activities on a larger grid, and can alert the entire network of the need to evacuate in a relatively timely fashion.

Seismic activity will need to be monitored both on land and at sea to predict events such as tsunamis and earthquakes. Considerable investments will have to be made in training highly skilled personnel to manage this system and to innovate in its use to improve early-warning mechanisms using the most advanced seismic technology. Telecommunication systems will also need to be well outfitted to reduce communication times between warning and the actual event, or the event and activation of mobilization operations.

In support of this system, the public will need to be fully aware of the existence of an early warning system and the details of how it operates, including the meaning of the information distributed, and the meaning of alarms, and how to recognize and behave during an alarm. Lastly, since there is also a high probability of getting a false alarm, the public will also have to be fully apprised of risk guidelines. Community-based organizations can assume some responsibility in disseminating information and mobilizing citizens during eventualities.

8.5.3 RISK FINANCING AND INSURANCE

Financing the disaster event, once it happens, places further constraints on the national budget, especially given the increasing frequency of hurricane and cyclonic events. The damage wrought by these and other environmental events pose a serious resilience challenge to Saint Lucia and therefore warrant a continuous national disaster risk program that is designed to provide –necessary, if not sufficient- funding to difference segments of the national economy affected by calamities.

Among the recommendations that can be made in this regard, the MTDPS advocates that Saint Lucia take example from the Philippines[47], another disaster-prone nation, by establishing a National Calamity Fund, which can be appropriated as a designated percentage of the National Budget, other Local Government Calamity Funds. Appropriations can be made for the budgets of local government divisions, for additional catastrophe insurance coverage for government owned assets.

The National Calamity Fund will provide the main fiscal instrument of the central government in providing assistance to regions affected by natural disasters, and should be administered by a coordinating agency. However, in developing this fund, there are three main limitations that should be anticipated:

1) The adequacy of annual allocations and the formula by which the appropriations to the fund are derived should be based on the size of the population, the probability of particular events occurring and estimated recovery costs.
2) The range of catastrophes that have historically affected Saint Lucia and a best estimate of the worst-case catastrophe that could affect the island in the future. Budgetary allocations to this fund will have to be based on the worst possible case scenario to provide for adequacy should such events transpire
3) The guidelines and processes by which claims on the fund are made and the system of bureaucracy surrounding access to the fund. Due to the potential for this fund to become politicized, exceptional legislative and regulatory structures will have to be put in place to ensure that the fund is highly transparent and well-guarded against misappropriation and fraud.

In similar vein of reasoning, Local Government Calamity Funds will provide a major instrument of disaster risk financing for infrastructure at the regional, municipal and community level. As with the National Fund, the Local Area Calamity Fund should be designed to account for the scale of funding needed for a range of disasters, a formula which incorporates impact factors, and which provides against misappropriation, while promoting transparency.

As a corollary to anticipating the functioning of these funds, Saint Lucia will need a well experienced staff of risk management professionals and will have to make modifications to existing national insurance regulations.

The Vision Plan of 2008 – the Saint Lucia National Vision Plan - seeks to correct for geographic imbalances that have taken place in the distribution of economic activity across the island with substantial concentration developing in the North-West Quadrant. The Vision recognises the

[47] The Philippines Disaster Risk Financing Strategy, Executive Summary, Available online at : http://www.stellar-re.com/images/Philippines%20-%20Risk%20Financing%20Strategy.pdfhttp://www.stellar-re.com/images/Philippines%20-%20Risk%20Financing%20Strategy.pdf

differing natural amenities of the island and identifies how these can be nodes in the respective communities through which can be exploited sustainably in the development of the other quadrants of the island: a Village Tourism Approach is proposed.

This remains an objective of the current plan and dictates the establishment and expansion of infrastructure appropriate to the activities to be stimulated, such that the majority of the population could abide with the Government's preferred policy initiative to 'Love local – work local'.

One of the implications in implementation of the Vision is that there are areas of the country where built development in infrastructure is proscribed. Indeed, the Vision Plan outlines in great detail the physical planning interventions that are needed and identifies areas that are most ecologically sensitive requiring special measures to ensure sustainable development. The Plan addresses the regulatory framework and institutional arrangements necessary for physical planning in a highly vulnerable eco-system.

The complementary social infrastructure to direct the process of physical infrastructure development is outlined. The Vision Plan has to be seen an important plank for infrastructure development in the MTSDP, with due regard for the lessons learnt since, from the Tomas experience and is an important source document in the physical planning process.

In all of this, it is expected that private sector investment will follow the lead provided by the State with businesses developing across the island. Moreover, it is assumed that the economic drivers of the economy will attract investment from the domestic and foreign private sector, and the physical infrastructure in terms of building and other appurtenances to house equipment and plant will observe the strict codes of construction and maintenance that Saint Lucia needs to abide by as a country highly vulnerable to environmental visitation. There may be much to be learnt by both public and private sector decision-makers from countries like Mexico and Japan, in dealing with disaster risk management.

Tomas has established the imperatives for a vulnerable country as Saint Lucia to address the near certainty of disaster episodes. The country has to adhere closely to a protective regulatory system of building codes and procedures, and to land management and watershed management practices that reduce risks. Another component is the mobilization of finance to treat with risks, when they occur. All this must be underpinned by the education of the general public of their role in risk management of the infrastructure, and built development. Even in the best of circumstances, it may take more than five years to rebuild all of the infrastructure devastated by Tomas, let alone retrofit the existing infrastructure to more demanding conditions that now seem obligatory in reducing risk in Saint Lucia.

FIGURE 8.6: STRATEGIC GUIDELINES FOR IMPLEMENTATION OF OVERALL PROGRAM AREA

CHAPTER NINE
THE ENVIRONMENT - PROTECTION AND PRESERVATION FRAMEWORK

9.1 Overall Statement

There is wide consensus that global warming has been caused in large measure by the nature of economic production in the advanced economies over many decades in the last century and more recently in the large emerging of states of China and India. Because of its small population size, Saint Lucia may be less a culprit and more a victim. As a SIDS, the costs of providing basic infrastructure to the population are high, in per capita terms, but are increasing as a result of the growing environmental threats that it faces, as a result of global warming and the consequential threat of sea-rise.

Hurricane Tomas revealed in all its horror, the environmental vulnerability of Saint Lucia. Hurricanes, earthquakes and volcanic eruptions are the immediate risks. Severe drought in recent years has raised the spectre of global climate change negatively impacting the country's agriculture which remains an important sector of the economy. In all of this, Saint Lucia has little option but to engage fully in the protection and preservation of its environment.

9.2 Goal

The goal to be pursued over the Medium Term is the protection of the environment and amenity resources of the country, by:

- Sensitive stewardship of these assets with a view to ensuring a legacy for succeeding generations;
- Sustainability in the links and functioning of the productive sectors; and
- Increased reliance on renewable energy.

Economic transformation should not be at the expense of the environment and its sustainability.

9.3 Context

Although the country is small, and has a small footprint in terms of global emissions, it is pledged to abide by the highest principles in the management of the environment. Saint Lucia is a signatory to a number of international agreements including:

- The Rio Declaration and Agenda 21 concluded at the United Nations Conference on Environment and Development
- The Barbados Declaration and Program of Action concluded at the United Nations Global Conference on the Sustainable Development of Small Island Developing States
- The St Georges' Declaration on Environmental Sustainability in the OECS Region.

The Rio Declaration is implicitly a formal recognition of negative impact of market failure on the environment for all human kind. As a signatory to the listed agreements, the country pledges to abide by such principles as the protection of the health and integrity of the earth's ecosystem, and to the elimination of unsustainable patterns of production and consumption.

Saint Lucia's high dependence on its natural resource base has compounded its environmental challenges, particularly in recent years, as the effects of climate change increasingly reveal themselves. Coastal zone management has been identified as an important policy focus and a priority in the environmental management agenda. The hilly terrain results in a concentration of the island's population in coastal towns and villages. Thus, the island's littoral regions are of special social, economic, and consequently, environmental importance over the medium term. On the other hand, its water resources derive principally from its rivers and streams, which have a rapid course to the sea, but have their source in the forests on its mountains, which in turn have been affected by global warming and by major hurricanes and storms, let alone by the felling of trees for hillside agriculture.

9.4 Assessment, Challenges and Key Indicators

The topography of the island consists of mountainous terrain, with fragile soils. There is heavy rainfall in the rainy season, which provides the source for many streams and rivers with a relatively short course to the sea. There are some 37 watersheds, supported by 37 important rivers. Seven major rivers (Marquis, Roseau, Vieux Fort, Canelles, Troumasse, Fond D'or and Cul de Sac rivers) supply most of the water in use for domestic, agricultural and industrial purposes. Some of the watersheds have suffered degradation in more recent times. The expansion of agriculture, as well as deforestation, over the years has been responsible for some of the degradation.

The coastal waters are an important source of food and livelihood for many citizens. However, the coastal regions are an area for major land use competition given the importance of the Tourism Sector as an engine of economic growth, while still being the locus for settlement of a large section of the population. There has been increased investor interest in the coastal areas of the country in recent years, creating competition for settlements.

Large parcels of land along the island's east coast which were once in agricultural production have now been converted to commercial lands for hotel development, often with a golf course component. The regulatory framework to manage competing uses and to protect against degradation and other negative socio-economic impacts has not been updated *pari passu* with new demands.

Box 9.1 presents a summary of Saint Lucia's major strengths, weaknesses, opportunities and threats relating to the environment.

Box 9.1: Environment Sector: Summary SWOT

Strengths	Weaknesses
• *Scenic beauty and iconic landforms e.g. the Pitons* • *White-sand beaches , calm seas, nesting grounds for turtles (an asset for tourism)* • *River network facilitates distribution of water* • *Protected forest areas* • *Good air quality*	• *Terrain makes it more expensive to develop;* • *Inadequate enforcement of land zoning policies.* • *Restrictions to beaches by locals, inadequate sanitation facilities* • *Small in size-adversely affected by deforestation (they can dry up during droughts)* • *Old infrastructure and less than optimal standards of infrastructural integrity*
Opportunities	**Threats**
• *Rugged terrain can be used for sports tourism- e.g. mountain biking* • *Coastal areas amenable to aquaculture (e.g. Sea-moss);* • *Recreation/ exercise* • *Rivers: hydroelectric power;* • *Ecotourism and marine tourism*	• *Global warming- sea level rise and loss of littoral, increased vulnerability to natural disasters;* • *Pollution;* • *Loss of prime land to foreign ownership.* • *Deforestation for development* • *Sand mining- causing sand erosion.*

Increased development along the coastal fringe has led to a concomitant increase in population, thus creating more pressure on the coastal ecology. Meanwhile, land-based activities in the more elevated regions have led to deforestation, and poor agricultural practices have precipitated erosion of hillsides and increased sedimentation of water courses and eventually to the degradation of coastal waters.

Climate change has also contributed to the depreciation of natural amenity of the coast line. Storm surges are now characterised by greater irregularity in their patterns, and have been more devastating to coastal infrastructure. Hurricane Tomas has been the most recent episode of damage to parts of the coastline but the country has had similar experiences with Hurricanes Lenny and Omar.

The major challenge faced in the MTDSP is in addressing the range of outcomes deriving from climate change, including coastal erosion, sea leave rise, compromise of marine, flora and fauna, and, in particular coral bleaching, at the same time as the vital tourism sector is promoted as one of the prime sectors in the transformation of the country in the medium term. Coastal zone management has to be an area of critical focus, but has to be reconciled with the activities on the limited terrestrial space.

9.4.1 POST-TOMAS ASSESSMENT OF THE ENVIRONMENT

The UNECLAC post-Tomas impact assessment has established the severe environmental consequences to Saint Lucia's marine and terrestrial environment. While wind and storm surge damage was minor, the impacts caused by landslides and flooding were significant and will continue to be felt until the numerous landslides are stabilized. The mass movement of soils from exposed areas resulted in extensive siltation of the marine and coastal environments, especially in the Soufriere area (UNECLAC 2010). Silt resulting from the landslides in the Soufriere area contributed sediment deposits up to 2 inches thick on the coral reefs reserves of the Soufriere Marine Management Area (SMMA) and the Canaries/ Anse La Raye Marine Management Area (CAMMA). This siltation process is expected to continue because of the unsettled nature of the landslips and destabilized soil masses.

FIGURE 9.1: EXPOSURE OF SOIL ON MOUNTAINSIDES IN EAST SAINT LUCIA

(taken on February 22nd, 2011)

FIGURE 9.2: RIVER BED DE-SILTED AND CLEARED OF DEBRIS

(taken on February 22nd, 2011)

The UNECLAC also reported that damage to forests was substantial: as many as 54.2 km of forest trails were damaged or destroyed. The feasibility of restoring some 44.6 km of trails is considered to be low, therefore new trails would have to be developed. In addition, 12 km of forestry access roads had also suffered damage. The Sulphur Springs suffered damage to the extent of EC$122,000. However, swift recovery actions meant that by mid-November, this and other attractions were back to operational status.

FIGURE 9.3: EXPOSURE OF SOIL AND LOSS OF AGRICULTURAL LAND DUE TO LAND SLIDE

(taken on February, 2011)

9.4.2 ENVIRONMENTAL MANAGEMENT AT THE POLICY AND IMPLEMENTATION LEVEL

Saint Lucia's commitment to environmental sustainability is demonstrated in its participation in a number of international and regional conventions on environmental management. However despite its participation in various multilateral environmental agreements, the shortage of technical expertise and the absence of an appropriate legislative framework have limited its capacity to implement these agreements and to secure their incorporation into national law. The National Environmental Commission is responsible for carrying out the implementation of a comprehensive environmental management program. However, a lack of resources and the absence of legislative provisions have resulted in the minimal success of initiatives of the commission.

The track record of execution of several environmental and sustainable development programmes and projects and the institutional and legal framework to promote these programmes have been described by stakeholders as fragmented at best and generally inadequate in many aspects. There is consensus from both sources as well that in order to address these deficiencies, there is need for a comprehensive review of the institutional policy and legislative framework in which environmental management is conducted.

9.4.3 ENERGY INDEPENDENCE AND SECURITY

Energy policy in Saint Lucia is conditioned by global factors, not the least of which are the prices of crude oil and natural gas and the convergence of bio-fuels derived from sugar-cane and from corn as a substitute for fossil fuel based energy in transportation. Moreover, Saint Lucia like other SIDS, is called upon to play its part in the international effort to reduce carbon emissions in the effort to mitigate climate change and to protect human health and well-being.

Currently, Saint Lucia is almost totally dependent on imported fossil fuels to meet its energy requirements. At the height of the peak in global crude oil prices in 2007, the country imported $330,491,022 of fuels to meet the energy requirements of the electricity, transportation, manufacturing, housing and other sectors. In 2011, world crude oil prices have approached a trajectory similar to the surge seen in 2007. Given the political tensions in the Middle East and growing demand from energy-thirsty India and China, Saint Lucia is likely to face a higher energy bill, even at a time when there is a substantial commitment of investment funds to major recovery projects.

There is need for Saint Lucia to learn from its earlier attempt at sustainable energy use. In 2001, the country adopted a Sustainable Energy Plan (SEP) which was targeted at reducing its dependence on oil by promoting alternative energy sources. The activities earmarked under the SEP were the development of renewable forms of energy such as wind, geothermal and solar as

well as projects to mainstream more efficient use of energy. It was expected that by 2012, 20 percent of energy generated by the island would come from renewable sources.

Cabinet policy decision in 2008 agreeing to LUCELEC's request for the construction of a 12 megawatt (MW) wind farm at Cannelles has to be implemented. LUCELEC has agreed also to collaborate with private sector entities (separate initiatives) to establish small solar (photo-voltaic) energy projects which will allow for the sale of excess solar-generated power to LUCELEC. With oil prices rising to a new threshold, Saint Lucia will adopt policies and strategies to utilise available sources of renewable energy.

9.5 Strategic Framework

9.5.1 GENERAL STRATEGIES

The challenges confronting the country's environment and natural resources underscore the need for a focused and purposive action framework in the medium term. A draft Strategic Plan for the Environment has been crafted for Saint Lucia. It outlines broad strategies, targets and indicators which will be adopted here as part of this Medium Term Development Strategy Plan. Its recommendations call for:

1) Implementation of conservation strategies relative to sustainable management and protection of biodiversity and biological resources.
2) The management of the island's watersheds and soil resources.
3) The development of a national watershed management plan.
4) The development and implementation of Species Recovery plans.
5) The setting up of Forest Management Information systems and the implementation of a National Forest Management Plan by 2010.
6) A comprehensive Coastal Zone Management Plan

Along these strategic themes, the development and disaster risk mitigation agencies will have to adopt a holistic and integrative approach to environmental management. One component of this will be the upholding of a participatory and community based approach within the principle of good governance and shared responsibility. The agencies and their coordinated functions will have to be reinforced by a supportive legislative framework and institutional arrangements to enable policy, planning and proper regulation to achieve maximum effectiveness.

In order to minimize frictions between the overall environmental management goals and macroeconomic development and growth, there will be need for greater participation by the private sector as a partner in the remediation, rehabilitation and restoration of degraded

ecosystems. The private sector will be exhorted to find more sustainable alternatives to enterprise development and bear a greater responsibility for any externalities that result from current modes of development that are less than desirable. The academic community will also be engaged as an active partner to provide the research and development needed to make informed policy decisions and to generate a continuous stream of science based information that will drive the dynamism of the environmental management planning process. Finally, the media will also have to play a greater role in raising social consciousness and awareness of issues surrounding environmental protection and provide the necessary ideological impetus to galvanize social movement towards more sustainable practices.

There are a number of critical issues of maintenance planning that need to be resolved in the short term namely:

1) Maintaining watersheds by reforestation and the prevention of soil exposure
2) The development and implementation of a comprehensive water management plan
3) Planting along river banks to reduce soil exposure and preventing dumping of solid waste into rivers
4) River training in addition to watershed management
5) River engineering, and just as importantly, building an adequate skills base in this technical area

9.5.2 WATERSHED MANAGEMENT

The objective of watershed management is to increase and sustain the watershed's ability to provide for the diverse needs of the communities that depend on it. Resource management using watersheds as an organizing unit has proven to be an effective scale for natural resource management. Using watersheds as organizing units for planning and implementation of natural resource management means that:

1) Communities within watersheds can better track and understand the impacts of their activities on the larger system
2) Each watershed can adjust management measure and policies to meet local goals while supporting larger scale goals
3) Multi-objective planning is facilitated by inclusion in and reference to a whole system context.

The draft strategic plan for the environment recommended that Saint Lucia adopt a national forest policy which will incorporate such elements as the Clean Development Mechanism to reforest degraded watersheds, increasing protected forest areas, implementing a forest fire management plan, and relying on a participatory approach to the planning process. Public awareness will also be a key element of this plan, as it has to be demonstrated to the satisfaction of resource-reliant communities such as farmers, persons involved in mineral extraction and

those who rely on the forests for their livelihood that more sustainable practices redound to their benefit first, then to the benefit of the wider population.

Under the watershed management component and in the medium term, implementation would require that authorities:

1) Rationalize and prioritize forest restoration and regeneration in critical watersheds to preserve rivers and other fresh water systems and provide adequate and reliable water supply for irrigation, domestic and industrial uses
2) Protect untenured areas with stronger legislation and more empowered enforcement agencies
3) Delineate forestland boundaries and assess forestland for production purposes
4) Develop community-based production systems for the handicraft industry and include information and education campaigns to support activities for raw material based production
5) Develop and implement a water supply sector roadmap, in conjunction with a new national initiative to incorporate rainwater harvesting in water supply.
6) Develop and operationalize a national water resource management framework and a water efficiency framework
7) Develop and continuously update a database of Saint Lucia's hydrological system- train and employ technical staff to man the system and develop a fully computerized data collection and modelling system.

An important corollary to watershed management will be the full effective implementation of a national land use plan. The GOSL has made a start in this direction by developing a National Land Policy in 2007. However, the process of planning and implementation has been constrained by limited technical and administrative capacity, and funding.

9.5.3 DISASTER RISK MANAGEMENT

A range of natural hazards threatens lives and livelihoods in Saint Lucia. Reducing Saint Lucia's disaster risk is critical in its fight to reduce poverty and vulnerability. The main imperative of disaster risk management is that public authorities, development organizations and communities understand and anticipate future hazard events. Planning for resilience must be supported by continuously updated information of the key features of natural hazards:

1) Their location and the extent of the impact: Is the project area affected by one or more natural hazards?
2) Frequency and probability of occurrence: How often are hazard events likely to occur in both the short and long term?
3) Intensity and severity: How severe are the events likely to be?

4) Duration: How long will the hazard last and how long will its after-effects endure?
5) Predictability: how reliably can we predict when and where the events will happen?

Saint Lucia's natural risk factors are mostly rapid onset, stemming from its geographical position and physical features. On the climatological front, it is at risk of hurricanes and storm surges, which lead to corollary events such as floods, debris and mudflows; droughts, which lead to corollary events of wild fires and desertification. Its geological risk factors are related to earthquakes, which lead to corollary events of surface collapse mass movements and landslides/ rockslides; volcanoes, tsunamis and due to the acceleration of global climate change, sea level rise. Biological risk factors have become a more apparent reality in recent times, as the outbreak of epidemic diseases, plant and animal contagion and extensive infestations have wreaked havoc internationally and regionally. Consequently, the imperative of Saint Lucia's disaster risk management drive will be to first coordinate the activities of agencies which collect data into an organized data management system that feeds into the research that informs policy.

Poverty reduction and disaster management are two mutually reinforcing concepts. Therefore, disaster risk management must be merged into the Poverty Reduction Strategy process. The poor and the vulnerable of the population are usually closest to the environmental and disaster risk factors confronting Saint Lucia, since their livelihoods are often inextricably tied to the services provided by nature. Therefore, the disaster risk management programme will be linked to the strategic programming of the productive sectors, so as to reduce the reliance of the poor and vulnerable on the ecological services, while at the same time, facilitating a well-managed programme of sustainable use of these services while the macro economy undergoes structural changes.

The first step is to establish a basis of analytical and diagnostic work to determine which segments of the population are particularly vulnerable to natural hazards and its implications for levels and forms of poverty. The technical basis for this kind of analysis has already been established in documents such as the Case Study of the linkages between poverty and the environment in Saint Lucia[48]. The Country Poverty Assessment of 2005 also demonstrated the correlation between poverty, rural districts and the environment. Rural Districts hosted some of the poorest communities on the island, in which opportunities to earn income were tied to agriculture, fishing, and other primary activities.

The recent events of Tomas highlighted the need for pre and post-disaster social safety nets in high-risk poor and vulnerable areas. Publicly funded social safety nets may be needed as one way to support poor households during and after a disaster to ensure that poverty severity does not increase – as it would when natural disasters threaten to erode already meagre assets.

[48] Identification and Analysis of The Linkages Between Poverty and The Environment in the OECS: Case Study: Saint Lucia, by Donna Ramjattan, SEDU, UWI, St. Augustine.

Disaster safety nets must assist the poor in meeting basic food needs during an event so that their efforts are diverted away from crisis-type coping mechanisms (such as distress sale of remaining productive assets) to more remunerative activities that could build future assets and increase earnings.

In developing social safety nets for the poor and vulnerable communities, it should be recognized that different segments of the vulnerable population will have varying levels of hazard resilience. Poor urban unskilled workers may be more hazard resilient than non-poor farmers who could fall into poverty as a consequence of an environmental shock. Possible options for safety nets of this type are:

1) Cash or quasi cash grants to help replace lost assets e.g. livestock.
2) Support to microfinance institutions to withstand disaster-induced liquidity pressures so that accessible loans can be extended to disaster victims
3) Public works programmes to create employment in affected areas

The next step will be to establish monitoring and evaluation procedures that will be based on short and long-term targets, indicators and related systems that will contribute to disaster risk management. The indicators used for these monitoring systems will be based on data disaggregated by geo-climatic or geophysical zones. Outcome indicators however, should be based on reduced vulnerability rather than reduced losses and should be linked to the achievement of the broader Poverty Reduction objectives, including the MDGs. Scenarios must be built around the consequences that disasters would have on Poverty Reduction objectives and modelling of different approaches to address these possibilities will establish the range of possible actions that can be taken given the range of risk factors that could arise. The third step will be effective implementation, and this will loop with the steps of analytical and diagnostic work and evaluation and monitoring.

The key to successful implementation will be a continuous flow of information and expertise through participatory consultation among all stakeholder groups at every step of the programme. There is a strong tendency for agencies to work independently in carrying out their technical responsibilities. However, the current challenge, by extension, the challenge of managing the development process to create a sustainable future, requires a change in the status quo. The exigency of collaboration, coordination and coherence between the functions of state agencies cannot be overemphasized. The success of implementation will depend on the ability of officials from implementing agencies to arrive at a shared understanding of the scale and scope of the tasks for implementing.

On the basis of the foregoing, the MTDSP outlines a programme of disaster risk management which will follow the general guidelines specified below (Table 9.1).

TABLE 9.1: ENVIRONMENTAL RESILIENCE ACTION PLAN/PROJECT SCHEDULE FOR IMMEDIATE TERM IMPLEMENTATION

Infrastructure	Damage/ Loss Incurred in Tomas	Recommended Action	Project	Estimated Project Cost ($EC)
Water Sheds	- Slope failure resulting from soil exposure, landslips and slides	*-Significant planting along river banks to reduce soil exposure, stricter regulations to deter the dumping of solid waste into rivers*	*-A comprehensive national watershed management plan*	TBD
		- River training in addition to the watershed management plan, and river training. Saint Lucia is currently suffering from a deficiency in persons trained in river hydraulics/ engineering.	*- Reforestation programs in areas that are currently suffering from soil exposure due to Tomas*	TBD
		- Develop a comprehensive slope stabilization plan		
		- Detailed local area plans that study catchment areas and develop appropriate catchment plans		
Agricultural Infrastructure	- Damaged roads and irrigation systems due to land slippage	*- Implementation of terraced cultivation and building roads along the contour lines of elevated lands*	*- A National Program to upgrade forest and agricultural feeder roads*	TBD
Coastal Zone Management	- None, but from previous storm, some significant damage to the west coast	*-Introduce stronger regulations for coastal area developments and partnership with local private sector operators to develop local coastal sustainability projects*	*- A Comprehensive Coastal Zone Management Plan*	TBD

Source: UNDP Post Tomas Assessment, Stakeholder consultation and various other official documentation

9.5.4 ENERGY INDEPENDENCE AND SECURITY

The core strategy for energy independence and security will be a phased increase in investments in new alternative energy sources that are cost effective and that can fully utilize local inputs. These alternatives will have to be clean in compliance with Saint Lucia's bid to abide by international conventions on reducing carbon emissions while not compromising the available supply of energy to meet the economy's growing demands. In large part, the energy independence and security framework have been laid out in the National Strategy Plan for the Environment. The MTDSP therefore endorses the following strategies and accompanying actions for achieving a 50 percent increase in energy independence and security by 2015:

TABLE 9.2: STRATEGY AND ACTION MATRIX FOR ENERGY INDEPENDENCE AND SECURITY

GOAL	STRATEGIES	THEME	TARGETS	INDICATORS
Promote sustainability and stability in the energy sector	Enhance policy framework to encourage "sustainable" investment in energy sector	1, 2, 3	Enabling policy institutional and legislative framework in place by 2011	-New Electricity Supply Act developed and promulgated -National Energy Policy completed and adopted -Sustainable Energy Plan revised and implemented
	Pursue, promote and facilitate the development of renewable energy, and cleaner energy sources 1, 2	1, 2,3	Five (5) percent of electricity generated by renewable sources by 2012 Geothermal resource development actively pursued by 2011	12-15 MW Wind farm operational by 2012
	Promote increased energy efficiency	1, 2, 3	Fiscal regime for Energy Efficiency (EE) in place by 2010 System of standards for EE in place by 2011 1 Pilot EE project in building sector initiated by 2011. Public awareness of EE enhanced by 2010 Transport Sector Energy study conducted by 2010	Incentives package for commercial, manufacturing and construction sector developed and implemented. EE Standards for lighting and appliances adopted GOSL initiates Energy Efficiency project EE public education and awareness Program initiated by 2009 Transport Sector Energy Efficiency guidelines developed.
	Create avenues for public participation in the energy sector	3	5 private PV net-metering units operational by 2010	Private solar units connected to national electricity grid.

Source: Draft Strategic Plan for the Environment

The country has to reconcile conflicting demands in the management and protection of its environment. Hurricane Tomas has revealed in stark relief the limited areas across the island space of Saint Lucia that are safe for habitation and active exploitation. Some of its agriculture creates environmental hazards and, with stricter regulation, may need to be restricted to certain areas. Likewise, a well elaborated regulatory framework will need to be put in place to ensure compatibility between human habitation and economic production, including tourism related development along the coast line. The land space available for sustainable use may be less than what has been commonly accepted.

CHAPTER TEN
SOCIAL SERVICES, SOCIAL JUSTICE AND GOVERNANCE

10.1 Overall Statement

The problem of poverty in Saint Lucia is caused, in part, by the nature of its insertion in the international economy. As a small dependent economy, Saint Lucia's economic reality is largely determined by the competiveness of the few sectors or activities that generate its foreign exchange earnings in the international economy. All SIDS need viable foreign exchange earning sectors in order to maintain a high quality of life for the vast majority of its citizenry. The removal of protective arrangements that applied to two of its export sectors – bananas and light manufacture - necessitated a restructuring of the economy which began in the 1990s. Some of the poverty and social fall-out experienced can be attributed directly to this fact of life in this dependent economy.

Therefore, the MTDSP must address the trade adjustment imperatives, including the poverty that might be precipitated by the process. The last half of 2011 is likely to see slowing again in the North Atlantic economies to which Saint Lucia is linked, with implications for its tourism sector, in particular, and thus for the country as a whole.

The MTDSP should incorporate a strengthened social services delivery system that provides protection to the poor and vulnerable, at the same time as it facilitates their preparation for a paradigm shift in the economy. Moreover, the ongoing fall-out created by dysfunctional societal factors like crime, growth of the underground economy, drug abuse, urban decay, rural decline, domestic violence and marginalisation of youth has to be addressed.

The basic structures for social protection have been adapted much beyond their early roots by way of poor relief and assistance to paupers that characterised the interventions following the acceptance of the Moyne Commission Report. The Government of Saint Lucia has demonstrated keen interest in poverty reduction and was one of the first to secure assistance from the Caribbean Development Bank (CDB) for poverty assessment exercises. There have been two studies of poverty conducted in Saint Lucia over the period 1995-2006.

There has also been the Core Welfare Indicators Questionnaire (CWIQ) that was administered in 2004, with a view to monitoring poverty conditions over time. The Department of Statistics conducts labour force surveys semi-annually. The available data allow for poverty monitoring in the country, and for an assessment of the effectiveness of measures and initiatives that have been put in place to reduce poverty. The available information suggests that while Saint Lucia might have succeeded in reducing indigence or food poverty, overall poverty has persisted at a relatively high level.

10.2 Goal

In addition to the attainment of the targets set in the Millennium Development Goals (MDGs), the MTDS focuses on:

- Reduction of unemployment, in addition to poverty reduction;
- Reversing the increase in crime and the growth of the underground economy;
- Arresting the deterioration in the structure of the family system, and in social capital;
- Countering the absorption of negative cultural influences from abroad; and
- Reducing the exposure to pandemics and high incidence of life style disease.

10.3 Context

The goals of the country in respect of the social services are conditioned in part by the commitments that Saint Lucia has made in respect of the MDGs. The member countries of CARICOM have made such strides in their social development, that the goals and indicators of the MDGs have either been surpassed or have less relevance in the Caribbean context than in countries in the rest of the so-called developing world. For example, universal primary education was relentlessly pursued even prior to the attainment of political independence, and generally was achieved by most countries much before the end of the 20th century. The differentials in gender enrolment have more to do with drop-out or early exit and poor performance of boys, than about the exclusion of girls as applies in some other parts of the world.

Saint Lucia, like its neighbours, is committed to the more relevant Caribbean MDGs which consist of the following:

1. Eradicate extreme poverty and hunger, by halving the proportion of persons who suffer from hunger, and those without access to basic services;
2. Achieve universal primary and secondary education, by ensuring that boys and girls will be able to complete a full course of primary and secondary schooling up to Form 5, and ensure that by 2015, pre-school age children will have universal access by 2015;
3. Promote gender equality and empower women, by eliminating disparities in primary and secondary education, in income and in occupational opportunities in all sectors by 2015 and reduce by 60 percent, the incidence of physical acts of gender based violence;
4. Reduce the under-five mortality rate by two-thirds;
5. Improve maternal health by reducing by three quarters the maternal mortality ratio, and ensure universal access to reproductive and sexual health services through the primary health care system;
6. Combat HIV/AIDS, malaria and other diseases, by halting and reversing the spread of HIV/AIDS;

7. Ensure environmental sustainability by integrating principles of sustainable development into policies and programmes reversing the loss of environmental resources, by halving the proportion of people without sustainable access to drinking water and improved sanitation, and by improving the lives of at least 70 percent of persons in poor communities;
8. Develop a global partnership for development, in association with the international community in addressing problems of trade, the financial system, debt relief and poverty.

The Caribbean MDGs set bench marks for Saint Lucia to be achieved by 2015.

10.4 Challenges

The CPA of 2007 which reports on poverty in 2005, showed that although the country had made major strides in reducing severe poverty or indigence, poverty levels had remained relatively constant or might actually have increased, compared to 1995 when the first poverty assessment exercise was conducted. The persistence of poverty can be seen in Table 10.1 and Figure 10.1.

TABLE 10.1: INDIGENCE AND POVERTY 1995 AND 2005/06 (PERCENT)[49]

	1995	2005/05
Poor Households	18.7	21.4
Poor Population	25.1	28.8
Indigent Households	5.3	1.2
Indigent Population	7.1	1.6
Gini Coefficient	0.5	0.42

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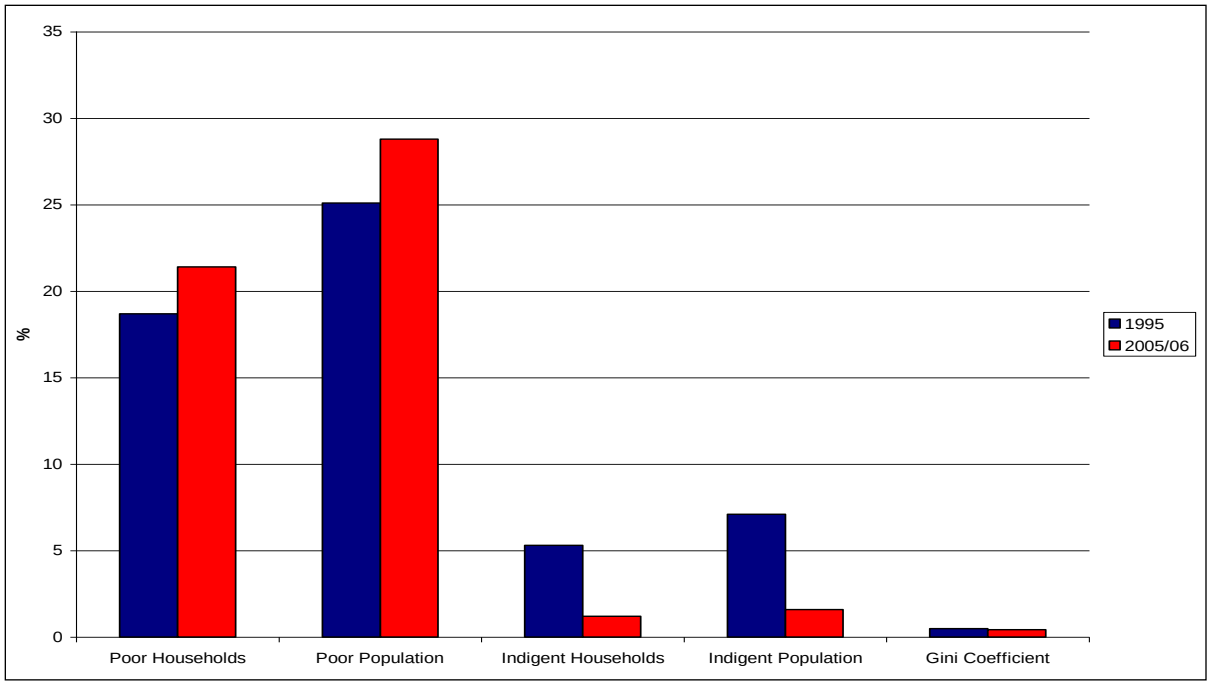

FIGURE 10.1: INDIGENCE, POVERTY AND INEQUALITY 1995 AND 2005/06

The data show a major decline in indigence and also in inequality, but the percentage of the population that was poor in 2005 seemed to have increased. This has to be seen against the backdrop of a range of measures that were implemented in the late 1990s and the first half of the first decade of the 21st century. Formal poverty reduction strategies were mounted following the first CPA, with supporting institutional structures to focus on the poor and on communities at risk. However, the economy was already in the throes of major structural change by the end of the decade of the 1990s as the banana industry went into decline and export-oriented light manufacturing started being affected by NAFTA and the expansion of EPZs in places like the Dominican Republic and in Central America. The reorganisation of the very foundations of the economy of Saint Lucia has continued, as the forces of globalisation eliminate activities that are no longer competitive. Moreover, the country is now embarking on the challenging task of building new competitive industry that can create sustainable employment and earn foreign exchange in replacement of the sectors succumbing to competitive pressures.

The experience of the last decade which was the occasion for one of the most severe recessions since the Great Depression illustrates the difficulty for very small countries which, with their characteristic lack of diversity, are seriously impacted by the decline in one or more of their export industries. The precipitous decline in banana agriculture without a compensating positive response in the output of alternative agriculture and the hollowing out of the export-oriented light manufacturing sector, have led to reliance mainly on the tourism industry for vital foreign exchange earnings. High poverty levels and high structural unemployment have been the sequel to these dynamics in the narrow industrial base of the country. Another

outward visible sign has been the rural urban flight, with the previously banana growing areas in particular, being emptied of population, and with the population becoming concentrated in the North-West of the island.

The Report on the CPA of 2005 which was finalised in 2007 proposed five key areas for intervention to reduce poverty and improve living conditions, namely:

- The introduction of broad range programmes to expand the percentage of the population generally and the workforce specifically in education, training and self upgrading, partly by the social marketing of education and training and also the promotion of a commitment to wellness; this was effectively the promotion of an overall strategy of human resource development of the entire society for participation in the knowledge economy;
- Mobilisation of financial resources from abroad by 'in-shoring' resources of nationals abroad, also by rationalising the tax system to yield more resources to the Government while ensuring equitable treatment of the poor and lowest income groups, and by the promotion of domestic entrepreneurship;
- Coherent physical planning for the management of land assets and resources, including by establishment of real estate investment trusts;
- Upgrading the social safety net to provide social protection, but without creating an entitlements syndrome; and
- Reorganisation of the Community Development Department to cope with new challenges of urbanisation and rural depopulation.

Since the CPA, there have been ongoing programmes of the Government that have addressed some of these issues. However, it is through a formally enunciated poverty reduction strategy that it was expected that coherence could be achieved in the measures for overcoming poverty.[50]

Poverty has its own dynamic properties. While there are no up-to-date measures of its extent, there are effective ways of gauging the present state of poverty. As noted above, the CPA of 2005 found that 28.8 percent of the population was poor in 2005. However, if account is taken of those who, though not poor currently, are close enough to the poverty line that they can succumb to poverty as a result of a shock, or untoward circumstances, then another 16.2 percent of the population was at risk: if the poverty line were raised by 33 percent, to take account of such a shock, over 40 percent would have been living in poverty.

[50] The Government secured the assistance of the CDB for hiring consultants to develop a PRS.

The circumstances of Saint Lucia over the period 2007-2009 suggest that like other small trade export-reliant economies, the country would have experienced a major shock and thus, the poverty level would have increased. Unemployment rose to over 20 percent, as the banana industry shrank further and the economy slowed considerably with the global economic downturn. Poverty would have worsened even though the programmes of social protection might have protected the poorest of the poor from indigence.

However, much depends on the resilience of the economy in the face of increasingly open international economy, in the final analysis. The resources available for reducing poverty depend on the capacity of the productive sector: it generates income and employment for most involved in the production of goods and services and provides the base for the transfer budget from which those who cannot contribute are allowed access to income that might protect them from indigence and poverty. If the economy falters, its capacity to protect the vast majority of the population from poverty is compromised, and this is eventually reflected in problems in social services delivery, and in limitations in social protection.

The recently concluded report in 2010, outlining the National Poverty Reduction Strategy is based on five pillars, namely:

- Good governance – through reforms that would encourage and facilitate increased participation of Saint Lucians in the management of their affairs at the community and national levels;
- Broad-based equitable economic growth- with sound policies to ensure stabilisation in fiscal operations and to create a climate attractive for investments;
- Improvement in the quality of life and well being of all Saint Lucians, and more so the poor, with special reference to their access to health, education, and housing; and
- Sustainability – with environmental management complementing poverty reduction, and with sustainable approaches to national resource use;
- A Fair Justice System – geared to safeguard internal security and sensitive to the need to stimulate investor interest.

In the most recent budget of the Government, the Minister of Finance elaborated on the thinking of the Government in respect of economic reorganisation and enunciated some of its more critical goals in the area of the Social Services. Poverty reduction hinges on the one hand, on economic expansion with competitive industry, and on the other, on social services that target the poor and vulnerable efficiently and equitably. In respect of the Social Services, the Government proposes:

- The adoption of a universal Health Coverage Strategy, with a roll out of a national health insurance system, and with the upgrade of health centres to polyclinics in support of the primary health care system;

- Improvement in quality of the educational system, including by widespread use of ICTs, and promoting access and equal opportunity to poorer students through such measures as support for entry into tertiary or through additional chances at CSEC/CAPE subjects, especially for students whose parents were affected by the decline in the banana industry and by Hurricane Tomas;
- Expansion of homework centres to particular communities;
- Housing Assistance Programme especially for victims of Hurricane Tomas;
- Improvement of National Security by addressing the crime situation in the country;
- Empowerment of Youth by encouragement of such groups as Rise St. Lucia Inc, and through the promotion of voluntary and service oriented organisation;
- Second Chance opportunities for at Risk Youth, including promotion of use of ICTS; and
- Constituency Development Programme to engender collaboration in generating social and economic development at the constituency level.

Box 10.1 outlines Saint Lucia's strengths, weaknesses, opportunities and threats in the areas of social services, social justice and governance.

Box 10.1 Social Services, Social Justice and Governance: Summary SWOT

Strengths	Weaknesses
• *Strong social policy has reduced indigence over the years* • *A strong presence of civil society structures that are effective in the delivery of social services and mobilization of resources* • *Relatively high levels of freedom of expression, accountability and transparency* • *Effective social programmes aimed at eradicating poverty and providing opportunities for the poor to participate equitably*	• *The decline of the banana industry led to increase in unemployment* • *Over-reliance on tourism industry providing unsustainable employment at the lower end of the labour market* • *Severe lack of education among the poor perpetuates poverty* • *Exogenous shocks buffeting the economy will likely affect the poor the most* • *The element of drug wars and gang violence in inter-community conflict*
Opportunities	***Threats***
• *Diversification of the economy can open up new avenues for employment and entrepreneurship* • *The democratic process is aided by the penetration of ICTs and the proliferation of social media* • *Strategic Planning geared at sharpening the effectiveness of targeting and policy making*	• *Susceptibility of the region to the international drug trade* • *Rising crime levels and a growing trend of social disaffection among young males* • *Weaknesses in legislation and implementation perpetuate failures in the justice system*

10.5 Objectives

Over the next five years of the current decade, the country will face the challenge of reducing poverty of over 25 percent of its population and vulnerability of at least another 10 percent, based on the last CPA. In other words, about one-third of the population might face problems of poverty and vulnerability. Much depends on the level of commitment that the Government is prepared to make with regards to the provision of resources for the delivery of social services, and to the implicit distribution that is to be crafted between the poor and non-poor.

However, in the mediation of social services delivery, there are implicit commitments made to ensure the provision of certain services to all of the population, irrespective of levels of income. In the modern state of Saint Lucia, these include primary health care, primary and secondary level education, law and order and basic security of the individual. In addition, attention must be given to such other commitments as protection from hunger and indigence, from human catastrophe as a result of the visitation from nature – hurricane, earthquake, and other life threatening conditions and catastrophic illness.

In projecting requirements for the MTDSP, over which the National Poverty Reduction Strategy has to be implemented, a structured approach will be adopted to measure achievement with the use of the framework outlined below. From this, clear quantitative objectives and criterion indicators can be derived. Social services can be defined in terms of the primary focus of the respective intervention strategy which may be categorised in at least four ways: preventive, remedial, supportive and developmental. Traditionally, many of the services have tended to be remedial and supportive; such services are usually geared to the provision of transfers, as against services that are preventive, or better yet, developmental.

Society, through the delivery of social services by the Government, might agree to the delivery of certain services which can be seen from the perspective of the individual citizen, across age cohorts. In other words, society has to factor the individual into its social service delivery system as one transitions across the age cohorts. The country guarantees the delivery of certain services even to the unborn, by way of ante-natal care guaranteed to all pregnant women, through the primary health care system.

Gaps in delivery in communities or among groups of individuals can be identified and corrected for. In any event, the budgetary allocation for primary health care has to be assessed in terms of its capacity to deliver this service and others like post-natal care, and services to children under five years of age. As noted earlier, the country is committed to universalising Early Childhood Education and Care.

The structure of social services delivery can be assessed by way of the interventions guaranteed to the individual across the age cohorts. This is seen in Table 10.2. One can interrogate the system in place for its capacity to ensure the delivery of services across the society and its communities, such that each individual has access, based on the presumption of universal provision of certain selected services.

TABLE 10.2: SOCIAL SERVICE DELIVERY BY AGE COHORT AND BY TYPE OF SERVICE

Category of Social Services	Community A				
	I 0-5	II 6-15	III 16-25	IV 26-64	V 65+
Preventive					
Remedial					
Supportive					
Developmental					

However, one can examine services and project interventions against the backdrop of particular problems, risks and vulnerabilities that may afflict individuals. The CPA of 2005 provides estimates of the percentage of persons who were indigent, poor or vulnerable. These estimates can be disaggregated by broad cohorts to identify the number of possible clients that might have fallen into the poverty trap then. Projections and estimates on the more recent past or currently, can be utilised in deriving the size of the universe of persons who may need the intervention off the social services.

In Table 10.3, six problem areas are identified which are known to present among sections of the population in Saint Lucia, namely: home devastation from Tomas, HIV/AIDS, drug addiction, teenage delinquency, teenage motherhood, and unemployment/underemployment among banana farmers or any other similar group facing trade adjustment. There are many other problems which may be prominent at one time period, but not so at another time. Information that is current from Ministries and Departments which have structures linking them to communities can be the basis for the development of appropriate interventions.

TABLE 10.3: SERVICES FOR INDIVIDUALS WITH SELECTED NEEDS BY TYPE OF SERVICE

Category of Social Services for Risks and Vulnerabilities	Community A					
	Home Devastation from Tomas	HIV/AIDS	Drug Addiction	Teenage Delinquency	Teenage Motherhood	Unemployment in Banana Farming
Preventive						
Remedial						
Supportive						
Developmental						

The commitment of resources for each of these areas can be projected and costs derived in the development of annual budgets and for the medium term. In addition, to the commitments under the MDGs, poverty reduction can be placed under the lens that take account not only of the basic services that protect the individual, but also of those that treat with specific vulnerabilities that the country presents with at the current time and over the period of the plan. In the most recent budget, the Government pledged to pay greater attention to the causes of crime through social re-engineering at the same time as it committed to modernising the crime fighting technology.

10.5.1 CURRENT SOCIAL SAFETY NETS

As the primary exponent of poverty reduction and social safety, the GOSL implements a range of targeted social assistance programmes that aim to assist households in managing economic risks. Overall spending on current transfers increased by 9.8 percent, between 2009 and 2010, to $164.4 million. This was attributable to substantial increases in expenditure on subsidies to offset the rising cost of food staples, such as flour, rice and sugar, as well as on retirement benefits.

The Public Assistance Programme targets about 25 percent of poor households and provides benefits to some 2,500 households. In 2010, public assistance grew by 7.3 percent of current transfers to $4.8 million[51]. The programme provides a cash benefit of $135 per month for a single person household and up to a maximum of $300 per month for households of five or more persons.

Students from poor and indigent households also benefit from support schemes such as the Book Bursary and Rental programmes. Indigent children could have access to free books while poor children can rent books under these programmes. About 14 percent of poor students are

[51] Economic and Social Review, 2010

targeted under these programmes. Other support to poor students includes transportation for needy secondary school students, and other assistance programmes that provide uniforms and fee waivers for school meals. There are also programmes that target poor and vulnerable infants and young children, including the Community Day Care Programme and the Roving Caregivers Programme. Under the former, day care services are offered in 21 government-managed day care centres. In 2009, approximately 800 children participated, and programme expenditures for the fiscal year 2008/09 were $1.4 million.

Among the other social safety initiatives that are offered by the government are:

- The Saint Lucia Social Development Fund (SSDF), which implements community infrastructure and development projects,
- Social care services for troubled families and children, counselling and residential facilities for abused women,
- A number of labour market programmes aimed at promoting employability and employment, including training programmes, second-chance education programmes, job search assistance and micro-enterprise development services.

10.5.2 RESPONDING TO THE BASIC NEEDS OF THE POOR

Reducing vulnerability is a key imperative in the MTDSP, and involves the improvement of the security and empowerment of the poor and disenfranchised in society. There is a fundamental need to develop strategic policies and well-targeted interventions to ensure the protection and welfare of the poor in areas such as education, health, shelter, income and assets. Effective targeting will also address the marginalization of the poor in their access to adequate, high quality and timely delivery of basic social services. The success of the vulnerability reduction strategy will depend on the ability of the national social safety apparatus to raise the bar of acceptable standards of well-being, while preventing the most at risk groups from falling below it. As the structure of Saint Lucia's economy changes and becomes more differentiated, the social safety apparatus implemented will also have to adjust to reduce the effects of structural frictions to which the poor are most exposed, while maintaining parity in access to available opportunities for the benefit of both the poor and non-poor.

In Saint Lucia, official documentation and Country Poverty Assessments[52] have shown that poverty is largely a rural phenomenon. The most at risk groups were identified as young persons (aged 18-35), females who head households, and the working poor. The poor spend more than half of all expenditure on food, whereas a paucity of household resources is allocated towards savings and investments. The disadvantage that confronts the poor on numerous frontiers has to do with a severe lack of education. This closes most doors of opportunity for

[52] Trade Adjustment and Poverty in Saint Lucia, 2005/06 Volume I, a Country Poverty Report completed by Kairi Consultants Ltd, available online at:
http://www.caribank.org/titanweb/cdb/webcms.nsf/0/2F275757766CC1D5042573D2004E7C8A/$File/SLUCPAMainReport.pdf

them to extricate themselves from poverty, while exposing them to other social risk factors, and elevating the probability of their engaging in risky behaviour. The poor constitute the largest group of least certified persons in society, having in general, a higher probability to have only achieved up to primary level education by the time they reached working age or became the heads of households. Moreover, enrolment levels among children in poor households are the lowest among all consumption groups.

The geographical distribution of poverty shown in the 2006 CPA highlighted high prevalence rates in predominantly rural districts, with Anse-la-Raye and Micoud exhibiting the highest rates of indigence on the island- 5.3 percent and 4.1 percent respectively. Relatively large numbers of poor children (persons below age 15) were also found living in Anse-la-Raye and Vieux Fort- 26.8 percent and 19.5 percent respectively.

Despite a slight decline in the ratio of female to male headed households from 1995 to 2005, the tendency for female headed households to be relatively poorer remained. The poorer the household, the more likely it is that it has more than one child. These indicators are informative for targeting single parent, female headed families which have to cope with the sizeable needs of school- age children. Poverty reduction initiatives should be designed around reducing the risks and vulnerabilities faced by single female headed households.

The poorest communities and their needs were also outlined in the last CPA. Among the needs that were identified as the most pressing for communities were employment, education and training, facilities and services and physical infrastructure. These needs are all very costly, but they are a sine qua non of the overall development strategy.

Overall, while Saint Lucia's policy and programme response to poverty over the last decade has been laudable, the exogenous shocks that have buffeted the economy, particularly between 2008 and 2011, would have eroded some of the progress made in setting up the systems that adequately respond to the basic needs of the poor. If indigence rates are a good indicator of how the lot of the poor has changed since the last official observation to the post-crisis period, then there is also a need to observe the effect that the period 2008-2011 had on the vulnerable, who may have become poor, and the non-poor, who may have slid closer towards vulnerability. Consequently, in the context of the post-Tomas period, the response has to anticipate difficulty among a much larger percentage of the population than measured poverty in 2005. As indicated before, the delivery system might anticipate interventions to serve at least one-third of the population, generally.

10.5.3 LAW AND ORDER

Law and order are high on the government's priority agenda as it is conducive to fulfilling its economic and social goals. Part of the ethos of this agenda is the aim of having a more efficient

and responsive justice system which can effectively curb the proliferation of crime and sociopathic behaviours, as well as serving to protect the peace and wellbeing of society by being proactive and preventative of such ills. The administrative system of law and order of Saint Lucia is well developed. The country has an independent judiciary composed of district courts and a high court, with its highest court of appeal being externally based; the second highest at the Eastern Caribbean Court of Appeals and its highest at the Judicial Committee of the Privy Council in London. The Ministry of Home Affairs and National Security is mandated with law enforcement and dispenses its functions mainly through the Royal Saint Lucia Police Force and the Bordelais Correctional Facility.

In spite of the existing structures that administer law and order, a serious problem of crime and delinquency does exist, manifesting itself mainly in the forms of violent crimes, gender based violence, youth delinquency, juvenile crime and drug abuse. Reforms to the judicial and legal system can improve the functioning of the administration of law with respect to rates of detection, conviction and deterrence. Additionally, the reforms to the system will be aimed at re-casting the justice system as efficient, fair, transparent, independent and autonomous; all of which are expected to restore and promote public confidence in the system of governance. The socio-economic response mechanisms play a part in providing alternatives that induce the most susceptible to crime and sociopathy to operate within the parameters of law and order. Therefore, the social safety response mechanisms will have to be designed to identify, tackle and eliminate threats to law and order at their nascent stages.

10.5.4 FACTORS CONTRIBUTING TO CRIME AND RISK-TAKING BEHAVIOURS

The correlation between crime and poverty can be established on an a priori basis. Dense sprawls of informal urban settlement have given rise to slum conditions and all the attendant ills, including an increased probability of youth disaffection and delinquency, and consequently, gang-related activity. High youth unemployment and low educational attainment implies that at risk youth will search for livelihood opportunities in the underground economy, thereby increasing elements of sociopathy confronting the society.

The National Consultative Council Report on Crime gave a vivid description of an individual who would be an active participant in criminal behaviour as:

> *A young man 18 to 30 years old, likely poorly schooled but not ignorant, undisciplined, living in an informal development, generally a slum, without a saleable skill and without a full-time job. Someone on the fringes of accepted society and without a stake in or social commitment to society.*

This statement encapsulated in a succinct way, most of the factors that should be the target of direct policy action in order to rectify the likelihood of a growing and pervasive sociopathy: 1) The gendered nature of crime and in particular, the reasons why males seem to be overrepresented among the active participants in crime, 2) Youth disaffection and how this increases the probability that they will engage in crime, 3) The role of education in reducing the number of youth that turn to crime, 4) The effects of urban poverty and slum conditions and the ways in which they contribute to the likelihood of engaging in crime. Youth crime and violence in St. Lucia generates more than US$3 million in lost benefits to society and US$7.7 million in lost benefits to private individuals *annually.*

However, even though the link between crime and poverty is clear, the view that poverty is a major causal factor of crime and violence has been challenged by evidence which suggests that inequality and feelings of relative deprivation, more than poverty, are significant influential factors for crime and violence[53].

The Caribbean region is also susceptible to the drug trafficking trade between the countries of the North Atlantic, and is often used as a strategic transhipment point for illicit drugs, illegal arms and illicit funds. Its location between the drug-producing countries of the south and the drug consuming countries of the north pose a significant challenge to extricating the vulnerable groups from lives of crime. This is so, as the incentives (both income and non-income) of this underground economy are far more attractive and immediate than the relatively slower benefits of education and trading labour for payment in the constricted job market, particularly for young males. Undoubtedly, Saint Lucia faces this challenge as it deals with a rising tide of gang violence, and drug related violence, all stemming from increasing consumption of drugs on the island.

Another phenomenon contributing to rising crime rates in the wider Caribbean and in Saint Lucia is the high rates of recidivism and the virtual revolving door in the prisons system. In addition, increased deportations of convicted offenders from the United States, Canada and the United Kingdom coupled with ineffective systems and support structures for these deportees also contribute to rising crime rates.

Interpersonal violence is also a problem, including violence against women. ECLAC (2008) indicated that "Saint Lucia had the highest rates of gender based violence with rates well over 100 per 100,000 population" as compared to Jamaica and Trinidad and Tobago. There have been gruesome murders of women committed in recent years.

[53] UNECLAC, Exploring the Policy Linkages Between Poverty, Crime and Violence: Looking at Three Caribbean States.

10.5.5 GOVERNANCE

Governance has to do with the relationship and cooperation among state agencies, the private sector and civil society. Good governance is defined as constructive interaction among all three, in the exercise of political, economic and administrative authority in the management of the affairs of the country. The most recent experience in Saint Lucia demonstrates wide differences among state agencies and civil society organisations, which are the source of differing outcomes in the nature of governance across the country. There is a formal local government structure, comprised of a City Council, town councils, and village councils, but they show differential capability and impact.

There are civil society structures that may eclipse formal local authorities in their effectiveness in the delivery of services and in the mobilisation of local resources. Perhaps the most outstanding case is the Soufriere Foundation which was established in the 1970s and has made an impact on the lives of the residents of Soufriere. It manages the Sulphur Springs and a marina and has contributed in this and other ways to the tourism product of the area, from which large numbers of people derive a benefit. The Foundation engages in regular clean-up campaigns in the town and is responsible for the up-keep of the Town's Square. It ministers unto the poor and vulnerable through the soup kitchen that it has established. It is seen as a model by other communities to be worthy of emulation; community leaders in Anse-la-Raye seek to follow this model.

The Ministry of Local Government is responsible for supporting the work of the local government agencies. However, the Ministry of Social Transformation seems to have the more effective reach in stimulating local initiatives. The latter Ministry collaborates with the National Skills Development Centre in the provision of skills to a number of poorer communities. Through BELFUND and the Saint Lucia Social Development Fund, it has been able to improve conditions in some communities like Marchand and Park Estate, the latter being one of the poorest and most remote communities in Saint Lucia.

There are other Ministries with officers engaged in work in communities besides the Ministry of Social Transformation. The Ministry of Health is responsible for Public Assistance, which is the main source of transfers to the poor, and discharges the social welfare function. There is no structure in place for regular meetings and coordination among the three government ministries in their delivery of services to the communities. Meanwhile, there are areas of need which are not being addressed. Support from the development agencies to communities and youth in communities, might be constrained by the fact of ongoing gang wars between communities.

None of the agencies on the ground have been able to address inter-community conflict, which is partly a battle over turf in drug wars, the cessation of which might be the condition precedent for the delivery of after-school programme in some communities. Moreover, differential

internal capacity determines the level of access of communities to services provided and, in the absence of coordination among agencies, some communities remain without critical support.

Faux-a-Chaud is relatively successful in availing itself of an after-school programme promoted by the Ministry of Social Transformation, while the Mangue in Vieux Fort lacks any type of out-of-school support, let alone post-school training. There is a view held among officials that evening classes in an area like the Mangue will not attract the attention of youth, since there is much more money to be made in the drug trade than can be earned in activities for which training might be provided. The Government has introduced a Constituency Development Programme, which may lead to a greater balance in respect of the provision of some resources for community development, but may not correct for some of the disparity in involvement of the citizenry in the running of their affairs and in their capacity for internal mobilization. Allocations of funds sourced from a donor directly to constituencies and, apparently outside of the Parliamentary approval, have created political fallout.

There has been a revisit of the Constitution with a participatory process adopted to ensure that the citizenry at large could contribute to the discussion. There has not been any major change as yet from this effort that was initiated in 2009. There are still weaknesses in the administration of justice and in the protection provided by the law: long delays in trials and sentencing, violence against women, and child abuse areas of concern.

By and large though, relative to other countries in the region, and internationally, Saint Lucia scores well on governance indicators. The World Bank has developed six indicators, on which it reports the comparative performance of countries. These are:

1. Voice and Accountability
2. Political Stability
3. Government Effectiveness
4. Regulatory Quality
5. Rule of Law
6. Control of Corruption.

Saint Lucia's standing is as is illustrated in Table 10.4.

TABLE 10.4: 2009 GOVERNANCE INDICATORS BY PERCENTILE[54]

Country	VA	PS	GE	RQ	ROL	COC
Australia	94.3	76.4	95.2	98.1	95.3	96.2
Jamaica	62.6	33	58.6	59	36.8	40
Norway	100	91.5	94.8	91.4	98.6	94.8
St. Lucia	91	72.6	78.1	65.7	75	86.2
St. Vincent and the Grenadines	84.4	79.2	75.7	65.7	75.5	83.8
Trinidad and Tobago	61.1	44.8	64.3	69.5	49.1	55.7
United Kingdom	91.9	54.7	91	94.3	93.9	91.4
United States	86.3	59	89	89.5	91.5	85.2

Source: Worldwide Governance Indicators, available at: http://info.worldbank.org/governance/wgi/mc_chart.asp

In sum, in order to intensify its efforts to meet the basic needs of the poor and the vulnerable, the GOSL will implement more protective, inclusive and progressive policies and programmes in the areas of indigence eradication, poverty alleviation and social protection. The measures implemented from the MTDSP have to be calibrated for maximum impact, and therefore will be linked to the correct identification of target groups. These will have to be cost effective and consistent, and must be assessed at every stage.

When the CPA estimates of 2005/06 were generated, the economy of Saint Lucia was in a relatively stable period of the 2000s. Today, after two major debilitating shocks, the indicators of poverty may have slipped backwards, reflecting how these shocks have impacted the poorest and most vulnerable. Therefore, the findings of that CPA are still relevant as a benchmark for establishing the specifics of how poverty and vulnerability reduction initiatives might be undertaken. Moreover, the institutions supporting social protection have to coordinate their interventions, and the system of law and order and the structure of governance have to ensure equity of treatment among the citizenry and allow for the engagement of all in the running of the affairs of their country and their communities.

[54] VA – Voice and Accountability, PS- Political Stability, GE – Government Effectiveness, RQ – Regulatory Quality, RL – Rule of Law, CC – Control of Corruption.

PART THREE

ACTION PLAN

CHAPTER 11
INTRODUCTION TO THE ACTION PLAN

The participatory process adopted in the development of this Medium Term Economic Strategy for Saint Lucia 2011-2015, has established a Vision for the country, which involves the reorganisation of its economic base to face the challenges of participation in the vastly changed economic circumstances of the early 21st century compared to the time of political independence. The economic transition from colony of Britain to independent nation state was relatively successful. The emergence of tourism, light manufacturing and financial services as new sectors through which it engaged with the international economy allowed Saint Lucia to change its traditional dependency mode on banana exports through which it was linked as a primary producer to the metropolitan economy.

The latter years of the 20th century and the first decade of the 21st century have witnessed a transformation of the international economy, and the conditions under which Saint Lucia has to earn its keep as export-oriented economy. The adjustment to the emerging requirements has tested the society. Hurricane Tomas struck late in 2010, creating enormous damage to its infrastructure in the midst of the effort of the country to reorganise its internal structures to face a world unfamiliar to Saint Lucia, in which, after five centuries of dominance, the North Atlantic finds itself in decline relative to China and other emerging economies.

The Action Plan seeks to chart a course for Saint Lucia for the next five years, over which it has to continue on the paradigm shift which it has been forced to undertake, but now must formally adopt as part of its policy approaches. It takes on board the pillars identified in the current strategy of the Government. The Plan seeks to create a more robust economy within the limitations of a SIDS. Through the creation of a more competitive export sector, the country can improve economic conditions for its people, reduce and eradicate poverty and ensure a better distribution of income among its people.

The Plan seeks, inter alia:

1) Continued investments to the current growth industries - tourism and the non-banana sectors;
2) A thrust at diversification in non-banana agriculture and agri-business targeted at the domestic market, and regional and international markets, with due regard for food security;
3) The wide adoption of ICTs, with possibilities for new exports, but also for productivity improvements in the domestic economy;

4) The exploiting of possibilities offered by the creative industries in addition to innovation generally;

5) Re-positioning of extra-regional and intra-regional exports as greater contributors to GDP; and

6) The development of knowledge and skills base of the society, whether through future entrants into the labour market or incumbent labour market participants.

The Plan is based on a number of assumptions, including:

- The target growth rate to be achieved by 2012 is at least 5 percent per annum.
- The international community will deliver on the pledges of assistance to Saint Lucia to correct for the devastation of Tomas.
- The tourism and non-banana agriculture sectors including agri-business are projected to lead this growth in the first instance.
- Exports will play a more significant role as a share contributor to GDP by 2015, with EPA and other agreements being fully exploited by domestic firms.
- ICTs will underpin general productivity improvement across the economy.
- The public sector will witness major improvement in efficiency with the adoption of programme or output based budgeting.
- Improved efficiency will be witnessed in the non-tradable sector including the utilities as well.
- The share of taxes should rise by about 2 percent or more of GDP, with the government playing a greater role as an investor in the short to medium term.
- The debt to GDP ratio can be reduced to 65 percent by 2015.
- The Labour Force is assumed to experience an annual growth rate of 1.5 percent.

The plan anticipates a number of other changes in the society, some of a cultural and institutional nature, including:

- Control of crime and an improvement in personal security;
- The development of a high productivity orientation in the society, with the establishment of the National Commission on Productivity;
- Public/Private or Tripartite collaboration institutionalised with regular meetings among the social partners;
- Commitment on the part of the authorities to implement this plan and other supporting plans which it subsumes, eg Education Plan.

There are critical roles to be performed by certain agencies of the Government, and indifferent discharge in that regard will frustrate the achievement of the goals and objectives of the plan. While there are other actors that may be involved, inaction on the part of these agencies constitutes a binding constraint. Some of the imperatives are summarised in Box 11.1. It will be

Box 11.1: Critical Imperatives for Agencies of Government

Lead Institutions	Major Interventions in Short to Medium Terms
Ministry of Finance, Economic Affairs and Planning and Ministry of Trade, Commerce and Consumer Affairs	• Economic Stabilisation and Debt Management • Output and Performance Based Budgeting in Public Sector • Productivity Commission for high productivity orientation in the society • Productivity Measurement in the Economy
Ministry of International Trade, Ministry of Trade, Commerce and Consumer Affairs, OPSR, Export Development Agency	• Provision real time information on trade in products and services of interest to Saint Lucia (market analysis and level of competitiveness in existing and potential target markets) • Technology scanning with respect to processes in use in Saint Lucia and in competing locations • Assessment of options provided by trade agreements to Saint Lucia competitiveness • Efficient facilitation and promotion of private sector development (including one-stop shop)
Ministry of Education and Ministry of Health	• Human resource thrust with life-long learning commitment in the population • Opening up opportunity for large scale enrolment of mature adults in the education system for upgrading educational and skill levels in the labour force • Commitment to wellness institutionalised in population • Reduction in incidence of chronic diseases
Ministry of Agriculture	• Provision of technical, marketing and other facilitating support to crops and activities identified for diversification process and agri-business development • Land consolidation and redistribution
Ministry of Communications and Works Ministry of Communications and Works, Ministry of Physical Planning and the Environment	• Post Tomas Restoration and slope stabilisation and river training • Retrofitting and upgrade of infrastructure in light of global climate change and large risk factors facing Saint Lucia and raising standards to CUBiC and above
Ministry of Social Transformation, Division of Youth, Ministry of Gender Affairs	• Promotion of Social Integration, Gender Equity, Safety and Security of the individual • Reduction of interpersonal violence and crimes against the person • Reduction in peddling and use of drugs
Ministry of Labour, and Ministry of Finance	• Tripartite structure institutionalised among Government, Private Sector and Labour Movement

the task of the Department of Economic Planning to engage in overall monitoring and coordination. The Macro-economic model presented in Chapter Four, has allowed for some level of quantification, in spite of its lack of appropriate data series. The use of the model over the planning period can lead to its improvement, once there is a commitment to the collection of data and to the closing of data gaps through the revisit of categories. The country is better-off than most in its statistical infrastructure.

With the assumptions that have been made, it is possible to arrive at a rate of growth of 5 percent in real terms by 2015, and beyond. This is documented in the preliminary calculations made using the available investment data of the Ministry of Finance, and taking on board the assistance by way of loans and grants from the international and regional institutions, that have been prepared to assist following Tomas. Moreover, the equation system suggests as would be expected that Government Revenue is relatively elastic with respect to growth, which implies a capacity to service loans, once these are used for productive investment.

Table 11.1 assumes that most of additional investment in the period 2011 to 2015 is based on Government expenditure on physical infrastructure, and housing, with much of this investment bunched in the first years of the plan as efforts are directed at restoration of essential infrastructure damaged by Tomas. Private sector investment accounts for no more than 20 percent of total additional investment over the period.

TABLE 11.1: GROWTH LEVELS

Year	Gross Capital Formation In EC$m	Projected Real GDP (EC$ Millions)	% Real Growth (Overall)
2010	160	1669.26	
2011	160	1,815.82	8.78%
2012	180	1,988.32	9.50%
2013	180	2,134.47	9.50%
2014	120	2,291.35	7.35%
2015	120	2,459.76	7.35%
Year	Investment	Projected Real GDP (EC$ Millions)	% Real Growth (Overall)
2010		1,521.60	
2011	80	1,611.53	5.91.
2012	80	1,712.57	6.27%
2013	90	1,819.95	6.27%
2014	90	1,914.40	5.19%.
2015	60	2,013.76	5.19%

If one uses the simplifying assumption that all capital expenditure made by the Government represents investment to the full sum, then the economy can achieve a rate of growth of close to 10 percent as can be seen in the first half of the table. On the other hand, if it is assumed that as much of half of the capital expenditure by the Government is by way of restoration of infrastructure that was lost, and thus account has to be taken of damaged or lost capital stock, then the additional investment directed at post-Tomas restoration and retrofitting can generate a rate of growth of least 5 percent per annum by 2012, all other things remaining equal.

If the international economy succumbs to the crisis in the Euro-zone, then the realization of these targets will be delayed by a year or more.[55] However, it is imperative that there be initiation of action on the measures derived from the eighteen goals listed hereunder. Most require facilitation by the Government, given the structural shift necessary for the country to adjust to a radically transformed world economy. Even where there is a long lead time to implementation, it is likely that prior study and analysis need to be initiated in the short term or immediately.

Table 11.2 outlines the Plan in tabular form drawing on the analysis, findings and projections presented in Part Two. Table 11.3, on the other hand, provides an elaboration of the indicators by which the level of success can be judged in the achievement of the goals, objectives and targets of the Plan.

Saint Lucia is at the cross-roads in its economic and social development in the second decade of the 21st century. It is faced with a situation of great moment in its economic history, requiring a radical break with the past, given the underlying shift that is taking place in the international economy. The North Atlantic economy, to which it has been hitched for centuries, is being eclipsed. The Plan provides the basis for the paradigm shift that the country has to embark on, in the context of the displacement of the erstwhile centre.

[55] The IMF predicts a substantial slowing of growth in 2011. See http://caricomnewsnetwork.com/index.php?option=com_content&view=article&id=4902:st-lucia-imf-mission-concludes-visit-says-local-economy-will-slow-down-in-2011&catid=37:caribbean-business&Itemid=396

TABLE 11.2: ACTION PLAN SAINT LUCIA MEDIUM TERM DEVELOPMENT AND STRATEGIC PLAN

MACRO-ECONOMY

Goal 1	Objectives	Strategies	Activities	Timeline	Agencies
To maintain prudent financial management of the economy	1.3 To achieve debt sustainability via debt management, build the Revenue Base, reduce wastage	1.3.1 Balancing fiscal management & growth and development targets, and controlling expenditure through instituting performance based budgeting across the public service	1.3.1.1 Monitor growth and fiscal targets e.g. - annual growth targets - fiscal balance - debt/GDP ratio	Year 1 to Year 5	Min of Finance & Planning
		1.3.2 Instituting measures to expand the revenue base	1.3.2.1 Expand economic activities to allow for larger tax base, implementation of more efficient revenue collection systems (1.1.2) - Introduce VAT	Year 1 to Year 5	Min of Finance & Planning
		1.3.3 Reduce the potential of systemic risks posed by gaps in regulation of the Financial Sector	1.3.3.1Tighten the regulatory regime of the non-bank financial sub-sector, and institute quarterly reporting	Year 1 to Year 5	Min of Finance & Planning
		1.3.4 Strengthen collaboration within ECCU in the management of the monetary system	1.3.4.1Collaborate with ECCB closely	Year 1	Ministry of Finance and Planning

ECONOMY AND HUMAN RESOURCE

Goal 2	Objectives	Strategies	Activities	Timeline	Agencies
Human resources developed to support current and future social and economic development	2.1 To reform education & training programmes to focus on critical skills, creativity & innovation, increase by 50 percent number of persons 20-24 enrolled in tertiary, and secure involvement of at least 5 percent of labour force, engaged in some type of formal training, or educational upgrading at any one time, by 2015	2.1.1 Improve equity in access and quality at all levels of the education sector- from early childhood to tertiary.	2.1.1.1 Implement the Education Sector Plan	Year 1to Year 5	Min. of Education, Ministry of Social Transformation, Public Service, Human Resource Development, Youth and Sports
		2.1.2 Develop Public/Private Sector Partnership for work-place training	2.1.2.1 Develop and implement on-the-job training	Year 1to Year 5	Min. of Education, Ministry of Social Transformation, Public Service, Human Resource Development, Youth and Sports , OPSR and Private Sector Organisation.
		2.1.3 Collaboration between Government institutions & between training establishments	2.1.3.1 Implement vocational and technical training targeted at employed and unemployed labour	Year 1to Year 5	Min. of Education, Ministry of Social Transformation, Public Service, Human Resource Development, Youth and Sports
	2.2 To develop a research capacity to support innovations & inventions	2.2.1 Development of a research capacity at the national level	2.2.1.1 Build capacity in tertiary education institutions 2.2.1.2 Establish technology parks	Year 1 to Year 5	Min. of Education, Ministry of Social Transformation, Public Service, Human Resource Development, Youth and Sports
		2.2.2 Collaboration at level of OECS to optimize available skills on Regional basis to promote R&D, inventions & innovation	2.2.2.1 Collaborate with OECS Education Office	Year 1 to Year 5	Min. of Education, Ministry of Social Transformation, Public Service, Human Resource Development, Youth and Sports
		2.2.3 Fostering linkages between the IP Office, the OPSR &b others	2.2.3.1 Identify opportunities for use of IP provisions to protect the creations of Saint Lucian entities	Year 1 to Year 5	Min. of Education, Ministry for Social Transformation, Public Service, Human Resource Development, Youth and Sports
		2.2.4. Expand the knowledge base and skills of the workforce by occupational and other types of upgrading programmes	2.2.3.2. Programs that promote lifelong education and provide second-chances to labour-force participants who would not have benefitted from the systems of formal education	Year 1to Year 5	Min. of Education, Ministry of Social Transformation, Public Service, Human Resource Development, Youth and Sports

PRODUCTIVITY AND WORK ETHIC

Goal 3	Objectives	Strategies	Activities	Timeline	Agencies
An economy characterized by increased productivity levels and improvements in the work ethic	3.1 To apply efforts and resources at upgrading the economy's technical & technological capacity	3.1.1 Spawn creativity, innovation & inventions	3.1.1.1 Public education programmes marketing productivity	Year 1 to Year 5	National Commission on Productivity
		3.1.2 Institute programmes to enhance the capabilities of management at the level of firms for greater competitiveness	3.1.2.1 Goal-setting in particular industries for motivating workers- E.g. 'Worker of the Year' competitions	Year 1 to Year 5	National Commission on Productivity
		3.1.3 Raise the level of production & exports in the economy; Raise productivity in public sector and public agencies	3.1.3.1 Introduce performance and output based budgeting in the public service, and upgrading of auditing of expenditure to reflect this.	Year 1 to Year 5	Ministry of Finance and Economic Planning,
	3.2 To increase awareness of and implement a programme for treating with labour productivity and the work ethic	3.2.1 Institute regular public education programmes on the work ethic in the media	3.2.1.1 Hold a national dialogue on productivity	Year 1	National Commission on Productivity* Min of Finance & Economic Affairs
		3.2.2 Adopt a tripartite approach between Government, Labour Unions and Private Sector on work ethic, productivity & wages	3.2.2.1 Produce reports on productivity in the economy	Year 1 to Year 5	Ministry of Labour, Ministry of Finance, National Commission on Productivity, Department of Statistics
		3.2.3 Devise a mechanism for linking productivity and wages – a pay-for-performance approach, including its use in the public service.			

POPULATION, YOUTH EMPLOYMENT AND TECHNOLOGY

Goal 4	Objectives	Strategies	Activities	Timeline	Agencies
A significant reduction in the barriers to youth engagement in and benefit from economic opportunities	4.1 To develop mechanisms to improve the attendance of school age boys & girls in school	4.1.1 Scale up poverty reduction programmes, with development focus in assistance to clients in preference to support by way of transfer payments	4.1.1.1 Calibrating transfer payments and conditional grants	Year 1	Ministry of Social Transformation,
		4.1.2 Enforce compulsory attendance regulations	4.1.2.1 Regular visits by School Attendance officers	Year 1 to Year 5	Ministry of Education
		4.1.3 Encourage competencies in creativity, thinking skills, team work & discipline	4.1.3.1 Curriculum adjustments; teacher training & orientation	Year 1	Ministry of Education, SALCC
		4.1.4 Effective management of the system through better support mechanisms and adequate provision of resources	4.1.4.1 Implement the Education Sector Plan	Year 1 to Year 5	Ministry of Education.
	4.2 To develop/expand after-school programmes to encourage positive attitudes among the youth	4.2.1 Replicate pilot programmes being offered in some communities	4.2.1.1 Introduce and run after-school programmes and homework centres in less-fortunate communities	Year 1 to Year 5	Ministry of Education and Ministry of Social Transformation
	4.3 To develop programmes to target out-of-school and unemployed youth and mature adults	4.3.1 Develop various levels of technological orientation/training programmes	4.3.1.1 Provision of entry-level education and other training programmes targeted at youth in marginalized communities using ICTs and popular media.	Year 1 to Year 5	Ministry of Education and Ministry of Social Transformation and Education
		4.3.2 Tailor training programmes to promote employment opportunities	4.3.2.1 Provision of training programmes that can attract and hold the attention of marginalized youth and more mature adults	Year 1 to Year 5	Ministry of Education and Ministry of Social Transformation and Education
		4.3.3 Collaboration by all stakeholder organizations in treating with the socio-psychological needs of the youth	4.3.3.1 Design programmes that are attractive to youth 4.3.3.2 Include youth as cross-sector issue in planning	Year 1 to Year 5	Ministry of Education and Ministry of Social Transformation and relevant NGOs

ENVIRONMENT AND PHYSICAL DEVELOPMENT

Goal 5	Objectives	Strategies	Activities	Timeline	Agencies
Optimal usage and stewardship of land and environmental resources supporting the social & economic needs of the population	5.1 To promote orderly physical development consistent with sustainability	5.1.1 Institutionalize a national land use plan to enhance implementation/enforcement of the guidelines of the NLP & zoning plans	5.1.1.1 Implement the National Land Policy (NLP) 5.1.1.2 Conduct water resource supply and demand studies 5.1.1.3 Improve protection of water catchment areas	Year 1	Ministry responsible for Physical Development, Housing, Urban Renewal, Local Government and the Environment, Ministry of Agriculture, Land, Fisheries and Forestry, Ministry of Communications, Works, Transport and Public Utilities
		5.1.2 Formulation of a phased implementation plan for the Vision Plan (Quadrant Plan), and develop programme for sustainable use of land, water and fisheries	5.1.2.1. Institute hazard planning and disaster mitigation 5.1.2.2 Promote Green Economy Livelihoods 5.1.2.3 Enforce squatter regularization	Year 1	Ministry responsible for Physical Development, Housing, Urban Renewal, Local Government and the Environment, Ministry of Agriculture, Land, Fisheries and Forestry, Ministry of Communications, Works, Transport and Public Utilities
		5.1.3 Develop land and property administration and valuation	Training for required skills in building inspection, property valuation	Year 1	Ministry of Finance
		5.1.4 Promote orderly land use.	Introduction of a policy requiring agriculturalists to seek approval by the DCA in respect of lands not zoned	Year 1	Ministry of Agriculture and Physical Planning
To mainstream environment in development interventions and initiatives	5.2Improve the system of solid waste management by 50 percent by 2015	5.2.1 Explore linking waste disposal with waste recycling Explore small scale technologies & the Regional option	5.2.1.1 Formulate a phased plan for sewage upgrade for the country	Year 1	Ministry of Works, Ministry responsible for Physical Planning
		5.2.2 Improving the national capacity for mitigation and adaptation to shocks by instituting measures to promote hazard planning and disaster mitigation	5.2.2.1 Engage with the CDM for mitigation & promotion of green economy and livelihoods	Year 1	Ministry of Physical Planning

INTER-SECTOR LINKAGES

Goal 6	Objectives	Strategies	Activities	Time Line	Agencies
A more integrated economy, with sustainable links among the productive sectors	6.1 To institute measures to address supply capabilities in agriculture, manufacturing and craft	6.1.1 Adopt a business approach to agricultural production	6.1.1.1 Coordinate through dialogue and discussion among agencies.	Year 1	Ministries of International Trade, Agriculture, Tourist Board, related agencies and the Private Sector, The Manufacturers Association.
		6.1.2 Address the seasonality issue in the production of agricultural products	6.1.2.1 Research and development on plant and breed selection	Year 1 to Year 5	Ministry of Agriculture.
		6.1.3 Modernize agricultural production to attract young persons with appropriate education levels in the sector	6.1.3.1 Collaboration between SALCC and Ministry of Agriculture	Year 1	Ministry of Agriculture, the Agriculture Development Bank, SALCC, agencies involved in Land Distribution and settling of new farmers
	6.2 To upgrade standards, presentation and packaging in these sectors	6.2.1 Provide assistance in conceptualization and design of indigenous craft	6.2.1.1 Provide training and upgrading of craft and design personnel.	Year 1	Ministry of Social Transformation, Tourism Association, Craft Association.
		6.2.2 Collaboration with Regional institutions offering training and design assistance in packaging and marketing	6.2.2.1 Promotion of the Craft Women's Association, and other craft worker groups	Immediate	Ministry of Social Transformation and Craft Association.
		6.2.3 Collaboration of purchasers and suppliers in the interest of increasing the supply of locally manufactured or crafted items.	6.2.3.1 Arrangement for marketing local craft	Immediate	Ministry of Social Transformation and Craft Associations in Choiseul and other areas.

SOCIAL ISSUES

Goal 7	Objectives	Strategies	Activities	Timeline	Agencies
A more socially cohesive society and a safe and peaceful environment	7.1 To build social capital through social extension programmes to facilitate community expression & networking	7.1.1 Advocacy and dialogue especially in marginalised communities.	7.1.1.1 Focus Group meetings and dialogue.	Immediate	Ministry of Social Transformation, relevant NGOs
		7.1.2 Intensify social extension programmes	7.1.2.1 Promote focus group meeting and community dialogue	Immediate	Ministry of Social Transformation, relevant NGOs
		7.1.3 Strengthen community structures in urban communities like Faux-a-Chaud and the Mangue and rural communities like Park Estate and Mingny	7.1.3.1 Promote focus group meetings and community dialogue on community matters.	Immediate	Ministry of Social Transformation, relevant NGOs
	7.2 To intensify programmes to address crime and violence and guarantee personal safety to all individuals	7.2.1 Upgrade law enforcement mechanisms	7.2.1.1 Provide training and resources 7.2.1.2 Develop systems of community policing	Year 1	Ministry of National Security
		7.2.2 Establishing/Strengthening mechanisms for peace building	7.2.2.2 Establish measures for conflict resolution in schools and clubs	Immediate	Ministry of Education and Ministry of National Security

POVERTY

Goal 8	Objectives	Strategies	Activities	Timeline	Agencies
A significantly improved standard of living in depressed rural and urban areas	8.1 To upgrade human settlements in depressed areas	8.1.1 Designing & implementing rural development plans for 3 – 4 areas during the medium term	8.1.1.1 Organise planning sessions with agencies and communities involved.	Year 2 to Year 5	Ministry of Social Transformation, Ministries responsible for physical planning, housing, etc
		8.1.2 Designing a phased plan for depressed rural areas and critical urban areas – Castries & Vieux Fort	8.1.2.1 Set priorities and develop plans in line with financing plan	Year 2 to Year 5	Ministry of Social Transformation, Ministries responsible for physical planning, housing, etc
	8.2 To facilitate the development of employment and income earning activities in these communities	8.2.1 Identification of community assets that can be used as a basis for sustainable livelihoods	8.2.1.1 Collaborate with communities in identifying assets	Year 1 to Year 3	Ministry of Social Transformation, Ministries responsible for physical planning, housing, etc
		8.2.2 Provision of training & support services to support employment & small business development	8.2.2.1 Design and deploy training sessions	Year 1 to Year 5	Ministry of Education and the Development Bank
		8.2.3 Diversification of the economy (Goal 1)	8.2.3.1 Investment on the productive sectors (agriculture, manufacturing, the export sector) while marketing Saint Lucian products through the island's successful Tourism industry	Year 1 to Year 5	Ministries of International Trade and Investment, Finance, Economic Transformation, The Private Sector
		8.2.4 Training of out-of-school youth and up-skilling the labour force, with special reference to depressed communities in rural and urban areas	8.2.4.1 Implement programme of training	Year 1 to Year 5	Agencies responsible for youth and the Ministries of Education and Social Transformation

GENDER ISSUES

Goa l 9	Objectives	Strategies	Activities	Timeline	Agencies
Elimination/reduction of socio-cultural, psychological & economic barriers to gender equality	9.1 To determine and address the causes of gender violence	9.1.1Raise public awareness of gender violence and engender national commitment to eradicate all violence	9.1.1.1 Designing a package of measures targeted at public awareness, prevention and response to violence	Immediate	Ministry of Social Transformation, Agencies and NGOs concerned with Gender and related affairs
	9.2 To promote equal access to resources by men and women	9.2.1 Address factors in the education system that lead to male marginalisation while addressing factors of labour market selection that disenfranchise women	9.2.1.1 Designing measures to de-emphasize collateralization in early stages; and creation of bankable projects	Year 1	Development Bank, Ministries of Education and Social Transformation.
		9.2.2 Provision of centralized training, production, packaging and marketing facilities for small-scale female producers	9.2.2.1 Design and deploy training programmes	Year 1	Ministry of Social Transformation, the Development Bank
	9.3 To remove barriers to enrolment in and retention of boys in school and achieve educational and training parity by gender, by 2015	9.3.1 Enforce compulsory attendance regulations	9.3.1.1 Institutionalize the role of school attendance officers	Year 1 to Year 5	Ministry of Education
		9.3.2 Provision of social assistance to families whose financial situation prevent regular attendance at school by school age children	9.3.2.1 Calibrate transfer programmes and use of conditional grants.	Year 1 to Year 5	Ministry of Social Transformation
	9.4 To develop programmes targeted at at-risk youth	9.4.1 Developing a programme targeted at out-of-school youth, offering counselling, training & employment avenues (Goals 4, 8)	9.4.1.1 Design and deploy community-based outreach programmes to target out-of-school youth for talent/ skill development	Year 1 to Year 5	Ministry of Social Transformation and NGOs

Goa l 9	Objectives	Strategies	Activities	Timeline	Agencies
		9.4.2 Public education programme on values and the importance of education and work	6.4.2.1 Design programmes to have successful professionals mentor to primary school students on life goals and success through hard work	Year 1 to Year 5	Ministry of Social Transformation and NGOs.
		9.4.3 Collaboration with civil society in efforts to reach the youth	9.4.3.1 Develop partnerships with Civil Society and NGOs to design initiatives to target at-risk youth and source opportunities for them to channel their energies into more productive pursuits.	Years 1 to Year5	Ministry of Social Transformation, related Civil Society groups and NGOs
		9.4.4 Counselling services for young men and women at-risk to or engaged in deviant/illegal activity	9.4.4.1 Community and national programmes offering counselling to youth, and increase investment for rehabilitation and mediation centres	Year 1 to Year 5	Ministry of Social Transformation and Ministry National Security

RENEWABLE SOURCES OF ENERGY

Goal 10	Objectives	Strategy	Activity	Timeline	Agencies
Reduced dependence on fossil fuels as an energy source	10.1 To identify & develop environmentally friendly and cheaper energy sources	10.1.1 Assess the potential/feasibility for/of geothermal energy exploration	10.1.1.1 Conduct feasibility study, source potential funding from external sources for such projects in SIDS	Present-On	Ministry of Physical Development and Environment, LUCELC
		10.1.2 Increase solar & wind energy penetration by 30 percent by 2015	10.1.2.1 Design and deploy incentives to encourage greater proliferation of these alternatives e.g. For solar energy use, Small tax concessions to owners of new buildings (incorporating designs) and old buildings (retro-fitted)	Year 3- On	Ministry responsible for Physical Planning and Development and Environment, Ministry of Finance, LUCELC
		10.1.3 Exploring possibilities for carbon trading under the CDM	10.1.3.1 Identify areas for carbon trading and implement	Year 1 to Year 5	Ministry responsible for the Environment

TOURISM

Goal 11	Objectives	Strategies	Activities	Timeline	Agencies
A sustainable tourist sector with increased contribution to the development of communities & the national economy	11.1 To institute measures to increase the sector's contribution to GDP & to the national value added	11.1.1 Evaluating value for money	11.1.1.1 Research and market analysis of domestic product offerings vis-à-vis competing destinations in Caribbean and elsewhere, and assessment of existing and new source markets 11.1.1.2 Develop and maintain framework for early warning system on changes in tourism market – regional and international	Year 1 to Year 5	Ministry of Finance and Tourism Board
		11.1.2 Diversifying tourist markets e.g. tapping into emerging markets	11.1.2.1 Intensify the marketing programme by targeting emerging markets and reaching them by exploiting the new media- Facebook, Youtube, etc.	Year 1 to Year 5	Tourism Board
		11.1.3 Enhance the provision of services & skills to the yachting sector	11.1.3.1 Develop training programmes in a range of skills – construction, joinery, painting & varnishing 11.1.3.2 Develop private-public partnership	Year 1 to Year 5	Tourism Board, Ministries of Education and Social Transformation
		11.1.4 Institute measures to increase the local value added of the all-inclusive establishments	11.1.4.1 Organising the agriculture sector and other industries with intensive local content to form close partnerships with Tourism establishments, Intensify marketing to visitors of local products	Year 1 to Year 5	Ministry of Agriculture, Creative Arts Agencies, Tourism Agencies.
		11.1.5 Support a diverse range of jobs in the tourist industry to include locals in managerial positions	11.1.5.1 Partnering with the private sector to source and exploit opportunities to create jobs and prepare locals for managerial positions in the industry	Year 1 to Year 5	Tourism Agency, SALCC
		11.1.6 Fostering inter-sector linkages with agriculture, manufacturing and crafts (See Goal 6)	11.1.6.1 Dialogue plan and implement measures for linkages	Year 1 to Year 5	Tourism Agency, Ministries of Education and Social Transformation

Goal 11	Objectives	Strategies	Activities	Timeline	Agencies
	11.2 To upgrade products & services	11.2.1 Upgrade the product range – authenticity of crafts; and upgrade entertainment	11.2.1.1 Make investment environment more attractive to the entertainment industry, and expand to secure economies of scale in production of local crafts.	Year 2 to Year 5	Tourist Board, Ministries of Education and Social Transformation
		11.2.2 Upgrade infrastructure- road maintenance and signage	11.2.2.1 Implement measures articulated in the National Vision Plan	Year 3 to Year 5	Ministry of Physical Planning and Works
		11.2.3 Address environmental pollution/degradation (See Goal 5)	11.2.3.1 Implement measures articulated in the National Vision Plan	Immediate	Ministry of Physical Planning and Works
	11.3 To increase local support for the industry	11.3.1 Identify tourism activities that can create more visible & direct benefits to communities	11.3.1.1 Promote village and community tourism, and intensify investments to create incentives for local artisans and craft workers, farmers, fisherfolk, etc	Year 1 to Year 5	Ministries of Finance, Social Transformation and Tourism Agencies
		11.3.2 Mount public education & sensitization on the benefits of the sector	11.3.2.1 Conduct periodic public marketing of tourism	Year 1 to Year 5	Tourism Agency and Ministry of Education
		11.3.3 Introduce tourism on the school curriculum	11.3.3.1 Develop materials appropriate for various levels of school population	Year 2 to Year 3	Ministry of Education
	11.4 To address crime and violence against visitors (See Goal 7)				

AGRICULTURE

Goal 12	Objectives	Strategies	Activities	Timeline	Agencies
A revitalized agricultural sector capable of responding to food security & export development imperatives	12.1 To improve the productive capacity of the agricultural sector including in agri-business, and achieve target of twenty well trained young farmers entering sector every year	12.1.1 Address the low rates of technology adoption & poor agronomic practices	12.1.1.1 Design and implement awareness programmes for farmers, phased introduction of technology through international grant and other funding	Immediate	Ministries of Finance and Economic Transformation, the Environment, Agriculture, International Trade and Investment, and SALCC.
		12.1.2 Reduce the structural barriers to agricultural production	12.1.2.1 Address ownership in common and other barriers to production	Immediate	Ministry of Agriculture and Ministry responsible for Legal Affairs Ministry of Social Transformation
		12.1.3 Instituting measures to attract the youth to agriculture	12.1.3.1 Partnership with advanced countries on the cutting edge. E.g. Japan- greenhouse agriculture	Year 1 to Year 2	Ministry of Agriculture, SALCC
		12.1.4 Diversification into profitable crops – pineapples, cut flowers and ornamentals, cocoa, herbal medicines, organic crops	12.1.4.1 Source cost effective ways to provide seedlings, undertake missions to advanced countries on the cutting edge of biotechnology to gain knowledge transfer	Year 3 to Year 5	OPSR, Ministry of Agriculture with Academic Institutions, (SALCC) and the Private Sector
		12.1.5 Education & training for a business approach to agriculture	12.1.5.1 Establish incubator facilities to develop local business ideas, train youth with ideas and source funding for start-ups	Year 2 to Year 5	Ministries of Agriculture, International Trade and Investment, Economic Transformation, with Academic Institutions (SALCC) and the Private Sector,
	12.2 To improve standards & the quality of agricultural products	12.2.1 Farmer certification	12.2.1.1 Develop formal training programmes for farmers 12.2.1.2 Pilot model farms among groups of farmers	Year 3-on	Ministry of Agriculture
		12.2.2 Attractive labelling to facilitate marketing	12.2.2.1 Promote product labelling 12.2.2.2 Provide advice on presentation, packaging and in-market requirements	Year 1	Bureau of Standards, OPSR, Ministry of Agriculture and Ministry of International Trade and Investment

Goal 12	Objectives	Strategies	Activities	Timeline	Agencies
	12.3 To increase the sector's value added by moving up the value chain	12.3.1 Collaborate with the Private Sector to develop business models for agro-processing activities	12.3.1.1 Establish incubator facilities to develop local business ideas, train youth with ideas and source funding for start-ups 12.3.1.2 Provide assistance with project appraisal and credit facilities	Year 2-On	Bureau of Standards, OPSR, Ministries of Agriculture, International Trade and Investment, Economic Transformation, with Academic Institutions (SALCC) and the Private Sector,

MANUFACTURING

Goal 13	Objectives	Strategies	Activities	Timeline	Agencies
A revamped manufacturing sector, differentiated on the basis of unique attributes	13.1 To develop unique products & niche markets	13.1.1 Differentiate products based on uniqueness, quality & packaging	13.1.1.1. Establish incubator facilities to develop local business ideas, train youth with ideas and source funding for start-ups.	Year 2 to Year 5	OPSR, Bureau of Standards, Ministries of Agriculture, International Trade and Investment, Economic Transformation, with Academic Institutions (SALCC) and the Private Sector,
		13.1.2 Collaboration between OPSR, other Government institutions & the Private Sector on IPR including Geographical Indications	13.1.2.1 Upgrade legislation on copyright and related	Year 1	OPSR, and Ministry responsible for Legal Affairs
		13.1.3 Capitalizing on the link between demand & global health and environmental consciousness in production & packaging of products	13.1.3.1 Aggressive marketing to highlight best practices used in production of Saint Lucia products	Year 4-on	Ministry of International Trade and Investment
		13.1.4 Use of ICT for knowledge acquisition e.g. on patents, innovations, input procurement	13.1.4.1 Encourage and promote public education on intellectual property	Year 1	Ministry responsible for Legal Affairs
	13.2 To develop education & training programmes to provide for the sector's skill requirements	13.2.1 Identifying the sector's current & future skill requirements	13.2.1.1 Conduct labour market skills survey and design and deploy targeted programmes to train incoming labour market entrants ,Private/Public Sector collaboration & partnership in the provision of training	Year 2 to Year 5	Ministry of International Trade and Investment, Ministry of Economic Transformation
	13.3 To increase marketing & trade facilitation efforts	13.3.1 Negotiate through CARICOM for a successor arrangement to the CBI	13.3.1.1 Engage in trade facilitation in target markets	Immediate	Ministry of International Trade and Investment, Ministry of Social Transformation
		13.3.2 Target strategy on meeting in-market requirements & standards	13.3.2.1 Develop an institution to promote and guard industry standards and market requirements	Year 1 to Year 5	Ministry of International Trade and Investment, Ministry of Social Transformation

INFORMATION AND COMMUNICATIONS TECHNOLOGY

Goal 14	Objectives	Strategies	Activities	Timeline	Agencies
Realization of the potential of ICTs for contributing to the economy	14.1 To capitalize on the use of ICTS as producer & consumer services	14.1.1 Assessment of the varied education & skills levels and requirements	14.1.1.1 Incorporate the ICTS in delivery of education at all levels	Year 2to Year 5	Ministry of Education, Social Transformation, Private Sector
		14.1.2 Expanding e-Government services	14.1.2.1 Tap into opportunities for utilising the technology to reduce the number of payment points 14.1.2.2 Introduce use of debit cards for payments	Year 2	Ministry of Finance and Banking System
		14.1.3 Increasing access in schools & through internet cafes/ICT centres	14.1.3.1 Introduce internet access to all schools	Year 1 to Year 5	Ministry of Education and Private Sector
	14.2 To establish the legal framework & ensure adequate provisions for secure access to the technology	14.2.1 Public education in the use of the technology & supervision by parents	14.2.1.1 Mount Public Awareness campaigns	Immediate	Ministry of Education, Ministry of Social Transformation, and Private Sector
		14.2.2 Formulating protocols for the legal requirements of the sector e.g. the issues of ownership in joint software production and cybercrimes	14.2.2.1 Public Awareness campaigns on intellectual property in Creative Industries	Year 1	Ministry responsible for Legal Affairs

CREATIVE SECTOR

Goal 15	Objectives	Strategies	Activities	Timeline	Agencies
Repositioning the Creative Sector as an element in the diversification of the economy of Saint Lucia	15.1 To develop Saint Lucia's creative industries into competitive and high-income generating sectors of the new economy	15.1.1 Promotion of the Arts in its various incarnations as viable industry with potential for exports and with links to other industry e.g Entertainment and Tourism	15.1.1.1 Establish focal point for the arts and creative sector in Ministry of International Trade 15.1.1.2 Prepare Creative Industries Development Act	Year 2	Ministry of International Trade, Ministry of Commerce, Industry and Consumer Affairs, NGOs involved in the Creative Sector
		15.1.2 Updating of Intellectual Property Legislation and provision of copyright protection to works of Saint Lucians in the Creative Sector	15.1.2.1 Update intellectual property copyright system of Saint Lucia	Year 2	Ministry responsible for Legal Affairs with support of NGOs in the Creative Sector
		15.1.3 Promotion of and support for small enterprises in the creative sectors, through incubation programme	15.1.3.1 Create incubators to support start-ups in the Creative Sector	Year 1 to Year 5	Ministry of Commerce, Industry and Consumer Affairs
	15.2 To mainstream the Arts and Cultural Activity as acceptable as career paths	15.2.1 Promotion of Arts and Culture in the Education System	15.2.1.1 Develop curricula for various stages of the education system	Year 2	Ministry of Education, and NGOs involved in the Arts and Culture

HEALTH

Goal 16	Objectives	Strategies	Activities	Timeline	Agencies
Increase health status of population	15.1 To shift the focus of health care delivery to primary health care & the promotion of wellness	15.1.1 Advocacy by health care and wellness professionals	15.1.1.1 Public Awareness Campaign on Health and Wellness	Immediate	Ministry of Health
		15.1.2 Resource allocation to support primary health care programmes	15.1.2.1 Public awareness campaigns to encourage citizens to get involved in physical activity and make use of primary care opportunities.	Year 1 to Year 5	Ministry of Health
		15.1.3 Gender mainstreaming in health care provision	15.1.3.1 Tailor health care provision to varied needs of males and females	Year 1 to Year 5	Ministry of Health
	15.2 To substantially reduce the incidence of non-communicable & communicable diseases	15.2.1 Strengthening programmes for prevention & treatment of chronic non-communicable diseases	15.2.1.1 Public awareness campaigns to encourage citizens to get involved in physical activity and make use of primary care opportunities, awareness programmes for avoidance of STIs	Year 1 to Year 5	Ministry of Health
		15.2.2 Collaborating with OECS, CARICOM & PAHO in carrying out surveillance measures re the emerging health threats & diseases	15.2.2.1 Lobby regional organization for more support in the fight against these threats	Immediate	Ministry of Health
		15.2.3 Maintaining the campaign for the prevention & treatment of HIV/AIDS	15.2.3.1 Make provision for absorbing the personnel currently engaged in the HIV/AIDS project	Immediate	Ministry of Health

Goal 16	Objectives	Strategies	Activities	Timeline	Agencies
	15.3 To optimize the use of scarce human & financial resources in the delivery of health care	15.3.1 Instituting measures to assure accountability of health care managers & providers	15.3.1.1 Reform to legislation on health care providers and improve the complaints process	Year 1	Ministry of Health
		15.3.2 Building links with the offshore medical schools to upgrade delivery of health care to the local population	15.3.2.1 Establish a partnership with medical schools on the island to extend services to the public	Year 1 to Year 5	Ministry of Health
		15.3.3 Allocate human & financial resources to critical areas of need	15.3.3.1 Vote funds for agencies	Year 1	Ministry of Health
		15.3.4 Shift the emphasis to preventive care over time	15.3.4.1 Advocacy	Year 1 to Year 5	Ministry of Health

HOUSING AND HUMAN SETTLEMENTS

Goal 17	Objectives	Strategies	Activities	Timeline	Agencies
An effective housing delivery system promoting the sustainable development of communities	16.1 To fast track the development of the poorest & most environmentally vulnerable urban and rural communities	16.1.1 Identify the poorest & most vulnerable urban and rural communities	16.1.1.1 Rehabilitate/ Relocate communities most adversely affected by Hurricane Tomas 16.1.1.2 Monitor housing sites and construction methods to reduce hazards	Immediate	Ministry of Social Transformation and Ministry Economic Planning
		16.1.2 Conduct a phased implementation of the area strategic plans for the poorer communities e.g. Anse-la-Raye, Canaries and Park Estate	16.1.2.1 Assess poverty conditions through social indicators, and mount actions.	Immediate	Ministry of Social Transformation, Economic Planning, Physical Planning
		16.1.3 Develop and implement interventions for those communities which currently do not have spatial plans	16.1.3.1 Conduct relevant study	Year 1	Ministries of Social Transformation, Economic Planning, Physical Planning
	16.2 To identify, cost & implement priority areas of the National Housing Policy Strategic Action Plan with 100 homes per annum, for lower income groups, with at least half targeted at more dire conditions as in Anse-la-Raye, Faux-a-Chaud, the Mangue and for similar situations	16.2.1 Focusing on interventions carded in the National Housing Policy Strategic Action Plan for the short to medium term	16.2.1.1 Survey of housing demand 16.2.1.2 Enact & enforce the Saint Lucia Building Code 16.2.1.3 Facilitate Public/Private Sector partnerships 16.2.1.4 Facilitate human resource capacity and institutional development	Year 1 to Year 5	Ministries responsible for Physical Planning and Housing

Goal 17	Objectives	Strategies	Activities	Timeline	Agencies
	16.3 To institute measures to make housing more accessible to all income brackets	16.3.1 Incentive regimes to developers to engage in the provision of housing	16.3.1.1 Implement duty free concessions on selected sustainable building materials, Institute measures to encourage savings for home ownership through special savings schemes	Year 1 to Year 5	Ministry of Finance, Ministry of Social Transformation and Agency responsible for housing
		16.3.2 Government acquiring lands for re-sale to nationals	16.3.2.1 Identify lands for low income housing and assess infrastructure needed	Year 1 to Year 5	Ministries of Social Transformation, Economic Planning, Physical Planning
		16.3.3 Utilizing the Alien Land Holding Licences as a mechanism to control the purchase of land	16.3.3.1 Assess land alienation to non-nationals	Year 1 to Year 5	Ministry of Social Transformation, Economic Planning, Physical Planning
		16.3.4 Revolving loan scheme or other mechanism for lower income earners	16.3.4.1 Locate mechanism for financing within a financial institution 16.3.4.2 Promote home-ownership as wage-good of highest priority	Year 1 to Year 5	Ministry of Social Transformation, Economic Planning, Physical Planning

PHYSICAL INFRASTRUCTURE

Goal 18	Objectives	Strategies	Activities	Timeline	Agencies
Infrastructure rehabilitated and upgraded to support the population's socio-economic needs	17.1 To rehabilitate and upgrade the network of roads and bridges damaged by Hurricane Tomas	17.1.1 Emergency restoration	17.1.1.1 Restore critical links between the North and South	Year 1	Ministry of Communications & Works
		17.1.2 Upgrading the standards of road and bridge construction	17.1.2.1 Reconstruct and upgrade roads damaged by Hurricane Tomas	Years 1 - 3	Ministry of Communications & Works
			17.1.3.1 Design bridge structures for major rivers to pass at minimum a one in 50 year flood event	Years 1 – 5	
			17.1.4.2 Replace existing bridges with open span structures	Years 1 – Year 5	
	17.2 To rehabilitate and upgrade the water system	17.2.1 Phasing in emergency and medium term water system development requirements	17.2.1.1 Replace obsolete pipelines	Years 1 & 2	Water & Sewage Authority
			17.2.1.2 Revamp water treatment & distribution system in the South	Years 1 & 2	
			17.2.1.3 Survey, quantify & resolve sedimentation levels in Roseau Dam	Year 1	Water & Sewage Authority
			17.2.1.4 Stabilize slopes on the surrounding areas	Year 1- Year 4	Ministry of Communications & Works*; Water & Sewage Authority; Ministry of Physical Development & Environment
			17.2.1.5 Conduct water resource supply & demand estimates to facilitate planning	Year 2	Ministry of Physical Development & Environment; Water & Sewage Authority
	17.3 To rehabilitate & secure other infrastructure	17.3.1 River training & securing installations to prevent flood damage	17.3.1.1 Conduct phased river training	Years 2 – 4	Ministry of Communications & Works*; Ministry of Physical Development & Environment
			17.3.1.2 Relocation & elevation of electricity generation infrastructure	Year 2	

Note: * = lead Ministry/Agency

TABLE 11.3: MANAGEMENT FOR DEVELOPMENT RESULTS - LOGIC MODEL OF OUTPUTS AND OUTCOMES

MACRO-ECONOMY

Goal 1: A sustainable growth path and improved levels of living, supported by a stable macro-economic environment

Objectives:

1.1 To rehabilitate, develop & expand strategic productive sector initiatives

1.2 To ensure prudent financial management of the economy

Objective 1.1	Indicators	Means of Verification	Assumptions/risks
Outcome	Increased income earning and employment opportunities	Labour Force Survey of Department of Statistics	• Most of employment generated in private directly productive sector • Private sector is prepared to invest in diversified sectors • Access to credit especially to SMEs may be limited • Non-recurrence of natural disasters
Outputs	• Banana production regained 100 per cent of pre-Hurricane Tomas level by the end of year 2 • Vegetable production has regained its pre-Tomas production level by the end of Year 1 • Additional crops produced to commercial levels by the end of Year 5 • Applications for use of geographical indications submitted and approved for 2 products by end of Year 3 • Tourism value added has increased by 7 per cent per annum • GDP is growing at a rate of 5 per cent from Year 3 onwards	• Export data on bananas from the Department of Statistics • Statistics on non-banana Agriculture from Ministry of Agriculture and Department of Statistics • Statistics from the Ministry of Agriculture and Marketing Board • Records of Registrar Office • Tourist Arrivals Data • Real GDP growth rate of Department of Statistics	• Banana Farmers resume production • Support systems put in place for land consolidation and redistribution, marketing and research and development for non-traditional crops and produce, including packaging and processing • Farmers supplied with technology • Updating of legislation on copyright and intellectual property

Objective 1.2	Indicators	Means of Verification	Assumptions/risks
Outcome	Financial stability		
Outputs	▪ Capital budgeting is linked to the MTDSP priorities. Revenue is increased by 7 per cent annually from year 3 based on expansion of the economy. Debt/GDP ratio is reduced by 5 per cent per annum from Year 3 – Year 5 ▪ Criteria for efficient allocation of recurrent budgetary resources be in place by end Year 1	▪ Audited Statement of Ministry of Finance ▪ ▪ Budgetary allocations based on proposed output with reporting on performance in the immediate past period relative to funds expended	▪ The economy achieves projected growth ▪ Government committed to implementing recommendations of ECORYS report to European Union (EU) ▪ Programme Budgeting institutionalised in public sector, with output reported on quarterly and annually.

ECONOMY AND HUMAN RESOURCE

Goal 2: *Human resources developed to support current and future social and economic initiatives*

Objectives:

2.1 To reform education and training programmes to focus on critical skills, creativity and innovation

2.2 To develop a research capacity to support innovation and inventions

Objective 2.1	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	A more employable and competent workforce	Perception of firms	
Outputs	▪ Annual Public/Private Sector consultations on training requirements instituted in Year 1 ▪ A co-funding mechanism agreed between Government and firms to finance sector-specific training by end of Year 2 ▪ A strategic plan formulated by the Sir Arthur Lewis Community College by end of Year 1 ▪ Critical aspects of the Education Sector Plan implemented in a timely fashion ▪ Vocational and technical training programmes targeted at the employed and unemployed labour force designed and implemented by end Year 1 ▪ Apprenticeship programmes developed jointly by training institutions and firms in place by end of Year 1	▪ Record of consultations ▪ Documentation of Agreement ▪ Plan document ▪ Enrolment levels in SALCC increasing ▪ Ministry of Education records of certification of workers ▪ Annual Report by the Ministry of Education on Educational Plan ▪ Annual Report of Ministry of Education on Technical and Vocational Education	▪ Commitment to public/private sector collaboration in training and upgrading workforce ▪ Workers showing high attendance and participation in training programmes and educational upgrading ▪ Private sector may be loathe to spend on in-plant training ▪ Fees and direct costs of tertiary education may limit participation of poorer students at tertiary level ▪ Private sector committed to complementing government investment with OJT ▪ High participation of untrained workers in training programmes. ▪ Coordination between public and private sectors on training programmes ▪ Risk of high opportunity cost of training to low income workers ▪ Risk of entitlement syndrome among trainees receiving financial support

Objective 2.2.	Indicators	Means of Verification	Assumptions/Risks
Outcome	A more creative culture		
Outputs	▪ All faculties of the Tertiary Level institutions include a research component in staff responsibilities by beginning of Year 4 ▪ Quarterly consultations held between the OPSR, the IP Office, Ministry of Trade and the Private Sector ▪ Annual OECS fair to be held to showcase innovations and inventions from Member States, commencing Year 3	▪ Share of R and D in budget allocation at SALCC and other institutions in Saint Lucia ▪ Reports of OPSR and Ministry of Trade ▪ OECS Office of Education Annual Report	▪ Rand D targeted at areas of relevance to Saint Lucia, including adaptation in Agriculture, application of ICTs, and bio-diversity protection ▪ Private Sector committed to supporting research done at SALCC and other institutions ▪ Risk of Research being targeted at areas not relevant to productive sector of Saint Lucia

PRODUCTIVITY AND ETHIC

Goal 3: *An economy characterized by increased productivity levels and improvements in work ethic*

Objectives

3.1 To apply efforts and resources at upgrading the economy's technical and technological capacity

3.2 To increase awareness of and implement a programme for treating with labour productivity and work ethic issues

Objective 3.1	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	More creative and competitive firms		
Outputs	• Number of work process innovations by firms increased annually • Number of product/service innovations increased annually • Number of packaging innovations undertaken by firms increased annually • Number of new markets entered by firms increased over the five year period • Number of new technologies adopted by firms over the five year period	• Reports and surveys of OPSR • Reports and surveys of OPSR • Reports and Surveys of OPSR • Reports of Ministry of International Trade and Ministry of Agriculture • Reports of Ministry of International Trade and Ministry of Agriculture	• Domestic Private Sector is committed to adoption and development of new technology and techniques • Risk that Domestic Firms are restricted in technical applications by licence agreements with foreign technology suppliers
Objective 3.2	**Indicator**	**Means of Verification**	**Assumptions/Risk**
Outcome	Annual increases in total factor productivity, commencing in Year 2	Central Statistical Office calculations; publications by international agencies	
	• A national conference on productivity held in Year 2 • Workshops targeted at firms on productivity – meaning, facilitating factors and measurement (2 per annum from Year 2) • Media campaigns targeted at the public, launched in Year 1 and continued up to Year 5 • Training workshops for Trade Unions held on labour productivity issues during the Plan period • Study of wages and productivity completed by end of Year 2 • Productivity measures for different activities approved by end Year 3	• Report of Conference • Establishment of tripartite National Commission on Productivity • Reports of National Commission on Productivity • Reports of National Commission on Productivity • Reports of National Commission Productivity	• Data produced by the Department of Statistics permit of productivity analysis • Risk that labour and management may not agree on productivity measurement

Population, Youth Employment and Technology

Goal 4: *A significant reduction in the barriers to youth engagement in and benefit from economic opportunities*

Objectives:

4.1 To develop mechanisms to improve the attendance of school age boys and girls in school

4.2 To develop/expand after-school programmes to encourage positive attitudes among the young

4.3 To develop programmes to target out-of-school and unemployed youth

Objective 4.1	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	A significant increase in the number of boys graduating with CXC certification or equivalent from Secondary School	Records and Educational Statistics of the Ministry of Education	
Outputs	• Poverty reduced to half per cent by Year 5 • At least 90 per cent attendance of all school age boys and girls in secondary schools by Year 5 • Annual reductions in the drop-out rates of boys from Secondary School • Curriculum changes focused on spawning creativity, thinking skills and varied learner interests have been introduced by beginning Year 3 • Teacher Orientation Workshops are held during Years 1 & 2	• Poverty Study • Annual Report of Ministry of Education • Annual Report of Ministry of Education • Annual Report of Ministry of Education • Annual Report of Ministry of Education on curricula developments • Workshop Reports	• Vast Majority of boys accept educational performance as worthwhile personal goal • Parent Teacher and Mothers and Fathers organisations can promote focus on male underperformance with a view to improving participation and educational commitment
Objective 4.2	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcomes	Youth more positively engaged/ A reduction in youth deviance	Reports of Ministry of Social Transformation	Community Development initiatives can arrest youth deviance and encourage positive behaviour change
Outputs	• After-school programmes replicated in at least 5 communities by end Year 3	• Reports of Ministries of Education and Social Transformation	• Youth will deviant tendencies are prepared to participate in after school programmes • Programmes are attractive enough to stimulate interest of at-risk youth and other youth

Objective 4.3	Indicators	Means of Verification	Assumptions/Risks
Outcome	A 40 per cent reduction in the youth unemployment rate by end Year 5	Data from the Department of Statistics	Youth are prepared to seek regular employment in preference to participation in underground economy
Outputs	• A training plan focused on youth and employment and youth and technology is completed by end of Year 1 • Resources are allocated for its phased implementation commencing in Year 2 • Annual increases in the number of youth benefitting from counselling and referrals to job opportunities	• Reports of Ministry of Education • Reports of Ministry of Education • Estimates of Expenditure and Reports of Ministry of Education, Social Transformation and Labour • Surveys of relevant institutions	• Ministry of Education is capable of designing programmes capable of attracting interest of out-of-school youth • Public and private sectors cooperate in facilitating high levels of participation among youth in hands-on training

ENVIRONMENT AND PHYSICAL DEVELOPMENT

Goal 5: *Optimal usage and stewardship of land and environmental resources supporting the social and economic needs of the population*

Objectives:

5.1 To implement the National Land Policy

5.2 To mainstream environment in development interventions and initiatives

Objective 5.1	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	All physical developments conforming to the legal statutes	Reports of Department responsible for Physical Planning	Physical planning adhere to decisions and rigorously observed in actual implementation Sanctions are readily applied in cases of infraction of Physical Planning approved Plans
Outputs	• A national land use plan is legally adopted by end Year 1 • The number of persons qualified in building inspection, property valuation and enforcement of Physical Planning statutes increased by 50 per cent by end of Year 4	• Record of legislation • Report of Department responsible for Physical Planning and Environment	• Personnel with required training can be found to administer Physical Planning Processes
Objective 5.2	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	• Environmental issues integrated into the planning and execution of development plans and interventions	• Reports of Departments responsible for Physical Planning and for the Environment • Plans and EIAs	• Departments responsible for Physical Planning and for the Environment pure prepared to collaborate and to engage in mutual support
Outputs	• Water resource supply and demand estimates conducted in Year 1 • Mitigation measures built into building and other physical development plans and interventions • Hazard maps completed for all vulnerable communities by end of Year 3 • Annual budgetary allocation of funds for mitigation & response • At least 1 CDM project commenced during the MTDSP period • A phased implementation plan for a national sewage system upgrade commenced in Year 1	• Reports of Departments responsible for Physical Planning water and sewage • Maps • Estimates of Revenue and Expenditure • Survey • Survey	• Availability of resources for expansion of infrastructure for water distribution and sewage collection across the country

INTER-SECTOR LINKAGES

Goal 6: *A more integrated economy, with sustainable links between the productive sectors*

Objectives:

6.1 To institute measures to address supply capabilities in agriculture, manufacturing and craft

6.2 To upgrade standards, presentation and packaging in these sectors

Objective 6.1	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	Annual output and productivity increases in the agricultural sector from Year 2 onwards	Data from the Department of Statistics and Reports of Ministry of Agriculture	• Committed farming community prepared to remain in full time occupation in agriculture and Agric-business • Young technically trained entrants into agriculture • Ministry of Agriculture geared to engage in agricultural promotion
Outputs	• Business models for 3 agricultural crops developed by agricultural economists and agronomists by end of Year 2Models and new agronomic practices promoted by the Ministry of Agriculture from Year 2 to Year 5 • New practices adopted by 10 model farmers by end of Year 3	• Reports of Ministry of Agriculture • Reports of Extension Department of Ministry of Agriculture • Reports of Ministry of Agriculture	• Farmers are prepared to adopt new farming practices and new crops and varieties • Support infrastructure in place for new and diversified produce entering domestic and regional market place from Saint Lucia • Willingness among domestic firms to patronise firms and other domestic producers • Domestic firms are prepared to seek to reach standards set by foreign firms
Objective 6.2	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	Increased marketability of locally produced products		
Output	• Local craft producers trained in design, standardization & packaging by the end of Year 3 • At least 3 Manufacturing firms have hired in-house designers by end of Year 3 • Local firms showcase products annually to hoteliers	• Reports of OPSR and Ministry of Social Transformation • Report of Tourism Board	• High commitment by domestic distributors to promote craft of Saint Lucia, instead of products made in Asia and purporting origin in Saint Lucia • Craft work not seen as a residual activity

SOCIAL ISSUES

Goal 7: *A more socially cohesive society and a safe and peaceful environment*

Objectives:

7.1 To build social capital through social extension programmes to facilitate community expression

7.2 To intensify programmes to address crime and violence

Objective 7.1	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	Increase in the number of community events and participation		
Outputs	• Two (2) public campaigns on family life and community empowerment conducted annually from Year 2 onwards • Community structures revitalized/established in all communities by the end of Year 5	• Implementation reports of Ministry of Social Transformation • Key informants survey	• Community development remains the preserve of the Government and of NGO community and not of underworld entities purporting to contribute to the community
Objective 7.2	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	Safer and more peaceful communities		
Outputs	• Plan for upgrading crime prevention and detection in place by end of Year 1 • Pilot anger management programmes conducted in schools and clubs at beginning of Year 2 • Programme replicated in other schools from Year 3 to Year 5 • Youth unemployment rate reduced by one half by the end of Year 5	• Reports of the Ministries of National Security, and of Education • Reports of Ministry of Labour and Labour Force data of the Department of Statistics	• Saint Lucia escapes development of garrison communities with underworld groups taking control of community organisation • Economy resumes process of healthy growth with positive results for employment growth

POVERTY

Goal 8: *A significantly improved standard of living in depressed rural and urban areas*

Objectives:

8.1 To upgrade human settlements in depressed areas

8.2 To facilitate the development of employment and income earning activities in these communities

Objective 8.1	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	Improved physical environments for the rural and urban poor		
Outputs	• Financing plans developed in Year 1 to facilitate the physical development of depressed rural and urban areas • Phased physical development plans for 3 – 4 rural areas designed and implementation commenced during the MTDSP period • A phased physical development plan for critical urban areas developed and implementation commenced during the MTDSP period	• Reports of Ministry responsible for Housing, Physical Planning and Social Transformation	• Financing made available for targeted development of depressed rural and urban areas • Employment and income generating activity available to poorer people affording them the wherewithal to pay for improved housing
Objective 8.2			
Outcome	Poverty reduced by half by end of Year 5	Poverty Study	
Outputs	• Training and livelihood needs assessment and intervention plans developed for selected communities by end Year 1 • Intervention plans implemented, commencing Year 2	• Core welfare indicators (CWIQ), social welfare indicators, and poverty assessments conducted by the Department of Statistics	• Pro-poor strategies put in place and supported with interventions of Ministry of Social Transformation and NGOs • Pro-poor interventions might become heavily oriented to supportive measures rather than to developmental and preventive approaches to poverty reduction

GENDER ISSUES

Goal 9: *Elimination of socio-cultural, psychological and economic barriers to gender equality*

Objectives:

9.1 To determine and address the causes of gender violence

9.2 To promote equal access to resources by men and women

9.3 To remove the barriers to enrolment in and retention of boys in school

9.4 To develop programmes targeted at at-risk youth

Objective 9.1	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	Annual reductions in cases of gender violence		
Outputs	• Intervention programmes geared towards prevention of violence are in place by the end of Year 2 • Victims awareness of and utilization of response mechanisms have increased by 50 per cent by Year 5	• Reports of Ministry of National Security and the Police, and Ministry of Social Transformation	• Society is weaned away from tolerance of violence against women and children • Police responds effectively to reports of violence against women and children
Objective 9.2	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome			
Outputs	• Micro-credit scheme in place by end of Year 2 to facilitate small business women • Centralized training, packaging and marketing facilities in place by Year 4	• Reports of the Development Bank and of the Ministry of Social Transformation	• Resources put in place and targeted at women entrepreneurs involved in start-up businesses • Training and other support mechanisms put in place to assist women entrepreneurs
Objective 9.3	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome			
Outputs	• Compulsory school attendance officers in place by beginning Year 2 • A conditional social assistance scheme in place by end of Year 3 • Improved integration of boys in school system	• Reports of the Ministry of Education and of Social Transformation	• Transfers to households made conditional on attendance at school of all school age children
Objective 9.4	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outputs	• Campaign on values and on the importance of education and work, sustained through the Plan period	• Media coverage	• Bi-partisan support exists

RENEWABLE SOURCES OF ENERGY

Goal 10: *Reduced dependence on fossil fuels as an energy source*

Objectives:

10.1 To identify and develop environmentally-friendly and cheaper sources of energy

Objective 10.1	Indicators	Means of Verification	Assumptions/Risks
Outcome	An increased share of environmentally friendly energy sources in total energy production	Statistics of the Electricity Services	
Outputs	• Feasibility for geothermal energy exploration determined by end Year 3 • Solar energy penetration expanded by 30 per cent by Year 2015 • Wind energy penetration expanded by 20 per cent by Year 2015	• Reports of Ministry of Works and of Finance	• Commitment of the Government to the adoption of alternative energy in terms of its own use of energy, irrespective of signals provided by prices of imported fossil fuel • Fossil fuel prices will remain near historic high, and the world will continue to transition to reduced use of fossil fuels as source of energy

TOURISM

Goal 11: *A sustainable tourist sector with increased contribution to the development of communities and the national economy*

Objectives:

11.1 To institute measures to increase the sector's contribution to GDP and to the national value added

11.2 To upgrade products and services

11.3 To increase local support for the industry in the face of the negative public perception and attitudes towards the sector

11.4 To address crime and violence

Objective 11.1	Indicators	Means of Verification	Assumptions/Risks
Outcome	Increased contribution of tourism to employment and earnings and to national development	Statistical publications of Department of Statistics and Tourist Board	
Outputs	• An orientation seminar on value for money targeted at industry operators conducted Year 2 • Tourism studies introduced into the school curricula from primary level • At least 2 new markets targeted by end of Year 3 • Training programmes in skills required by the Yachting Sector designed and in place by Year 3 • Mechanism for linking local suppliers and operators of all-inclusive properties in place by Year 2.	• Reports of Tourist Board on Community Tourism, on training, on domestic supplier links and on new source markets • Reports of Ministry of Education on programmes in schools • Statistical data of Department of Statistics on visitor arrivals	• Saint Lucia will need to continue to rely on Tourism as one of more important sectors in its development over the medium term • The strategy of diversification within tourism will be followed thereby allowing community based initiatives and ecotourism to widen the circle of benefits and embracing poorer communities

AGRICULTURE

Goal 12: *A revitalized agricultural sector capable of responding to food security & export development imperatives*

Objectives:

12.1 To rehabilitate the agricultural sector, damaged by Hurricane Tomas

12.2 To improve the productive capacity of the agricultural sector

12.3 To improve standards & quality

12.4 To increase the sector's value added by moving up the value chain

Objective 12.1	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	The agricultural sector has recovered from the effects of Hurricane Tomas	Reports of Ministry of Agriculture	Farmers do not succumb to despair
Outputs	• Banana production regained 100% of pre-Hurricane Tomas level by end Year 2 • Vegetable production regained pre-Hurricane Tomas level by end Year 1 • Phased forestry rehabilitation programme completed by end Year 5	• Farm survey; data of Department of Statistics • Data from Forestry Department	Support infrastructure restored
Objective 12.2	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	Agricultural production has increased annually from Year 2 onwards	Data of Department of Statistics	Support infrastructure put in place in terms of R&D, Marketing and Distribution Collaboration established with WINFRESH
Output	• Number of new technologies introduced during Plan period • New practices adopted by 10 model farmers by end Year 2 • Number of farmers adopting new agronomic practices increased annually from Year 2 – Year 5 • Business models for 3 agricultural crops developed by end Year 1 • Number of new crops/varieties increased between Year 2 and Year 5 • Number of young persons engaged in agriculture increased by end of Year 5	• Survey • Survey • Survey • Documents • Survey • Register of farmers	

Objective 12.3	Indicators	Means of Verification	Assumptions/Risks
Outcome	Improved presentation & quality of agricultural products		
Outputs	• Centralized quality assurance services in place by Year 3 • Demonstrations on packaging and labelling conducted in farming communities in Year 2 & Year 3	• Survey • Reports	
Objective 12.4	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome			
Outputs	• Output of agro-processed products increased annually from Year 3 – Year 5 • Exports of agro-processed products increased annually from Year 3 – Year 5	• Ministry of Finance & Planning; • data of Department of Statistics • Export Development Agency data; Department of Statistics	• Collaboration with WINFRESH • Reliable inter-island shipping organised

MANUFACTURING

Goal 13: *A revamped manufacturing sector, differentiated on the basis of unique attributes*

Objectives:

13.1 To develop unique products and niche markets

13.2 To develop education & training programmes to provide for the sector's skill requirements

13.3 To increase marketing & trade facilitation efforts

Objective 13.1	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	An improvement in the range and quality of manufactured products	Data of Department of Statistics	Infrastructure of Industrial Estate at Vieux Fort restored
Outputs	• Number of new designs has increased from Year 2 – Year 5 • Number of new packaging types has increased from Year 2 – Year 5 • Number of creative industry personnel /specialists consulted • Committee on IPR established in Year 1 • Number of consultations held annually on IPR • An officer responsible for gathering intelligence on trends identified by the Ministry of Finance & Planning in Year 1 • Use of ICT in research by public and private sectors increased during the Plan period	• Survey • Survey • Survey • Records • Minutes of meetings • Job Description • Survey	• Collaboration of State and NGOs involved in the creative sector • National Development Corporation equipped with appropriate personnel to conduct studies and promote industrial development

Objective 13.2	Indicators	Means of Verification	Assumptions/Risks
Outcome	The workforce is more equipped to service the manufacturing sector by the end of Year 5		
Output	• Consultation with the Private Sector & review of studies on training needs undertaken by end Year 1 • Training programmes developed and implemented (Goal 2) • Co-financing arrangements between public and private sectors in place by end Year 2	• Report of consultations; Findings of the Review • Record of Agreement	
Objective 13.3	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	Annual increases in exports starting in Year 3	Statistical data of Department of Statistics	
Outputs	• Contact points for interpreting trade agreements, accessible to the Private Sector, are in place by end of Year 1 • A presence is established in at least 2 markets to facilitate information flow & product entry	• Reports of Ministry of Trade • Entities/ Representatives located in markets • Supply contracts	• Ministry of Trade and Private Sector in constant review and search for markets utilising EPA, and other trade agreements • Rights of establishment of WINFRESH available as platform for penetration of markets in Europe with other goods besides agricultural output of Saint Lucia • In-market entities function effectively

INFORMATION AND COMMUNICATIONS TECHNOLOGY

Goal 14: *realization of the potential of ICTs for contributing to the economy*

Objectives:

14.1 To capitalize on the use of ICTs as producer and consumer services

14.2 To establish the legal framework & ensure adequate provisions for secure access to the technology

Objective 14.1	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	The economic contribution of ICT-enabled & producer services have increased by end of the Plan period	Estimates of value added	Regulatory system geared to open market and facilitate widening of use of ICT
Outputs	• ICT training plan designed by end of Year 2 • Implementation of Plan commenced in Year 3 • At least 2 business processing outsourced service companies are established during the Plan period • A system for linking ICT with payments is set up in the Government service by end of Year 5 • The number of students with access to ICT infrastructure is increased annually • The number of internet cafes/ICT centres has increased in rural & urban centres by end Year 5	• Plan document • Implementation report • Survey • Survey • Records of the Ministry of Education • Survey	

Objective 14.2	Indicators	Means of Verification	Assumptions/Risks
Outcome	• The population is more aware of the benefits and risks of ICT penetration	• Statistics of Ministry of Education in respect of access by general public to internet in public services provided by the Government	• Internet access available to vast majority of population including through use of school facilities and information centres provided by the Government in remote communities
Outputs	• At least one radio & TV campaign of one month's duration carried out annually on ICT & its use • ICT orientation for schools also conducted during the annual campaign • A round table discussion on protocols for the legal requirements e.g. joint ownership in software production & cybercrimes is held in Year 2	• Media coverage & format • Survey • Report on round table	

CREATTIVE SECTOR

Goal 15: *To reposition the Creative Sector as contributor to economic development*

Objectives:

15.1 To develop Saint Lucia's creative industries into competitive high-income generating sectors

15.2 To mainstream the Arts and Cultural Activity as acceptable as career paths

Objective 15.1	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	Contribution of the Creative Sector well recognized by end of the Plan period	Estimates of value added	Updated legislation covering IP and Arts and Culture in place
Outputs	• Enterprises in the various areas of the Arts and Culture in IP and Copyright legislation updated • Creative Sector Development Act • More Saint Lucians involved in the Arts and Culture and engaged in income generation through the Arts • Syllabus in Educational System inclusive of Arts and Culture • Professional Associations in Arts and Culture representing persons involved in the Arts and Culture	• Focal point for the Arts and Creative Sector in Ministry of International Trade or in Ministry of Commerce, Industry and Consumer Affairs • Development Act for Creative Sector • Department of Statistics – Labour Force and Establishment data • Records of the Ministry of Education • Students pursuing subjects in the Arts and Cultural Studies in Educational System • Survey	• Government committed to championing the Arts and Culture • Vibrant NGOs in the Arts and Culture • Collaboration of State and NGOs involved in the creative sector

HEALTH

Goal 16: Increased levels of health and wellness among the population

Objectives:

16.1 To shift the focus of health care delivery to primary health care & the promotion of wellness

16.2 To substantially reduce the incidence of non-communicable & communicable diseases

16.3 To optimize the use of scarce human & financial resources in the delivery of health care

Objective 16.1	Indicators	Means of Verification	Assumptions/Risks
Outcome	A more effective primary system & less burden on the secondary care system	Records of Ministry of Health on attendance at primary health care centres	Primary health care services upgraded
Outputs	• Number of public education campaigns per annum on primary care and health & wellness has increased • The % of health budget allocated to primary care has increased from Year 2 – Year 5 • The number of firms making provision for preventive care & screening for their employees has increased annually from Year 2 • Health campaigns, practices & infrastructure are increasingly designed to cater to the varied needs of men & women	• Records of the Ministry of Health • Estimates of Revenue & Expenditure • Survey • Records; • Survey	

Objective 16.2	Indicators	Means of Verification	Assumptions/Risks
Outcome	A reduction in the incidence of non-communicable & communicable diseases by end of Plan period		
Output	• Public education & screening programmes are scaled up from Year 2 onwards • Increased collaboration with Regional agencies in carrying out surveillance measures during Years 1 – 5 • Budgetary allocation for campaign on HIV/AIDS is provided annually	• Reports • Estimates of Revenue & Expenditure	
Objective 16.3	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	Health resources more efficiently managed		
Output	• Procedures for management & accountability are established by end Year 2 • Off-shore medical school plays a greater role in the delivery of health care by end of Year 3 • Guidelines for establishing priorities for funding are in place by Year 2	• Procedures Manual • Agreement Document • Ministry of Health Document	

HOUSING AND HUMAN SETTLEMENTS

Goal 17: An effective housing delivery system promoting the sustainable development of communities

Objectives:

17.1 To fast track the development of the poorest & most environmentally vulnerable urban and rural communities

17.2 To identify, cost & implement priority areas of the National Housing Policy Strategic Action Plan

17.3 To institute measures to make housing more accessible to all income brackets

Objective 17.1	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	More sustainable communities		Public acceptance of need to observe best practice and to apply strict criteria in disaster mitigation in physical construction
Outputs	• The communities most adversely affected by Hurricane Tomas are relocated by end Year 1 • Hazard maps are in place by end of Year 2 • Number of officers assigned to monitor housing sites & construction methods has increased by 50 per cent by end Year 4 • Implementation of area strategic plans in at least 2 communities completed by end of the Plan period	• Survey • Maps • Estimates of Revenue & Expenditure • Survey/Implementation Report	
Objective 17.2	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	Strengthened institutional capacity to implement housing programmes		
Outputs	• Survey of housing demand completed in Year 3 • Building Code is enacted in Year 1 and enforced throughout the Plan period • A training programme for staff designed and implemented during the Plan period (See 5.1)	• Report • Legal document • Survey	

Objective 17.3	Indicators	Means of Verification	Assumptions/Risks
Outcome	Greater access to housing by all income groups		
Outputs	• An incentive scheme to facilitate housing provision is developed in consultation with the Private Sector in Year 2 • An assessment of Government's capacity to acquire lands for re-sale to nationals be conducted in Year 2 • An appropriate financing mechanism to facilitate lower income earners is established by end Year 3	• Documented decision • Report • Documents of establishment	

ECONOMIC INFRASTRUCTURE

Goal 18: Infrastructure rehabilitated and upgraded to support the population's socio-economic needs

Objectives:

18.1 To rehabilitate and upgrade the network of roads and bridges damaged by Hurricane Tomas

18.2 To rehabilitate and upgrade the water system

18.3 To rehabilitate and secure other infrastructure

Objective 18.1	**Indicators**	**Means of Verification**	**Assumptions/Risks**
Outcome	A safer and more reliable system of roads & bridges		Universal commitment to enhanced standards in construction of roads and bridges – CUBiC and beyond
Outputs	• Critical links between North and South restored in Year 1 • Roads damaged by Hurricane Tomas reconstructed & upgraded during Years 1 – 3 • Bridge structures for major rivers are designed to accommodate a 1 in 50 year flood event • Existing bridges are replaced by open span structures during Years 1 – 5	• Survey • Survey • Guidelines of the Ministry of Communications & Works • Survey	

Objective 18.2	Indicators	Means of Verification	Assumptions/Risks
Outcome	More efficient and reliable water system in place		
Outputs	• Obsolete pipes are replaced by end Year 2 • Water treatment & distribution system in South revamped by end Year 2 • Sedimentation issue in Roseau Dam resolved by end Year 1 • Slope stabilization work in surrounding areas commenced in Year 1 • Water resource supply & demand estimates conducted by end Year 2 to facilitate planning	• Implementation report • Implementation report • Survey • Reports	
Objective 18.3	**Indicators**	**Means of Verification**	**Assumptions & Risks**
Outcome	Greater security against floods		
Outputs	• River training conducted from Years 2 – 4 • Relocation & elevation of electricity generation infrastructure by end Year 2	• Implementation report • Survey	

APPENDIX 1: SELECTED EQUATIONS

Limitations: All results below are preliminary- without any diagnostic testing, and with datasets ten points below the minimum of 30 observations. The most likely errors affecting the results are data deficiency, and multicollinearity: there may exist even mis-specification, given data sets that might not have been defined consistently over time. The adjustments will been to be made in future renderings of the model as the data series expand.

Dependent Variable: GDP_N
Method: Least Squares
Date: 05/31/11 Time: 13:59
Sample: 1990 2009
Included observations: 20

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	162.6820	37.29207	4.362376	0.0006
TOTCONS	0.225270	0.059010	3.817497	0.0017
GROSSCAPFORM	0.226334	0.249728	0.906322	0.3791
CURRENTEXP	0.243142	0.152068	1.598904	0.1307
CAB	-0.559433	0.352900	-1.585245	0.1338

R-squared	0.960022	Mean dependent var	690.8958
Adjusted R-squared	0.949361	S.D. dependent var	184.3752
S.E. of regression	41.49018	Akaike info criterion	10.50111
Sum squared resid	25821.53	Schwarz criterion	10.75004
Log likelihood	-100.0111	F-statistic	90.05109
Durbin-Watson stat	1.537353	Prob(F-statistic)	0.000000

Dependent Variable: GOVTREV_TAXINC
Method: Least Squares
Date: 05/31/11 Time: 14:12
Sample: 1990 2009
Included observations: 20

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-16.48904	6.104075	-2.701317	0.0146
GDP_N	0.087889	0.008551	10.27879	0.0000

R-squared	0.854432	Mean dependent var	44.23297
Adjusted R-squared	0.846345	S.D. dependent var	17.53063
S.E. of regression	6.871808	Akaike info criterion	6.787371
Sum squared resid	849.9915	Schwarz criterion	6.886944
Log likelihood	-65.87371	F-statistic	105.6535

Durbin-Watson stat	1.850422	Prob(F-statistic)	0.000000

Dependent Variable: GROSSNATDISINC
Method: Least Squares
Date: 05/31/11 Time: 14:02
Sample: 1990 2009
Included observations: 20

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	171.0862	25.23126	6.780722	0.0000
GDP_N	2.489660	0.102499	24.28963	0.0000
NETINCABROAD	1.117587	0.375068	2.979693	0.0088
CURRENTREV	0.083704	0.074580	1.122343	0.2783

R-squared	0.996955	Mean dependent var	1787.560
Adjusted R-squared	0.996384	S.D. dependent var	427.9249
S.E. of regression	25.73340	Akaike info criterion	9.510313
Sum squared resid	10595.33	Schwarz criterion	9.709460
Log likelihood	-91.10313	F-statistic	1746.017
Durbin-Watson stat	1.450669	Prob(F-statistic)	0.000000

Dependent Variable: GOVTREVTAXPRO
Method: Least Squares
Date: 05/31/11 Time: 14:19
Sample: 1990 2009
Included observations: 20

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	15.95714	14.42065	1.106548	0.2839
BANKS_INS	0.493153	0.083500	5.906016	0.0000
ELEC_WATER	-0.490261	0.322616	-1.519642	0.1470

R-squared	0.692353	Mean dependent var	53.27812
Adjusted R-squared	0.656159	S.D. dependent var	23.74798
S.E. of regression	13.92533	Akaike info criterion	8.242777
Sum squared resid	3296.553	Schwarz criterion	8.392137
Log likelihood	-79.42777	F-statistic	19.12905
Durbin-Watson stat	1.289515	Prob(F-statistic)	0.000045

Dependent Variable: CURRENTEXP
Method: Least Squares
Date: 05/31/11 Time: 13:31
Sample: 1990 2009
Included observations: 20

Variable	Coefficient	Std. Error	t-Statistic	Prob.
GOVTREV_TAXINC	7.895901	3.184432	2.479532	0.0255
GOVTREVTAXIMP	1.676225	1.120815	1.495542	0.1555
GOVTREVTAXPRO	-2.200507	0.882540	-2.493378	0.0248
GOVTGRANTTOT	-0.744496	0.399812	-1.862113	0.0823
GOVTREVTAXTOT	0.077129	0.445066	0.173297	0.8647

R-squared	0.938813	Mean dependent var	359.3944
Adjusted R-squared	0.922497	S.D. dependent var	142.2840
S.E. of regression	39.61097	Akaike info criterion	10.40841
Sum squared resid	23535.43	Schwarz criterion	10.65734
Log likelihood	-99.08407	Durbin-Watson stat	2.261153

Dependent Variable: GOVEXPCUR
Method: Least Squares
Date: 05/31/11 Time: 16:10
Sample: 1990 2009
Included observations: 20

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-5.141638	55.15894	-0.093215	0.9268
DEBTTOT	0.192044	0.075793	2.533785	0.0214
CURRENTREV	0.387027	0.190903	2.027349	0.0586

R-squared	0.769412	Mean dependent var	388.3396
Adjusted R-squared	0.742284	S.D. dependent var	153.2831
S.E. of regression	77.81525	Akaike info criterion	11.68403
Sum squared resid	102938.6	Schwarz criterion	11.83339
Log likelihood	-113.8403	F-statistic	28.36232
Durbin-Watson stat	1.658954	Prob(F-statistic)	0.000004

Dependent Variable: GOVCAPEXP

Method: Least Squares

Date: 05/31/11 Time: 15:05

Sample: 1990 2009

Included observations: 20

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	61.21300	45.34986	1.349795	0.1948
IMPAIDN	-3.130030	0.622644	-5.026994	0.0001
DEBTTOT	0.105894	0.026240	4.035684	0.0009

R-squared	0.886518	Mean dependent var	96.34816
Adjusted R-squared	0.873167	S.D. dependent var	94.79712
S.E. of regression	33.76063	Akaike info criterion	10.01395
Sum squared resid	19376.26	Schwarz criterion	10.16331
Log likelihood	-97.13949	F-statistic	66.40188
Durbin-Watson stat	1.652636	Prob(F-statistic)	0.000000