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FOREWORD

BY HEAD, DPU

ABBREVIATIONS

BVI	British Virgin Islands
BVIEC	British Virgin Islands Electricity Corporation
CBO	Community-based organization
CPMC	Capital Projects Monitoring Committee
CPI	Consumer Price Index
CPP	Country Policy Paper
CXC	Caribbean Examinations Council
DBVI	Development Bank of the Virgin Islands
DPU	Development Planning Unit
EEZ	Exclusive Economic Zone
EIA	Environmental Impact Assessment
EU	European Union
FAA	Federal Aviation Administration
GBVI	Government of the British Virgin Islands
GDP	Gross Domestic Product
GIS	Geographical Information System
HDI	Human Development Index
IT	Information Technology
kV	kilovolt
M&E	Monitoring and Evaluation
MIS	Management Information System
MTES	Medium Term Economic Strategy
MW	megawatts
MWh	megawatts per hour
NEAC	National Emergency Advisory Council
NEAP	National Environmental Action Plan
NEP	National Environmental Policy
NGO	Non-governmental organization
NHIS	National Health Insurance Scheme
NII	National Information Infrastructure
NIDP	National Integrated Development Plan
NIDS	National Integrated Development Strategy
NIP	National Information Policy
NISC	National information Systems Centre
OECS	Organization of Eastern Caribbean States
ODP	Office of Disaster Preparedness
POC	Planning Oversight Committee
PPRAC	Planning and Projects Review Advisory Committee
PSIP	Public Sector Investment Program
SIDS	Small Island Developing States
SMEs	Small and Medium Enterprises
SSB	Social Security Board
S&T	Science and Technology
TCPD	Town and Country Planning Division
UK	United Kingdom
UN	United Nations
UNCHS	United Nations Center for Human Settlements

UNCLOS	United Nations Convention on the Law of the Sea
UNDP	United Nations Development Program
US	United States
VISAR	Virgin Islands Search and Rescue
WI	West Indies

All currency is in United States dollars (\$US), unless otherwise stated.

EXECUTIVE SUMMARY

The National Integrated Development Plan (NIDP) is a major output of the National Integrated Development Strategy (NIDS) that has been adopted by the Government of the British Virgin Islands (GBVI) to promote the sustainable development of the territory over the next five years, 1999 – 2003. The Plan articulates the hopes and aspirations of the people by identifying the main development objectives and challenges, and determining the optimal policy framework for promoting development. Its overall aim is to improve the quality of life of the citizens and residents of the territory.

The preparation of this Plan ushers in a new era of development planning in the territory in particular and in the Caribbean in general. Developed against the background of the changed context of planning that focuses on sustainable development and influenced by elements of the new world order such as competitiveness, global competitiveness and an open trade regime, it is based on an integrated approach to planning. This approach takes into account more than the traditional socio-economic parameters, giving equal and simultaneous consideration to all facets of development including the environmental, physical and spatial, which have been discerned through a participatory process and strategic analysis.

The hopes and aspirations of the people are captured in the development objectives that have been identified as:

- *To reduce overall vulnerability*
- *To ensure balanced development*
- *To enhance human capital*
- *To ensure environmental sustainability*
- *To improve the physical infrastructure*
- *To maintain social cohesion*
- *To attain global competitiveness*
- *To promote global connectiveness*
- *To promote good governance*
- *To preserve the cultural heritage and*
- *To ensure the meaningful participation of BVI Islanders in the affairs of the territory.*

The pursuit of these goals for a better quality of life is guided by a strategic vision of a society that is globally competitive and socially cohesive; that is able to satisfy the basic needs of its people; that upholds the principles of equity, human rights and good governance; that manages the natural resources of the territory in a sustained and integrated way; that generates self-confidence among the people; and that maintains the unique cultural identity of the territory. In order to facilitate this vision, the primary mission of the Government is to mobilize and deliver resources to ensure the health, productivity, prosperity, cohesiveness and resilience of the people in a responsible and integrated manner.

The planning context depicts a society that, despite two decades of steady social and economic progress remains inherently vulnerable to internal and external circumstances. Significant economic growth and physical development have taken place over the past two decades and there have been considerable improvements in human and social development, environmental management and disaster management and preparedness, as well public sector management. Yet, threats arise from the small size, difficult topography and fragile environment of the territory, its constitutional status as a United Kingdom Overseas Territory, its population with a high proportion of immigrants, an economy that remains open and dominated by two export service industries, physical development that is largely unplanned, a physical and social infrastructure that needs updating and expanding, as well as the inadequate science and technology infrastructure.

The central issue on the development agenda therefore, is the reduction of the overall vulnerability of the territory. In order to achieve this however, there are other challenges to overcome. These include promoting sustainability in general and environmental sustainability in particular, enhancing human resource development, improving physical development and the physical infrastructure, strengthening institutional capacity and improving governance, maintaining the optimal population size and social cohesion, ensuring balanced development, sustaining economic growth, creating the environment for successful globalization and global connectiveness and improving the infrastructure for science and technology.

To support and sustain the development process, it is essential to meet these challenges through an integrated policy agenda. The Government will continue its pursuit of good governance and the promotion of social stability, as well as the efficient management of the economy and the environment to provide the conditions conducive to integrated development. The promotion of a balanced, resilient and internationally competitive economy remains paramount so as to provide a stronger foundation for the attainment of sustainable development. The policy thrust of the Plan is to enhance the overall development potential by human resource development, improved management of the environment and physical space, and sound economic management. The broad policy framework in key areas is presented hereunder.

Human Resource Development

The policy goal for human resource development is the improvement of the human condition by education and training and health. There will be a deepening and widening of the education system to make it more responsive to the needs of the society through its content and delivery systems. Expanded physical facilities at all levels and the use of information technology in distance learning will improve access and coverage by age and sector of the population. The philosophy of health care

will show an increased focus on sustained health promotion that encourages individuals to be responsible for their own good health. Improved physical facilities will be supported by better quality service particularly in the area of primary health care. In order to mitigate the impact of public sector health expenditure of the national budget and to cushion the overall impact of health expenditure on individuals, the feasibility of a National Health Insurance Scheme will be examined.

Population and Labour

A pro-active strategy that will take into account the population dynamics of the territory will be adopted. The major policy objective will be to decelerate the rate of growth without affecting adversely the development effort. A key feature therefore will be the immigration policy, which will be based on the results of manpower planning and modified to bring it in line with the realities of social life and globalization.

Environmental Management

Environmental management will be accorded greater priority in the development of the territory. A more effective and efficient environmental management strategy will be pursued. The major elements will comprise:

- *Strengthening institutional capacity*
- *Rationalization and strengthening of the regulatory framework with an emphasis on enforcement*
- *Improving the policy framework*
- *Improving public awareness and responsibility and*
- *Promoting environmental health.*

To achieve these policy goals, a restructured and strengthened environmental management agency will be established. This agency will be responsible for all matters relating to the environment. Among the initial tasks of that agency will be the development of a National Environment Policy and a National Environment Action Plan.

Physical Development and Infrastructure

The critical component of the physical development strategy is the adoption and implementation of the draft physical development plan to reduce conflict among land uses and to ensure the optimal and sustainable use of land. With regard to infrastructure, the overall policy is aimed at improving the quality and efficiency in all areas through a number of specific projects. Efforts will be made during the Plan period to improve the management and maintenance of the facilities and promote greater cost recovery. Improvements in physical development and the provision of infrastructure will be means for promoting the balanced development in the territory.

Economic Management

Sound economic management will continue to be a pillar of the integrated effort to reduce the vulnerability of the territory. The main strategic goals include:

- *The promotion of the private sector as the main engine of growth;*
- *The maintenance of macro-economic stability;*
- *The enhancement of international creditworthiness;*
- *The promotion of greater international competitiveness; and*
- *The diversification of economic activity.*

Within the productive sector in particular, policies will be introduced to expand and upgrade the range of products and services that are provided by the two leading industries; to maintain their international competitiveness; and to diversify the production base especially by promoting those activities that create economic linkages between sectors.

Prudent fiscal management will be pursued by stimulating savings through the generation of a surplus of recurrent revenue over expenditure to assist in the financing of the necessary public sector investment. Specific instruments will also be introduced to promote a higher level of savings among individuals, as well as in the private sector.

The promotion of local entrepreneurship is also an important policy goal. This will be attained through the provision of training and capital, and special programs to assist the development of small and medium enterprises.

Social Development and Welfare

The focus of the social development and welfare strategy will be on expanding the scope of the program and improving the efficiency of delivery of services. In order to facilitate these improvements, Government will undertake the relevant social surveys to produce a set of reliable and up-to-date socio-economic data and indicators as a basis for policy and program formulation. The expansion of services will include measure to address the specific problems of the youth, sport and recreation and culture.

Science and Technology

Increased efforts will be made towards improving the scientific and technological capability, including the capability in information technology, during the Plan period. Government will make the necessary investment in scientific and technological education and will introduce education and training in these areas at all levels of education and training. The learning will be geared specifically to foster creativity and innovation among the young.

Information technology will play an increasingly greater role in our national development, particularly in improving efficiency, productivity, competitiveness and global connectiveness. During the Plan period, the thrust of information technology will be the formulation of a National Information policy and the establishment of the appropriate National Information Infrastructure in

order to create a strong foundation for building a knowledge-based and information-rich society. These will be undertaken with the collaboration of the private sector. This approach will help IT to permeate all sectors and enhance their respective contributions to development through greater operational efficiency.

Within the public sector, the increasing use of IT will be a major objective under the proposed public sector modernization program. Consideration will be given to the establishment of a National Information Systems Center within the public service, which is the repository of significant information. This will facilitate the establishment and linking of Management Information Systems in a number of different areas such as economics, finance, trade, health and environment. These will be linked to existing systems such as the GIS and statistics.

The Role of the State

The state will continue to play a central role in the development process. A high performing public sector is a prerequisite for sustainable development. During the Plan period, there will be an evaluation of the role of government and the necessary strengthening of agencies to enable them to perform their tasks more efficiently. A public sector development program will be initiated and greater efficiency will be effect through measures that affect:

- *Accountability and transparency*
- *Collaboration with the private sector*
- *Performance measurement*
- *Management of capital expenditure*
- *Budgeting and*
- *Public participation.*

1. INTRODUCTION

1.1 The Planning Experience

The formal process of national management and planning of the development of the British Virgin Islands (BVI) was initiated under the auspices of the United Nations (UN) in the 1970s. The first step was the establishment of the Economic and Physical Planning Units in the Office of the Chief Minister, the Development Planning Unit (DPU), and the Town and Country Planning Division (TCPD). Thereafter, the planning of the development of the territory was characterized by a series of disparate efforts that have employed neither the multi-sector nor integrated approach to planning, or resulted in the production of a major planning document. So far, however, these efforts have been driven neither by the circumstances of structural adjustment nor externally imposed policy prescriptions.

The limitations notwithstanding, a particular mode of national management in the territory has evolved from our internal efforts. In the main, it has been articulated through:

- Annual Territorial Budgets;
- The Draft Physical Development Plan (1996);
- Country Policy Papers;
- Sectoral Policy Papers; and
- Planning Documents.

In addition, development in the BVI was also influenced significantly by large foreign private sector projects such as hotel and marina construction. More recently, a number of important initiatives have been taken in respect of sustainable development.

These earlier efforts in particular focussed on economic growth and coincided with a period of rapid and sustained economic expansion in the 1980s and 1990s. This resulted in significant improvements in education, health, and the general social wellbeing of the population. This result, however, has masked the limitations of our approach to planning and national management.

1.2 New Imperatives

We live in a fast changing world. This means that we have less time to anticipate and prepare fully for change. This situation can lead to two extreme attitudes to the future. Overwhelmed by complexity, uncertainty, and difficulty in anticipating the future, we may take a passive attitude, accepting whatever comes to us. This is unlikely and unrealistic. On the other hand, we can adopt a proactive and interventionist attitude – more realistic and practical – seeking to create the future we desire. These two positions represent views of the future as destiny or opportunity. Planning makes the difference between the two. This plan therefore, is concerned with the problems and approaches associated with exploring the future as opportunity for the realization of desired goals.

But, even in the realm of planning, conditions are changing. The very context of planning has changed, and everywhere the requirements of national management are greater. In the keynote address to the 9th Annual World Bank Conference on Development Economics, the Bank's Chief Economist commented, "Earlier, development was seen as simply increasing Gross Domestic product (GDP). Today, we have a broader set of objectives in mind: we focus on democratic development, on sustainable development, and on increases in living standards."¹ He suggested that there is more to living standards than is typically captured in GDP accounting, that in the struggle to increase GDP there is, *inter alia*, simultaneous environmental degradation. Elements of the New World order such as competitiveness, global connectiveness, and an open trade regime are also important considerations in the formulation of this plan.

In a similar vein, successive Human Development Reports of the UN suggest broader development policy considerations. Those reports indicate that the link between economic growth and human progress is not automatic. While growth accompanied by reasonably equitable distribution of income is generally the most effective path to sustainable development of the kind that we are pursuing, there are instances in which countries can and have achieved significant improvements in the human condition through well-structured and effective public expenditures, in the absence of satisfactory economic growth or a relatively even distribution of income. Both situations suggest that issues of equity and governance are as essential conditions for development as economic growth, and these will inform this plan.

1.3 Integrated Development

The Integrated Approach to Development Planning seeks to offer an alternative to the traditional systems of planning that focussed on economic and/or social planning and, as a consequence, did not promote sustainable development effectively. Within the Integrated Development Planning context, the approach to planning includes not only the traditional socioeconomic parameters but also is broadened to include environmental, physical, and spatial considerations. A development plan prepared within this framework is neither economic nor physical. Rather, it is an integrated plan in which both economic and physical/spatial aspects are incorporated, in addition to environmental and social factors. Our plan will be structured along these lines.

The strategies that flow from this approach reinforce sustainability. One of their primary goals is to meet the needs of the present generation without compromising the ability of future generations to meet their own needs. This is ensured best if the present generation does not impose insurmountable debts on the future generation. This "future debt" concept is critical. It goes beyond the protection of natural resources and the physical environment: it includes all forms of debt – financial debt, the debt of human neglect, or the debt of environmental degradation – and is tantamount to borrowing from the next generation. The objective is to limit all these forms of debts. It imposes a responsibility on

¹ An Agenda for Development for the Twenty-First Century, Joseph E. Stiglitz, World Bank, 1997.

all governments and people to live, as far as possible, within their means, or alternatively, to exploit/manage the stock of natural resources in such a manner that future generations can benefit from such depletion.

Our integrated approach to development recognizes the growing concern for population and environmental issues including the carrying capacity of the islands, as well as the nature and level of participation by BV islanders in all aspects of national management-alienation. It implies that, after a decade of economic growth, a broader concept of development has evolved. It recognizes that, as the new millennium approaches, governments and people every where are engaging in strategic management, taking stock, assessing where they are, where they want to go, and how they will get there. At the same time here in the BVI, the integrated approach to sustained development and the correctness of policies to promote such development have moved center stage. They constitute the core of this planning effort.

1.4 Strategic Planning

Our planning is based on strategic analysis and positioning that require us to be conscious of the future and all the issues and the associated pitfalls, as well as to deal with interrelated concerns simultaneously rather than sequentially. They require us to evaluate situations, assess options, analyze risks, and make informed choices. The primary objective of this approach is to increase the likelihood of reducing uncertainty and vulnerability to future circumstances that normally are beyond our control. This kind of planning provides the preparation to influence, however small, the outcomes of future events; it is the antithesis of negligence and indifference about the future. As a strategic plan, the National Integrated Development Plan (NIDP) articulates the aspirations and goals for sustainable development, identifies the strategies to achieve those goals, and the measures or activities to achieve the planned strategies.

Planning in general, and strategic planning in particular, are also important tools of national management. They remain major functions of governments to assist them in enhancing their performance and, by extension, the quality of life of the people. It is a major test of the capacity of governments to govern.

1.5 The Requirements of Planning

A number of general requirements are identified for successful planning. These include:

- ✓ Explicit support by the Political Directorate;
- ✓ Adequate institutional capacities and technical capabilities;
- ✓ Objectivity;
- ✓ A long-term perspective;
- ✓ Stakeholder participation;

- ✓ Adequate databases and information systems; and
- ✓ The existence of adequate monitoring and evaluation systems.

All these requirements remain valid for the integrated approach to planning, which has its own special requirements. These include:

- ✓ A multi-disciplinary approach;
- ✓ Strong inter-agency and inter-sectoral linkages in the planning and policy development process;
- ✓ An appropriate legislative framework to support and legitimate the integration process;
- ✓ Clarification and a clear understanding of the roles of functionaries in the planning and policy development process; and
- ✓ The existence of clearly defined strategic national and sectoral development policies;

However, by its very nature planning is never perfect; it is always flexible and adaptable to the circumstances in which it is undertaken. Therefore, while this plan does not meet fully all the requirements identified above for successful planning, this does not pose a significant constraint on its effectiveness. The Plan represents a major initiative of a government and people that have a little more than two decades of experience of ministerial government, and a little more than one decade of constitutional responsibility for the financial affairs of the territory. It constitutes a major step along the way to the proper management of the territory and must be evaluated in that context.

1.6 The National Integrated Development Plan

This National Integrated Development Plan therefore, represents the first formal attempt at national planning in the BVI. It covers the five-year period 1999 to 2003. Its objective is rather modest. Its major purpose is to establish the broad strategies, policies, and the implementation framework to promote integrated development. Its overall aim is to improve standards of living and the general welfare of the population.

The Plan identifies the main strategies, charts the policy program, and sets out the policy agenda and the administrative and implementation framework for planning for the next five years. Essentially, it provides the overall framework within which the activities of all the social partners can be coordinated and pursued for the attainment of the ultimate goal of improving the quality of life of the people of the BVI.¹ That this is the ultimate goal should be out of question. At this juncture, it is important to note that though there may be differences about the means to reach that goal, the NIDP constitutes the most effective and efficient mechanism to resolve the differences among those means and arrive at a mutually acceptable approach to the development of the territory.

¹ The people of the BVI refer to residents of the territory and nationals living abroad.

The document does not represent a comprehensive plan for all the affairs of the territory. The Government recognizes that the process of integrated and sustained development is attained best through the promotion, facilitation, and support of vibrant and enterprising private and non-governmental sectors unfettered by an inhibiting bureaucracy. A main objective of the Plan therefore, is the encouragement of private initiative and support for an enhanced role for the private sector in the development process.

The five-year format has been adopted because it allows a coherent response to the period of change that is facing the territory and the world. This longer planning horizon also recognizes the formulation of a clear policy framework with which to guide programs. The framework itself will be subject to modification if required through a comprehensive mid-term review.

Apart from introducing and emphasizing the concept of integrated development, the NIDP builds on existing policies and strategies to satisfy the development objectives of the society. The Plan gives serious attention to strategies for generating sustainable and rapid economic growth and for ensuring that the benefits of such growth are shared equitably. It addresses the need to balance the desired growth with the protection of the environment and proper physical development. The Plan acknowledges existing social problems and recognizes the emergence of the new problems associated with rapid economic expansion, population growth, and modernization. As a result, it contains strong human development, environmental, and social components, in addition to the normal economic and physical development aspects.

1.7 Development Objectives/Goals

The development objectives capture the collective hopes and aspirations of our people. They represent guidelines for our Strategic Vision as well as for the Mission Statement or purpose of our Government. They also set the boundaries of the strategies and policies that we will develop and implement. These objectives are:

- To reduce overall vulnerability;
- To ensure balanced development;
- To enhance human capital;
- To ensure environmental sustainability;
- To improve the physical infrastructure;
- To maintain social cohesion;
- To attain global competitiveness;
- To promote global connectiveness;
- To promote good governance;
- To preserve the cultural heritage; and
- To ensure the meaningful participation of BV islanders in the affairs of the territory.

1.8 Strategic Vision

The Strategic Vision of the territory encompasses and reinforces our explicit development objectives. It throws light on what we can be – containing a future focus. It is a shared vision that is informed by four main principles:

- It is inclusive of all the social partners;
- It is environmentally sustainable;
- It is socially acceptable and responsible; and
- It contributes to an internationally competitive society.

The resulting Vision, therefore, is that of:

A society that is globally competitive and socially cohesive; that is able to satisfy the basic needs of its people; that upholds the principles of equity, human rights, and good governance; that manages the natural resources of the territory in a sustained and integrated way; that generates self-confidence among the people; and that maintains the unique cultural identity of the territory.

1.9 Mission

In order to achieve our Strategic Vision, the management of the territory must be managed in a particular and deliberate way. The Mission therefore, represents the purpose of the Government in serving the territory as a whole. In the context of the integrated approach to development, the Mission of the Government is:

To mobilize and deliver resources to ensure the health, productivity, prosperity, cohesiveness, and resilience of the people in a responsible and integrated manner.

1.10 Contents

The document comprises five main sections that are preceded by key statistics of the territory. Section 1 sets out the background and philosophical framework of the plan. Section 2 contains an analysis of the contextual situation of the plan. The main challenges that constitute the development agenda are presented in Section 3. The policy framework that identifies the main strategies for integrated development is articulated in Section 4. This is followed by an elaboration of the administrative framework and guidelines for implementation, monitoring, and evaluation in Section 5. A statistical appendix that contains key data is included.

The Plan should be read in conjunction with the Country Policy Paper (CPP)¹, the Medium Term Economic Strategy (MTES)², the draft Physical Development Plan³ and the Public Sector Investment Plan (PSIP)⁴.

¹ The draft CPP (1998) represents a memorandum of cooperation and partnership between the GBVI and the Government of the UK.

² The MTES was prepared by the DPU in July 1998.

³ The draft Physical Development Plan was prepared in 1996.

⁴ The PSIP is being prepared by the DPU.

2. THE PLANNING CONTEXT

2.1 Introduction

An appreciation of the circumstances in which planning is taking place must inform the type of systematic intervention that constitutes national planning. This section, therefore, represents a situation analysis. It contains analyses of the key situations impacting on the BVI. These allow the essence of the problem to be distilled. In addition, they provide the primary building blocks of the Plan and the foundation for its strategies and policies.

2.2 Geography

The territory of the British Virgin Islands is an archipelago that is comprised of approximately 60 islands, rocks and cays. It is located in the northeastern Caribbean Sea, 60 miles east of Puerto Rico, at the eastern end of the Greater Antilles. The territory has total area of 153 sq. km (59 sq. miles). There are four main islands on which the majority of the population resides:

- Tortola/Beef Island with a land area of 54 sq. km (22 sq. miles);
- Anegada with a land area of 38 sq. km (15 sq. miles);
- Virgin Gorda with a land area of 21 sq. km (8 sq. miles); and
- Jost Van Dyke with a land area of 10 sq. km (3 sq. miles).

The territorial sea of the BVI covers an area of 1,489 sq. km (575 sq. miles) and extends 5.6 km from the low water line along the coast. Together, the land and sea areas comprise 1,642 sq. km (634 sq. miles). To this must be added the Exclusive Economic Zone (EEZ), which extends some 200 miles north and northeast of the BVI. The EEZ is a potential source of natural resources, as evidenced by the interest of international oil companies that tested the area about 10 years ago. The EEZ is also rich in marine food products as the world's largest groups of pelagic fish swim through it annually.

A marked physical characteristic of the topography of the territory is the presence of a large number of distinct valleys. The terrain is relatively rugged and there is a relative scarcity of flat land, most of which is located in the coastal areas. This, together with accessibility to the road network and marine areas and the development of hotel and marina activities in those areas, has influenced significantly the pattern of settlement and land use. Most of the recent physical development is along the coastal low-lying areas, where the highest concentration of population is located. The topography also accounts for the relatively high percentage of undeveloped land. On the most developed and populated island of Tortola, undeveloped land accounts for approximately 73% of the acreage, with the majority of the development in the capital – Road Town, and East End.

2.3 Constitutional Status

The BVI is a British Dependent Territory¹ that attained the ministerial system of internal self-government in 1967. Ten years later in 1977, the territory assumed constitutional responsibility for its internal financial affairs. The BVI receives no budgetary aid from the United Kingdom (UK). There is a unicameral legislature comprising fourteen (14) members, and elections are constitutionally due every 5 years. The UK Government, through an appointed Governor, retains responsibility for external affairs, defense, international representation, law and order, and the public service. The Governor has reserved legislative powers and normally acts on the advice of the Executive Council (the quasi-Cabinet) over which he presides formally, and which comprises the Chief Minister, the Attorney General, and three other ministers. The Governor also appoints as Chief Minister one of the elected members of the legislature.

As in the case of other dependent territories, the UK Foreign and Commonwealth Office is responsible for promoting "good government," including proper financial regulation, and has oversight responsibility in this area. On the question of increased political autonomy, the general policy of the UK on independence for Dependent Territories is to assess moves in this direction if and when it is the clearly and constitutionally expressed wish of the local people. In the new policy on the relations between the UK and the Overseas Territories², it was stated that none of the Government expressed any desire for full independence and the right of British citizenship has been restored.

2.4 Population

The population of the BVI was estimated at 20,254 in 2000³. The majority, 16,630, is located on Tortola, 3,063 on Virgin Gorda, 204 on Anegada and 176 on Jost Van Dyke. Between 1980 to 1990, the population increased by about 45% from 11,000 to 16,000. The rate of growth has decreased in the 1990s to an average annual increase of about 2%, and the population is projected to double by 2030. Most of the increase (approximately 65%) since 1980 is attributable to net migration inflow. In spite of the rapid growth, there is a relatively low population density that was estimated at 131 per sq. km.

Rapid growth apart, the age distribution of the population continues to change. There is an increasing active (working) segment swollen by substantial immigration. Relatively low return migration accounts for an unusually small proportion of the elderly, while a relatively low average fertility rate⁴ accounts for the small percentage of births. The average crude birth and death rates were 16.32 and 4.83 respectively between 1993 and 2000. While the population cannot be characterized as either "youthful" or "aged,"

¹ Now renamed "United Kingdom Overseas Territories."

² Statement by the Foreign Secretary, UK House of Commons, 17 March 1999.

³ Census Population Data, Development Planning Unit, GBVI.

⁴ Based on the records of the hospital, the Total Fertility Rate was estimated at 1.8% between 1992 and 1996. A review of the 1991 census data revealed that the TFR was underestimated by approx. 25%.

the age profile suggests that the percentage of the old will increase over time, such that eventually the BVI will have an increasingly older population than at present. In 1996, the "young" (< 15 years) represented 27.1% of the population, while the "active segment" (15-64 years) was 67.8% and the "old" a mere 5.2%.

Immigration therefore, is undoubtedly the single most important population factor. Of the population growth experienced between 1992 and 1996, immigration accounted for 55.2%, such that in 1996, 50.3% of the population was immigrants. The following data extracted from the 1991 census shows the impact of immigration:

- 61.6% of the working labor force was immigrants;
- 80.0% of all nuclear family households contained at least one immigrant;
- 63.3% of all single households was headed by an immigrant;
- 54.5% of all single households with children was headed by an immigrant

2.5 Environment

The environment is one of the most important resources of the BVI. Given the limited land and sea areas, the marine and coastal environments are strategic and together constitute a valuable asset. However, like other Small Island Developing States (SIDS) with limited physical space, there is population pressure on the land and marine environments. The territory faces increasing competition for the use of its natural resources, and there are consequent problems of conservation of its biodiversity, freshwater resources, and watershed areas, as well as coastal and marine resources. This is a significant problem because tourism, a critical element of the country's overall comparative advantage, depends heavily on the natural environment and the adequate management of the fragile ecosystem. The natural features of our territory afford our islands an opportunity to develop a unique ecological tourism product. However, the experiences of other tourist destinations and lessons from the past suggest that environmental protection and tourism development are not always reinforcing and mutually compatible objectives. A similar view is emerging in our territory.

Inadequate physical infrastructure, in particular poor drainage and insufficient solid waste and sewage disposal facilities, also challenges our environment. To this is added the environmental problems associated with unplanned settlements.

Generally, the environment is not managed effectively. This is reflected in:

- The execution of the programs embodied in the environmental legislation and enforcement of environmental laws;
- The fragmented institutional framework for environmental management;
- The underfunding of the environmental function; and
- The limited human resources capability.

Most critical is that, to date, our environmental management framework has not developed the capacity to deal effectively with all the concerns. The management function is dispersed among a number of departments including the Department of Agriculture, National Parks Trust, Conservation and Fisheries Department, and Town and Country Planning Department. The Conservation and Fisheries Department has the primary responsibility for environmental matters including environmental planning and monitoring, fisheries management, coastal zone and beach management, oil spills, and environmental education. The Department of Agriculture is responsible for soil and water conservation, reforestation, and the planning of national parks and protected areas. The Town and Country Planning Department has overall responsibility for physical development and, in this regard, requests Environmental Impact Assessments (EIAs) on major developments, but there is no mandatory nor legal requirement to undertake such assessments. Other environmental programs instituted by non-governmental organizations (NGOs) and special interest groups include tree planting, environmental awareness campaigns, and recycling and reusing materials. Plans are also underway to integrate the management of marine and coastal areas into the overall planning effort, consistent with integrated planning.

The legislative framework is equally diffuse. While there are several pieces of legislation on the statute books, weak implementation and enforcement are major constraints that inhibit their effectiveness. In addition, other pieces of legislation to strengthen the legislative and regulatory framework have been drafted but not enacted. Government, however, is committed to improving the way in which it manages the environment. It has established the Conservation and Fisheries Department, and is a signatory to a number of regional and international treaties and agreements pertaining to environmental management.

The Report on the Implementation of the Program of Action for the Sustainable Development of Small Island Developing States (SIDS – POA)¹ provides the status of relevant action taken by the Government. It included:

- Ratification of the Montreal Protocol with regard to climate change and sea-level rise;
- Ratification of the Basel Convention, the London Convention and the Cartagena Convention (Oil Spills Protocol) to improve the management of waste;
- Ratification of the United Nations Convention of the Law of the Sea (UNCLOS) and the Convention of Straddling Fish Stocks and Highly Migratory Fish to protect coastal and marine resources;
- Ratification of the Convention on Desertification to protect watershed areas and freshwater resources in general;
- Development of Land Information Systems and Geographical Information Systems (GIS) as decision-making tools in order to reduce conflict between land uses and to ensure the optimal and sustainable use of land;

¹ UNECLAC, March 1998.

- Implementation of the Cane Garden Sewerage System, the Oil Spill Contingency Plan in conjunction with Shell (Caribbean) Ltd., and the Solid Waste Incineration programme;
- Ratification of the Convention on Biological Diversity, the Convention on International Trade in Endangered Species of Wild Fauna and Flora, and the Protocol Concerning Specially Protected areas and Wildlife to the Convention for the Protection and Development of the Marine Environment of the Wider Caribbean – to conserve and promote the sustainable use of terrestrial and marine biodiversity.

The Government of the UK also has oversight responsibility for the protection of the environment in its Overseas Territories. To this end, it has proposed the development of an Environment Charter between the UK and its Overseas Territories to help the latter build up their capacity to protect their environment and ensure that the UK can reflect the interests of the territories in international agreements.

Therefore, while it is clear that a number of initiatives are underway to address environmental concerns, they are generally underfunded and uncoordinated, and are being implemented without adequate institutional capacity and human resources capability.

2.6 Economy

Though generally similar in structure to the economies of the members of the Organization of Eastern Caribbean States (OECS) with small internal markets, extremely open to world trade, and very vulnerable, the performance of the economy of the BVI differs markedly from that of those countries. The economies of the OECS are characterized by low rates of growth and GDP per capita, high unemployment, and poverty. On the other hand, the BVI economy grew at an annual average rate of just over 6% in real terms between 1994 and 1997. This rate of growth is one of the fastest in the region, in comparison to a rate of less than 2% for the OECS. GDP per capita is estimated to have increased from \$20,817 in 1993 to \$33,713 in 2000, and is currently one of the highest in the world. There is almost full employment; labor is imported; the Human Development Index (HDI), which is a broader measure of social development than GDP, shows that the BVI falls in the high human development average range of 0.800, and there is little evidence of poverty.

The difference in economic performance is attributed mainly to:

- The transformation of the BVI economy from a primarily agricultural base to a services-oriented economy, which has allowed the territory to escape the changes to the Banana Protocol within the European Union (EU), which has adversely affected the performance of the OECS member states;

- The weakening, in the 1990s, of the pound sterling to which the OECS economies are linked, and which resulted in a substantial decline in their banana export earnings; and
- The global decline in concessional aid flows to the OECS, from a peak of about 9% in the 1980s, to about 4% in the 1990s.

The good performance of the BVI economy that has taken place despite the ravages of hurricanes in the late 1980s and mid 1990s is attributed also to generally sound economic management, manifested by the timely entry into the international offshore financial services industry and favorable market conditions. These have contributed to making the economy the success story of the BVI over the past two decades.

Tourism and international financial services have emerged as the major engines of growth. Together, these sectors dominate overall economic activity. They account for more than two-thirds of GDP, wages and salaries, Central Government revenue, and international trade. The international financial services industry, which largely involves offshore company registration, is the largest earner of foreign exchange. It is a major employer of professionals and medium-skilled persons. The industry provides important linkages with accounting, legal, and banking services, and provides an important service to an international clientele. Tourism is the second largest earner of foreign exchange and the single largest employer in the private sector. On the other hand, the once dominant agriculture sector accounts for less than 2.8% of GDP, and is now an insignificant employer of labor. In fact, the physical structure of the territory denies a comparative advantage in agriculture, while manufacturing potential is limited through high wages, limited skills, and weak infrastructure.

The private sector, foreign and local, combines with the Government to drive economic activity. Foreign private sector interests tend to dominate the leading sectors. Government performs the important roles of facilitator, regulator, provider of physical and social infrastructure, and developer of human resources. The small local private sector provides support services to the main industries, as well as in the provision of physical infrastructure.

The small size and narrow production base renders the BVI an open economy, in which international trade is a dominant factor in all social and economic activity. Trade has a significant impact on government revenue, with import duties accounting for 14% between 1993 and 2000. The data also reveal a continuing imbalance in visible trade, evidenced by an average deficit of approximately \$161m over the last 5 years. This is compensated for by a healthy surplus on trade in services, which was as high as \$235m in 1995.

Fiscal operations are characterised by a pattern of steadily increasing revenue and expenditure. Between 1993 and 2000, revenue increased from \$70.5m to \$183.1m, while expenditure rose from \$59.2m to \$134.6m. As a result, there was a substantial surplus on the recurrent account that was used to finance capital expenditure and build up reserves. Over the period the overall budget surplus moved from -\$6.9m in 1993 to an

estimated \$9.6m in 2000. On the recurrent account, Government has managed generally to contain expenditure on personal emoluments to less than 50% of total expenditure. This trend was reversed in 1997 when there was a significant increase of 8% that reflected public sector pay rises and a higher level of employment. This was matched by a commensurate decrease of 7% in expenditure on operations and maintenance. In fact, while recurrent expenditure has increased annual over the period from \$59.2m to \$134.6, capital expenditure did not keep pace with either growth in revenue nor recurrent expenditure. Capital expenditure fluctuated from \$18m in 1993 to \$21.3 in 1994, fell to \$13.4 in 1996 and rose to \$38.9m in 2000.

Direct revenues arising from the offshore financial sector dominate the fiscal revenue position of the BVI. These increased from \$24.3m in 1993 to an estimated \$87.1m in 2000, compared to the increase in total revenue from \$70.5m to \$183.1m. In fact, the growth of offshore revenue has exceeded that of total revenue as well as revenue from other sources for every year between 1993 and 2000. During that period, offshore revenue as a percentage of total revenue moved from 34% to 48%.

Over the planning period, the economic prospects will continue to hinge on the fortunes of the tourism and offshore financial services industries that are both subject to the vagaries of external market forces.

2.7 Physical Development

Over the past two decades or so, there has been significant growth in physical development of the territory. Several factors contributed to this growth. Among them is the increase in the number of tourist arrivals and the economic prosperity of the territory relative to that of neighboring islands, a circumstance that has resulted in significant immigration and the return of residents from abroad. More recently, as we emerged as a suitable location for offshore financial services, this has impacted on construction activity associated with the provision of quality office accommodation and residential properties. Office complexes, hotels, houses, and apartments have been constructed apace. This has been accompanied by a phenomenal increase in the motor vehicle population.

Currently, there is no formally approved physical development plan for the territory. As a result, this growth has been largely unplanned and characterized by:

- Lack of visual and physical integration of coastal areas;
- Visually inappropriate styles and location of development;
- Sprawling development and development of sites in isolation;
- Extensive hillside development; and
- Incompatibility with the physical infrastructure, evidenced by the inadequacy of sewage treatment facilities, water distribution, and safe access to hillside residential developments.

Physical development is regulated by the TCPD through the Land Development (Control) Ordinance and the Buildings Ordinance. However, the governing legislation is more oriented towards regulating the use and development of land rather than for overall physical development, and as yet, there is no legislation in place requiring that EIAs be carried out for major developments.

Recently, the following initiatives have been undertaken to improve the framework for and the overall effectiveness of physical development:

- The preparation of a draft physical development plan;
- The establishment of a Geographical Information System (GIS) with the Survey department to improve the management and analysis of environment and physical planning data; and
- Institutional strengthening of the TCPD through recruitment, training, and reorganization.

Despite the limitations identified above, there are vestiges of order in certain areas. In Tortola, for example, there is a concentration of hotels on the coastal areas. Major shopping and commercial activity is concentrated in Road Town, though increasingly there is evidence of incompatible development in the main town in particular. On the other hand, physical development is less ordered in the other inhabited islands of Virgin Gorda, Jost Van Dyke, and Anegada.

2.8 Physical Infrastructure & Utilities

Recognizing the importance of its establishment and maintenance to national development in general, to the investment climate and to improvement in living standards in particular, the Government has sought to improve the quantity and quality of physical infrastructure over the past decade. Yet, in all areas and to varying degrees, developments have not kept pace with the increasing demand by the larger population, international trends and requirements, and increasing expectations of high quality. This situation analysis reveals the status of key components of infrastructure.

Transportation

All three major types of transportation are important to us, with air and sea accesses being the more critical. Air transport is facilitated primarily through the main airport on Beef Island, to the east of Tortola. It is designated a Federal Aviation Administration (FAA) approved international airport, with runway of 1,116 meters. Of the commercial aircraft commonly used at present, only the smaller ATR 42 and the Dash 8 aircraft can be accommodated. As a result, the more popular, economical, and convenient aircraft

such as the ATR72, ATP, or SAAB100 does not service the territory. Two main airlines, LIAT and American Airlines, together with small scheduled charters, operate out of Beef Island. Smaller airstrips are located on Virgin Gorda and Anegada, with runways of 945 and 763 meters respectively. These limited facilities, though they account for about one-third of all arrivals, pose a serious constraint to the accessibility of the territory to the rest of the world and vice-versa. There are advanced plans to upgrade the Beef Island airport to a length of 1,416 meters, and to improve the facilities on Virgin Gorda and Anegada.

Sea transport assumes a different level of importance because it is a major means of transport for residents within the territory, separated as it is by water. In addition, it accounts for two-thirds of international arrivals and the majority of international trade. This movement of persons and goods is facilitated by a number of public facilities at Port Purcell, the main harbor that is a deepwater port, and shallow draft facilities at Sopers Hole at West End, The Valley in Virgin Gorda, and Jost Van Dyke. In addition, there is the deepwater cruise ship dock at Wickam's Cay in Road Town. Ferry services play an important role in sea transportation for both residents and tourists among the islands of BVI, and between the islands of the BVI and the United States Virgin Islands. These are accommodated in the shallow draft ports that are generally inadequate in terms of size and supporting infrastructure, such as terminal facilities and mooring areas.

A road network of approximately 176.6 km facilitates land transportation. Generally, the network is fairly efficient in terms of connecting the main centers of settlement, but its overall condition is not satisfactory. About 25% of the network is unpaved, 80% of which is on Anegada and Jost Van Dyke. Tortola has the most developed system of all the inhabited islands, while most of Virgin Gorda is accessible. The extent of paving apart, the condition of the roads is rendered poorer, particularly in the hilly interior where they are generally narrow and steep in large sections. Drainage facilities are similarly inadequate because of the difficult terrain and the absence of proper regulations for the management of this aspect of the infrastructure. The inefficient drainage facilities cannot cope with soil and water runoff, and this has an adverse effect on the roads, as well as harbors and seaports.

In addition, there is the problem of uncoordinated road layout caused by customary land tenure, while the lack of planned quality maintenance and the dramatic increase in vehicular traffic over the past two decades have contributed to a continuing deterioration in the state of roads in the territory. Population pressure and the need for greater accessibility continue to drive expansion of the network.

The BVI does not have a public transportation system. There are privately owned and operated minibuses, taxis, tour, and vehicle rental services that have developed specifically around the tourist trade, but which also cater to residents. The most prevalent mode of transport for residents is private automobiles, and this phenomenon contributes to traffic congestion at peak hours, parking problems, and environmental pollution in Road Town as well as in other residential areas.

Electricity

The state-owned statutory corporation, BVI Electricity Corporation (BVI EC), provides electricity. The main facility is located at Pockwood Pond, with backup at Long Bush. The total system capacity is approximately 19.58 megawatts (MW), and there is a fairly extensive coverage of all the inhabited islands. A 60 kilovolt (kV) generator serves Anegada. Approximately 98% of households are connected to the network. The source fuel is imported diesel oil.

The system was extensively damaged by hurricanes in 1995. This was partly a result of the exposure of the majority of lines to the elements rather than being buried underground. The deficiency of the system has been exacerbated by larger-than-anticipated growth in demand, the need to tie the network to a distribution ring, and the poor state of the undersea lines to Virgin Gorda. These result in frequent outages. Overall, there is need for significant investment in plant upgrade and modernization.

The BVI EC has embarked on a development programme financed through a loan agreement with the Social Security Board and Banco Popular de Puerto Rico. The programme includes:

- The installation of two generators at the Pockwood Pond station to increase capacity by approximately 40% (12.5MWh);
- The installation of a desalination plant at Pockwood Pond to utilize waste heat in the conversion of sea water; and
- The construction of two switching stations at Long Swamp and Long Bush power station.

While the Corporation has realized operating profit in recent years, its operating margin is small and its capital structure is highly leveraged. This has contributed to inadequate maintenance and rehabilitation which, together with a less than efficient billing system, has affected overall efficiency.

Water and Sewerage

The provision of adequate water and sewerage facilities is the responsibility of the Water and Sewerage Department, a division of the Ministry of Communication and Works. Water is supplied either from the public system operated by the Department, or from private cisterns. The former mode provides about 70% of total water demand, and the latter caters for the remaining 30%. This poses a major challenge to the provision of potable quality water in the territory. While up to 10 years ago only a relatively small percentage of households (30%) were connected to the public water supply system, today over 85% is connected, and piped water is now available throughout most of Tortola and Virgin Gorda. In Anegada, there is no public water supply system. This is in striking contrast to the situation in Virgin Gorda, where the most complete public water supply exists. In the absence of an adequate supply of ground water, privately owned desalination plants supply the public system almost exclusively.

The water department suffers from a number of problems, the most serious being a poor system of leak-detection that results in significant water losses (of over 30%) from the distribution system. Old cast iron pipes, especially in the Road Town area, exacerbate the problem. In the past, sewerage operations suffered from a weak billing and collections system exemplified by customers who are connected and not billed for almost 10 years. There was about a 20% collection rate for sewerage that caused heavy losses of revenue. Recent improvements to the system have reversed the situation. Still, water and sewerage services are provided at subsidized prices that do not allow the Department to record operating profits.

An estimated 95% of homes have either septic tanks, or are connected to sewerage systems in Road Town and Cane Garden Bay. These systems also have pump-out facilities for yachts. There remains, however, the environmental problem caused by inadequate wastewater treatment that results in the discharge of untreated effluent into the marine areas.

Telecommunications

A highly efficient telecommunications system is a *sine qua non* for maintaining our competitiveness, particularly in the international industries of tourism and offshore financial services. Within the last decade, rapid strides have been made in improving the quality of service. All of the large providers are from the private sector, with international connections and access to state-of-the-art technologies. Cable and Wireless (WI) Ltd., which provides local and international telephone, Internet, cellular radio, and other international data access services, dominates the industry. Cable Television (Ltd.) provides access to international cable television channels. The major courier services operate out of the territory, and local communication is enhanced by the existence of two locally owned radio stations.

Postal Service

Despite the rapid developments in electronic mailing, the traditional postal service is still relied on heavily for non-commercial communication. The service is hampered by the absence of home delivery of mail, and competition from the more efficient and faster forms of written communication such as facsimiles, couriers, and e-mail. There is still need, however, for an upgraded service to facilitate cheap and efficient written communication among residents and between residents and the rest of the world.

Industrial Estates

Industrial activity in the BVI is in an embryonic stage, as evidenced by the relatively low contribution of manufacturing activity to GDP. Three areas are identified for industrial development – Pockwood Pond, Fish Bay, and Port Purcell. However, the bias towards commercial activity has resulted in a concentration of commercial activity in Road Town along Main Street and Wickham's Cay, and in Port Purcell where industrial sites are

converted into commercial uses as supermarkets, mini-marts, and shops. The Draft Physical Development Plan (1996) sets out the criteria for locating various categories of industrial development.

2.9 Human & Social Development

Human resource development is a major cornerstone of our integrated development effort. It is critical for the development of human capital and the enhancement of the productivity and competitiveness of the territory. While the recent period of economic growth has resulted in significant improvements in education, health, and general social wellbeing of the population, there is growing concern over the ability of the relevant social services to cater efficiently for the needs of the larger population.

Education, training, and health are normally identified as three of the more important elements that impact significantly on our human and social condition in general, and on the development of human capital (human resource development) in particular. Equally important, however, are the provision of recreational facilities and welfare services, adequate treatment of issues relating to the elderly, youth, disabled, family, and gender, improved community relations, and increased attention to the emerging issues of social cohesion, crime and violence, substance abuse, vagrancy, and delinquency. In all these areas, there is work in progress that needs to be adapted to the changing circumstances and the requirements of integrated development.

Education and Training

Education has played an important role in the improvement of our social status, as it has done throughout the Caribbean. The BVI reports a relatively high literacy rate of over 98%. Education is largely publicly funded and compulsory from age 5 to 15. At the tertiary level, a wide range of educational opportunities is provided at the Community College. In addition, the Government finances overseas education and training for qualified citizens in fields of study that are relevant to the development needs of the territory. Government has placed a high priority on education. Between 1992 and 1996, education affairs and services accounted for approximately 16% of total government expenditure, about 3.2% of GDP at current prices.

Basically, the system of education caters for four levels – early childhood, primary, secondary, and tertiary. Education is free and compulsory up to the age of 15, with Government being the main provider of services. Excluding the early childhood education, the system caters for approximately 5,300 students, about 2,900 at the primary level, about 1,700 at the secondary level, and about 700 at the tertiary level.

Early childhood or pre-school education caters for the age group 3 to 5. It is exclusively a private sector activity, there are approximately 15 such service providers, and total enrolment is 635. This activity is largely unregulated from an educational perspective.

However, given its increasing importance in human resource development, the Government has begun to play a role through the provision of small grants, assistance with the development of programmes, and the choice of appropriate instructional materials. Standards for Early Childhood Education are also being established.

Primary education covers the age group 5 to 12, and is provided by a network of 16 public and 5 private primary schools that are located throughout the territory. While the geographical coverage and physical infrastructure are relatively satisfactory and the average enrolment rate is 98%, there is evidence of less-than-satisfactory academic performance. An increasing number of 14+ students are failing the Primary V assessment, while more are admitted to the level 5¹ programme at the secondary school. These deficiencies adversely impact on performance, as well as participation at the secondary level.

Secondary education is available at three institutions: The BVI High School in Tortola, the Bregada Flax Educational Center in Virgin Gorda, and the Secondary Division in Anegada. The level of attainment is a cause for concern. As far back as 1988, the Review of Education noted from a sample of Caribbean Examinations Council (CXC) results that only 5 out of 18 students might have qualified for University matriculation. An analysis of the 1997 results show that only 14% of students who graduated from secondary schools in the territory achieved CXC passes at General Proficiency levels I and II and might qualify for university matriculation, a trend not dissimilar to that of other Caribbean countries. Yet, over the years there were opposite results for the High School Certificate Program, in which more than 50% receive Grade I and II certificates. This contrasting situation raises questions about the comparability and relative quality of the two sets of certification.

The shining jewel of the BVI education system is the tertiary education facility, the H.L. Stoutt Community College. This facility that was established in 1991 provides a wide range of training, mainly in liberal arts and management up to the level of associate degree and an Executive Bachelor's Degree in Business Administration. While the offerings are limited in the area of vocational and technical training, it has attempted to service the immediate needs for job opportunities in areas such as computer literacy, business management, and secretarial skills. It also provides opportunities for qualified students from the secondary school to follow programmes that will allow them to meet the matriculation requirements of British-type universities, such as the University of the West Indies.

In the absence of a full-fledged university, the Government facilitates overseas training in fields of study that match the development requirements of the territory.

While strong in the provision of basic and formal education, there is no system in place for the provision of special education, technical and vocational training, or lifelong learning. Other areas of concern are the content of the curricula, access to secondary education, the

¹ This programme caters for students who are weak in the academic subjects particularly English and Mathematics.

quality of teachers, the heavy reliance on expatriate teachers, and the performance of males relative to females.

Health

In broad terms, the BVI has a relatively good health status, measured by primary indicators such as the crude death and infant mortality rates and life expectancy at birth. The physician to population ratio is approximately 2.2 per 1,000, which is high for Caribbean and Latin American countries. Generally, improvements in nutrition, sanitation, access to immunisation, and family planning have contributed to lower mortality rates and increased life expectancy. By 1996, successful health policies resulted in a crude death rate of 4.7, an infant mortality rate of 13.4 and a life expectancy at birth of 74.8 years.

This satisfactory health status has been achieved in spite of a deficient public health system that is evidenced by the fact that an estimated 60% of medical consultations take place in the private sector, including as much as 95% in some specialities. This also includes a significant proportion of the population who travel to Puerto Rico and the US Virgin Islands for health services.

The recent rapid economic growth and improved living standards have also affected the health condition. An undesirable outcome of these circumstances is a greater incidence of chronic diseases and disabilities. Indeed, medical conditions associated with lifestyles are beginning to emerge as a major health issue. Research carried out over the years indicates that the lifestyles of the population, such as sedentary living, unhealthy eating habits associated with "fast foods," excessive alcohol consumption, smoking, stress, and other ill effects of affluence contribute significantly to the increased incidences of non-communicable diseases.

This emerging health condition is consistent with a growing but disturbing trend in the Caribbean. This trend suggests that obesity and other non-communicable diseases such as diabetes, hypertension, heart diseases, and some cancers are replacing malnutrition and infectious diseases as the leading cause of hospitalisation and death. From a national management perspective, treatment of these diseases is more costly, and increasingly, they are afflicting persons in the more productive period of life.

The health infrastructure consists of:

- The Peebles Hospital in Road Town, with a capacity for 44 beds and medical services in general surgery, anaesthesiology, paediatrics, obstetrics and gynaecology, internal medicine, ophthalmology, and dermatology; x-ray, ultrasound, medical laboratory, physical therapy, and pharmacy services are also available.
- One health centre in Road Town and eight district clinics: four in Tortola, two in Virgin Gorda, one in Jost Van Dyke, and one in Anegada.
- Two satellite clinics in Tortola.
- One private hospital and private dental and medical clinics.

Health care is provided by both the public and private sectors with the emphasis on primary care. Provision by the voluntary/NGO sector is insignificant. Limited secondary health care is provided at the Peebles Hospital, and there are neither facilities for tertiary health care nor separate facilities for mental health care. The Government is the main provider through the Peebles hospital and the network of district clinics.

The public health system provides a combination of hospital, community, and environmental services. Between 1992 and 1996, public expenditure on health affairs and services accounted for approximately 8% of total government expenditure, about 1.6% of GDP at current prices.

Private sector activity is not inconsequential, both in terms of activity and income. The Keele report¹ estimated that "private practice accounts for anything between 50% and 80% of the care provided on the island (territory)."

Health care, like a number of public goods in the territory, is inherently high cost. Apart from the direct cost of the service, the archipelagic nature of the territory imposes additional transaction costs on the individual and the system.

Despite the high cost, Government services are provided on a subsidised basis. The Keele report identified two approaches to subsidisation. Firstly, there are a number of groups that are exempted from charges. These include persons aged 65 years and over, school children, the mentally ill, the indigent, prisoners, police officers, prison officers, fire officers, public sector health workers, and workers in the Adina Donovan Home. The second way is through a fee structure that does not reflect costs. In addition, no fees are charged for waste disposal and only dental services provide a source of income from Community Health Services.

In the absence of a national health insurance scheme, the Social Security Board (SSB) plays a significant role in financing health care in the BVI. Under the social security scheme to which contributions are mandatory, all employees over the age of 15 are covered for a range of health related benefits. The SSB also allocates a portion of its income to improvements in public health services on an ad hoc basis.

Between 1993 and 1996, a number of reforms have been implemented recently under the United Kingdom Government-funded Health Reform Initiative. The emphasis was on health reform rather than health care reform, and included agreement and partial implementation of a new management structure, and the undertaking of a number of health sector studies.

At the human resource level, the BVI suffers from a shortage of health care workers, and relies heavily on expatriate health care providers. In 1995, 67% of the nurses and 33%

¹ Keele University: Baseline Study of Health Care Expenditure in the BVI and Options for Change.

of the assistant nurses attached to the community health services were from outside the territory.

Housing

The provision of housing in the BVI is a private sector activity. Cognisant of the link between housing and land ownership or access to land, the Government facilitates housing development by providing sites and services. In addition, The Development Bank of the Virgin Islands (DBVI) and the SSB provide lines of credit for housing for lower income level families. The evidence suggests that all households in the BVI are housed in some sort of physical structure, the majority of which are constructed of concrete, wood, or a combination of both. The housing stock, however, is ageing. Approximately 20% was constructed before 1960, 19% in the 1960s, and 38% after 1980. The remainder is not identified by year of construction. A significant trend in housing construction is the dramatic shift towards apartment/condominium type dwelling. This category has accounted for the largest number of housing units constructed in the territory since 1980, and caters for over 50% of the resident population and probably the majority of immigrants.

Much of the growth in the construction of dwelling units seems to be in response to the demand by the immigrant population and the supply response by local population in the form of the provision of rental accommodation. For the local population, the supply of housing appears adequate to meet the demand, but there is concern about the increasing divergence between income levels and housing costs. This situation can have an adverse impact on the accessibility of housing to individuals in the lower income levels. Another concern relates to adequacy of insurance coverage given the location of the territory in the hurricane belt.

The issue of land tenure is closely linked to housing development. In many instances, one parcel of land has multiple ownership and inherited occupancy. As a consequence, there is the legitimate expectation of subdivision into housing lots. On the island of Anegada there is the separate and larger unresolved issue of the ownership of the land that continues to constrain private housing development.

Poverty

Poverty can be defined as the inability of individuals/households to afford the basic amenities that are essentials for a comfortable existence. This definition implies that a certain level of income must be attained to avoid the discomforts associated with poverty. The shortcomings in the data, particularly the income data, and resulting analysis do not allow for firm conclusions on the incidence of poverty in the BVI. In the overview, however, it must be admitted that poverty is not a major issue, and its alleviation is not a priority concern at this time. The evidence suggests that generally the majority of households in the BVI have access to the basic facilities and amenities.

This does not mean that poverty does not exist. While it is not a pervasive characteristic of the society as is the case in other countries of the OECS, recent household data point to the disturbing trends of the emergence of pockets of poverty, particularly among single parent families and increasing disparity in the distribution of income.

Welfare

The Government provides a wide range of services for the less fortunate and senior members of our society. These include: social security benefits, homes for the aged, and children with special problems, as well as for women affected by domestic abuse, rehabilitation facilities and programs, a learning center for children with special needs, and free and subsidised health care.

The Social Security system is a mandatory contributory scheme that provides the principal form of welfare benefits and is a valuable safety net for a larger number of recipients. As the welfare system expands, its efficiency and effectiveness are hampered by the absence of clear policies. The effectiveness of the system, however, is hampered by the inadequacy of the database, and for the provision of the required services, a lack of clear policies in respect of qualification and level of benefits and the database needed to develop and implement such policies. In addition, the quantity and quality of staff needs to be improved.

Youth and Sport

The young (<15 years) represent about one quarter of the population. As a result, youth development has emerged as a critical aspect of our overall development. Here, as elsewhere, the youth is at great risk. In recognition of these circumstances, the Government, in 1994, approved in principle a National Youth Policy, as a consequence of which the Social Development Department implemented a number of youth development programs.

Sport and recreation are important vehicles for youth development. There exists a Recreation Trust that has the responsibility to purchase or lease lands for public recreational facilities, as well as administer, maintain, and encourage their use. Over the past decade significant capital expenditure was incurred in the provision of recreational and sporting facilities throughout the territory. This capital expenditure, however, has not been matched by the necessary recurrent expenditure to facilitate the adequate maintenance and management of the facilities. Competitive sport is very much a community/NGO effort with negligible involvement by the Government.

Culture

Over the years, the heavy inflows of immigrants have contributed significantly to the cultural diversity of our small territory. As a result, Government has taken a number of steps to preserve the rich cultural heritage of our society that is also an important product

of our tourist industry. The responsibility for the preservation of our cultural heritage is shared between the Government through the Department of Education and the community through a number of NGOs. Recent initiatives include the promotion of annual cultural events and festivals, as well as the preservation of historical sites.

2.10 Employment

Technically, the BVI has maintained full employment¹ over the last decade. The number of employed grew from 10,255 in 1992 to 12,774 in 1999. The vast majority is employed in the services sector, where the largest employer is the Public Administration industry with 3,839 employees, followed by Hotels and Restaurants with 2,345. These account for 30.1% and 18.4% respectively of total employment. The majority of the work force (76.4%) is in the age group 20 to 45, with close to 70% being immigrants. The data for 1996 reveal no overt gender discrimination in employment, with male and female employees both accounting for roughly 50% of the work force respectively. However, the average earnings of male employees were approximately 25% higher than that of female employees.

Average employee earnings in 1999 was \$18,950. The highest levels of remuneration are paid in the financial sector, followed by electricity, gas, and water supply, where overtime payments are a significant component of earnings. Next is the public service. At the bottom of the scale are activities as fishing, manufacturing, and construction, where most individuals are engaged in elementary occupations.

2.11 Public Sector & Public Administration

The consolidated public sector consists of the various departments of the Central Government and public enterprises and statutory agencies such as the BVI Electricity Corporation, the BVI Ports Authority, the Development Bank, the Social Security Board, the BVI Fishing Company, and the Wickham's Cay Development. Of the latter group, only the Electricity Corporation and the Social Security Board have demonstrated financial viability over the past five years.

Our public sector in the BVI is the combination of the legacy of the colonial system and the ad hoc requirements of the constitutional government over the past two decades. While the range and quality of public services has improved over the last decade in particular, a lot more needs to be done to ensure that taxpayers are getting value for money. Agencies need to be rationalised and their areas of responsibility clearly defined by legislative, regulatory or policy frameworks. In a number of instances, the level and quality of service need to be further improved.

The success of this integrated development strategy depends on the capacity of the core public sector – the Central Government – to analyse, formulate, and implement the

¹ Defined as a rate of unemployment of less than 4%.

necessary policies. The size and functions of this core have increased over the last five years. The number of employees in the public administration and social security sector increased from 2,006 to 2,298 between 1992 and 1999. This is counter to the trend of “down-sizing” and “right-sizing” of the sector, and the transformation of its primary role to that of establishing an environment conducive to private sector activity.

Public service expenditure was contained at less than 50% of recurrent expenditure for all of the last six years except 1997. The ratio of expenditure on wages and salaries to expenditure on goods and services ranged between 1.5:1 and 1.7:1 over the period 1992 to 1996. During this time, the bill for wages and salaries increased by 62.5% from \$24m to \$39m, while the expenditure on goods and services increased by 72% from \$13.5m to \$23.2m. This compares to overall public service expenditure that grew by 54.3%, from \$40.9m to \$63.1m.

In recognition of the need for greater efficiency, several initiatives have been undertaken to improve the performance of the public sector. These include:

- The use of contractors in the water sector;
- The establishment of statutory bodies in Ports and Harbors and the Social Security Board;
- The use of contractors for executing major PSIP projects;
- The introduction of financial management information systems in the Ministry of Finance;
- The development of a project cycle-based management system for capital projects; and
- A public sector modernization and development project.

2.12 Development Policy

Over the past two decades the focus of development policy has been on the economic and social sectors. The dominant strategy of the Government was to transform the BVI from a primarily agricultural society to a highly competitive and leading center for tourism and financial services.

In the area of tourism, the core policies were dedicated to improving the quality of the product and services as well as enhancing our image as a superior tourist destination. The measures related to the management of the sector, the provision of infrastructure, the establishment of a conducive investment climate, and the preservation of the environment.

In the offshore financial services sector, the strategy was to create a world class environment for the operations of these institutions. A wide range of measures were implemented, particularly at the legislative and regulatory levels, to provide a

competitive advantage to operators in the BVI. In addition, an effective, responsible, and internationally reputable management structure was established.

Other elements of economic policy facilitated the expansion of private sector activity, particularly in those areas where linkages are possible with the main areas of economic activity.

The social sector strategy was aimed at providing a better quality of life. This was achieved by the implementation of policies pertaining to improving the services provided in health, education, and welfare. As a result, the BVI has a high average human development index (HDI) calculated in accordance with the UNDP measurement criteria.

In support of these main policies, the Government provided physical infrastructure, improved public administration capability, and sought to preserve the environment.

2.13 Disaster Management

The BVI is an area prone to natural and manmade disasters that result in considerable destruction. In recognition of this, as well as the fact that sustainable development cannot be achieved unless disaster management is integrated with the overall planning effort, Government has undertaken a number of measures to put the territory at a certain level of preparedness to respond to such events. The National Emergency Advisory Council (NEAC) is established as the policy-making body for disaster management. The chairperson of the NEAC is the Deputy Governor, whose portfolio includes responsibility for the Office of Disaster Preparedness (ODP). The national response system includes the ODP, medical, police, fire and rescue, and Virgin Islands Search and Rescue (VISAR). In the case of oil spills, the Conservation and Fisheries Department is involved. In 1997, the Executive Council approved a National Disaster Plan that details the framework and responsibilities of disaster recovery operations in the event of a disaster.

The responsibility for disaster management, however, is not solely that of the Government. The private sector, communities, NGOs, and international organizations are also involved. VISAR, for example, is an NGO dedicated to saving lives at sea. Private firms are involved in the adoption of emergency shelters and upgrading them to acceptable structural standards, private medical personnel are prepared to provide emergency medical attention, while the international organizations provide training and are able to mobilize international assistance in time of need.

2.14 Globalization & Global Connectiveness

While still a major challenge for us, globalization is not a new phenomenon. The process began many decades ago. It is a key characteristic of the New World order. What are new are its relationship to the emergence of the New Age of Information and the

imperative of global connectiveness through technology. What are new are the impact that these phenomena have on, and their importance for, the conduct of business. It is information technology that has made us part of the global economy.

As people all over the world benefit from new technology, better and greater opportunities for business emerge. The whole world is now our market. Companies in our offshore financial sector serve clients in Australia, Africa, Asia, Europe, and North America. Traditional advantages of size no longer guarantee success. Small is once more beautiful and has its own advantages. Globalization and the New Age of Information have neither age nor gender qualifications. Together, they constitute an economic tidal wave of which we are unmistakably a part, since most of our national income comes from abroad and is generated substantially by information technology.

2.15 Science & Technology

A necessary ingredient for the 21st century is an appropriate platform and infrastructure for Science and Technology (S&T), including information technology. The absence of extensive industrial production processes and a lower level of emphasis in the education system have caused them to be not as developed as they should be. There is no explicit S&T policy or National Information Policy (NIP) and the National Information Infrastructure (NII) is not well developed. These are acknowledged deficiencies that must be addressed.

In summary, our planning context is one that, though benefiting greatly from two decades of progress in a number of areas, remains inherently vulnerable.

3. THE DEVELOPMENT AGENDA AND CHALLENGES

3.1 Overview

The development agenda constitutes the broad challenges that face us in the medium term. They are distilled from the situation analysis in the previous section. They are the issues that assume a high degree of priority, and are likely to have a pervasive impact on society. They constitute the core of the plan, and are the main focus of its strategies and policies.

These challenges also arise from the basic dichotomy between growth and development. International experience tells us that while increasing GDP (growth) is important, it is not an end in itself, nor the only end. Increasing GDP is essential as a means to achieving other objectives. Indeed, there is evidence to suggest that increasing GDP may result from the attainment of other objectives in an iterative relationship, giving rise to the theory of mutual exclusivity in the attainment of key development objectives.

Our experience is one that is characterized by a decade of increasing GDP. This has resulted in higher government revenue and expenditure, and contributed to a human development index that falls within the high average range of 0.800 and above. Notwithstanding the rapid expansion of the economy and the major strides in social development, the future development of the territory poses many challenges to the sustainability of the momentum.

Clearly, the overriding challenge is that of consolidating and sustaining the development gains achieved over the past decade, and identified in the Planning Context. This is a primary objective of the Plan. But there are a number of major challenges that must be overcome to achieve that objective. These challenges comprise our development agenda. These are presented hereunder.

3.2 Reducing Vulnerability

A central issue on the development agenda is that of reducing the vulnerability of the territory. Our vulnerability is multidimensional and typical of small states. It arises from a number of factors, including:

- Our location, that renders us prone to natural disasters such as hurricanes and changing weather patterns;
- Our dependence on a narrow range of services exports, namely tourism and offshore financial services;
- The small size and openness of our economy;
- The dynamic trends in the global economy;
- Our fragile environment and ecosystem;

- Our peculiar geography and topography;
- The impact of drugs and other forms of substance abuse;
- The social and cultural influences of significant immigration; and
- Dependence on external political circumstances particularly in the UK and US.

Reducing our vulnerability, therefore, requires actions to mitigate the negative impact of these circumstances on our development, including disaster preparedness and recovery systems.

3.3 Promoting Sustainability

Key factors for the success of the integrated approach to development are establishment of a capacity to promote sustainability, and the promotion of sustainability itself. An important requirement for these is increased awareness and involvement of NGOs, community-based organizations (CBOs), and the public in the national decision-making process for the formulation and implementation of programmes. These efforts must be complemented by the assistance available from international agencies and regional organizations. In addition, issues related to gender, population, environment, and technology must be infused into the education curricula and incorporated into the mainstream of the decision-making and planning processes of the Government. Within the Government infrastructure itself, the administrative capacity must be developed for the implementation of the appropriate programmes.

3.4 Ensuring Environmental Sustainability

Environmental matters are rising to the top of the national agenda for many nations, and the BVI is no exception. Environmental sustainability, therefore, is given special mention. We have a fragile natural resource base. We face problems of conservation of our biodiversity, freshwater resources, and watershed areas, as well as coastal and marine resources. As a tourist destination, these issues loom large because adequate management of the environment and ecosystem is a fundamental element of our overall comparative advantage in that industry.

Environmental sustainability is, therefore, a priority concern of the Government, but despite many commendable efforts, the environmental problems requiring attention are many and significant. These include:

- Solid waste and sewage disposal facilities;
- Appropriate carrying capacity;
- Degradation of watersheds;
- Degradation of marine ecosystems;
- Destruction of biodiversity;

- Unplanned settlements;
- Drainage systems;
- Inadequate legislative and regulatory frameworks;
- Inadequate institutional and human resource capacity;
- Inadequate budgetary provisions ;
- Non-integration of environmental concerns into other facets of planning; and
- Lack of environmental awareness.

It is also recognized that, in a global context, a quality environment can be used to attract quality brainpower that, in turn, can be put to propel professional services as an export commodity. A prerequisite for the sustainability of our future development, therefore, is that it must be in harmony with the environment.

3.5 Enhancing Human Resource Development

The shortage of skilled human resources requires us to rely on significant inflows of immigrant labor, that today accounts for a little over 60% of the labor force. As Government seeks to implement its integrated development strategy and to consolidate the gains achieved to date, emphasis will be accorded ensuring access to a quality labor force with a lower ratio of immigrants to non-immigrants.

The two major pillars of our human resource development strategy are education and health. In both areas, emphasis will be placed on fostering improvements in the quality of services provided and improving accessibility of the population to those services. This approach is required especially to sustain economic growth and enhance global competition.

With regard to education, the Government has taken the position that the system must be of the highest standard and oriented to the major developmental activities if we are to remain globally competitive. To this end, we will continue to give priority to the attainment of the goals of the last five-year educational plan, which were:

- Greater access and relevance through the provision of education and training facilities focused on fields of study that are relevant to the development of the territory;
- Appropriate curricula and assessment through the provision of curricula teaching methods appropriate to the needs of the individual and the territory; and
- Quality assurance through the development of the capacity to plan, implement, and evaluate educational programs to ensure that graduates have the skills knowledge and attitudes that are suitable for the labor force.

In the area of health care, the medium-term strategy will focus on the continued provision of a high-quality, accessible, cost-effective, and sustainable health service. This is being achieved already through the strengthening of primary and secondary health care

services through improved geographical coverage and quality of service, and a greater emphasis on health promotion. Increased emphasis will also be placed on preventative health care, through the promotion of healthy life styles.

3.6 Improving Physical Infrastructure & Utility Services

In order to contribute to the consolidation of the development gains, the territory must have the ability to respond effectively to the domestic and commercial needs for all forms of required infrastructure. Indeed, one of the most important links of the integrated development process is to improve essential infrastructure services in ports, water and sewage, transport, and roads, since these have an impact on all facets of development. However, despite heavy expenditure in recent years, these key infrastructure services are plagued by lack of maintenance and rehabilitation, inefficient management, the absence of required new investments on a timely basis, and, where relevant, inadequate cost recovery systems.

The expenditure on physical infrastructure is exclusively for the account of Government (except in the case of the airport on Virgin Gorda) and the pattern of expenditure was inconsistent over the past 5 years. It is reported, however, that this is attributed partly to the lumpiness and indivisibility of certain infrastructural projects undertaken in these years. Total expenditure on physical infrastructure ranged from 15% of capital expenditure in 1994 to an estimated 43% in 1997.

3.7 Improving Physical Development

A priority agenda item is an improved framework for physical development. This must be provided through a physical development plan that must set out the expected level of physical development for the territory in the medium term, and the strategies for ensuring that the best use is made of the available land resources for the benefit of the residents. The purpose of such a plan is to bring about the orderly and coordinated development of the territory. A draft physical development plan already exists. Emphasis will be placed on building consensus and finalizing the document into an approved plan through the process of consultation and adoption by the Executive Council.

3.8 Strengthening Institutional Capacity - Public Sector Management & Administration

A fundamental requirement for the successful management of the territory and, by extension, the successful implementation of the integrated development strategy, is a responsible, efficient, and capable public sector. This is important because of the critical, multifaceted role that the public sector has to play within the development strategy. The public sector is a pacesetter, facilitator, and regulator. In addition, it is responsible for

coordinating the formulation and implementation of the strategies and programs that comprise the NIDP. Within the public sector as a whole, these roles require attributes such as strong and effective leadership, integrity, relevant skills, creativity, and flexibility.

The main focus of the core public sector is to ensure the good governance of the territory through effective and efficient management and administration. This is characterized normally by effective coordination among the various agencies of government, and the promotion of a culture of excellence through the inculcation of basic values of integrity, accountability, discipline, respect, tolerance, productivity, and professionalism. These values must pervade all levels of the public sector as an essential component of its guiding principles. They are non-negotiable in the quest for good governance, and pose a major challenge to the development effort.

There is obvious need for a rationalization of services and a clear delineation of responsibility, possibly through legislative, regulatory, or policy frameworks. In a number of instances, the level and quality of service need to be improved. In addition, the imperatives of integrated development require that other specific deficiencies in capacity be addressed. These include:

- Inter-agency coordination;
- Policy formulation and implementation;
- Project management;
- Monitoring and evaluation;
- Data collection analysis and dissemination; and
- Public sector financial and planning reform.

3.9 Improving Governance

Of the many challenges facing the territory, good governance is undoubtedly one of the most critical. The overriding objective of governance is to strengthen the capacities of governments to manage the development process effectively, and to create an environment that promotes individual creativity and collective responsibility in civil society. Good governance has several dimensions. These include, but are not limited to:

- Sustaining the capacity of the civil service systems, including reform programs that feature not only rightsizing and cost containment, but management skills development, in an effort to enhance quality and cost effectiveness;
- Strengthening the rule of law and judicial system to enhance the efficiency, independence, and credibility of the justice system;
- Supporting and strengthening parliamentary functions and electoral processes;
- Improving the machinery of public administration for greater transparency, accountability, and more efficient resource mobilization;

- Enhancing opportunities for participation through, *inter alia*, development of non-governmental and community-based organizations, as well as vulnerable and less privileged groups;
- Strengthening the flow of information and opportunities for dialogue on development policies and programs;
- Fostering social integration and consensus.

Good governance is of such importance today that the future of many countries depends on it. Our situation is not unlike that in other parts of the world where our democratic institutions remain the key to political stability, and efficient, open, and honest public administration remains essential for the economy to operate effectively and for democracy to function.

The challenge for us, therefore, is to build on our foundation and experience of governance, albeit limited, to ensure that the affairs of the territory are administered properly and always in the national interest. In this regard, we must strive to attain and maintain the highest standards of governance; we must foster and protect our democratic traditions and institutions.

3.10 Maintaining Optimal Population Size

The BVI has a peculiar population paradox. The population is growing at a rapid rate. It doubled in the past 20 years. At the present rate of growth of 2.3% per annum it will double again in the next 30 years. The major factor contributing to this increase in population is immigration, which accounted for 55% of the growth between 1992 and 1996. At the same time, the total fertility rate of BV islanders is low; based on hospital records it was estimated at 1.8% between 1992 and 1996. The dynamics of the population was complicated by a net outflow of BVIslanders in the 1970s and early 1980s, and latterly by the increasing incidence of BVIslanders opting to have their children born in the United States (US) and assume US citizenship. As a consequence, a little more than 50% (and increasing) of the population is comprised of expatriates, the majority from the Caribbean.

Population challenges, therefore, arise from the sheer shortage of indigenous human resources (people) as well as of skills. Yet, if the territory is to continue to develop and maintain its competitive edge, a steady flow of immigrants is a necessity in the foreseeable future.

Rates of growth and absolute size are not the only factors in the population equation. Of equal concern is the age distribution. The majority of immigrants belong to the most active segment of the population, between the ages of 17 and 45. As a result, there is an increasing imbalance in the age distribution of the population, with significant growth in the active segment, "a middle age bulge," and decreases in the proportion of the young

and elderly. This population profile, particularly the declining proportion of young, suggests that the immigration requirement is likely to remain for some time.

The challenge facing the BVI, therefore, is not to eliminate immigration but to look at it in a positive way, to encourage a pattern of immigration and type of immigrant that are consistent with the development needs of the territory and the realities of social life. Immigrants must be viewed as a necessary development resource and not a problem. There are obvious costs to this policy. Population will continue to grow, and social services and infrastructure must be expanded to cater for the needs of the immigrants who, no doubt, will continue to practice their indigenous cultural forms in their adopted home. There is every possibility that the social fabric of the society will be diversified, and social tensions will emerge.

There is another dimension to the population issue that poses a related and equally important challenge. It is whether the rate of development of the territory is compatible with the preservation of the heritage and culture of the islands. This is a complex issue that defies a simple answer. Indeed, the only answer is in the managed development of the territory in the way envisaged in this integrated development plan.

The population challenge therefore is multifaceted. It must recognize the need for immigrant labor, as well as the obligations that go along with that reality. The strategy will strike the necessary balance.

3.11 Maintaining Social Cohesion

One result of our immigration dependent pattern of development is the cultural diversity and multi-ethnicity of our population. Unfortunately, this situation tends towards social disintegration, which is a major disadvantage in a small society as ours. While it is inevitable that migrant peoples will hold on to their traditions and culture, they have what constitutes almost a responsibility to cohere with the society in which they reside without losing their identity. Similarly, BVI Islanders need to preserve their cultural heritage in the face of the invasion of cultures through immigration. Amidst all of this, the challenge is to forge a cohesive society where all people can live together in harmony. This can be achieved effectively by promoting social capital, that is defined as the set of relationships among people that are positive, harmonious, and productive to the extent that they are based on a common set of expectations, equal treatment, a shared set of values, and a sense of trust. It presupposes the inclusion of all residents in the life and social fabric of the territory. Social capital is also important for the development of the other forms of capital, namely, human and physical.

3.12 Ensuring Balanced Development

The BVI is an archipelago of islands in which the majority of the population, approximately 80%, and the greater proportion of economic and administrative activity is located on the largest island of Tortola. As a result, there is a greater concentration and better quality of physical infrastructure and social services on this island compared to the other inhabited sister islands of Virgin Gorda, Jost Van Dyke, and Anegada. Even on Tortola, a disparity exists between the facilities in the capital of Road Town and the other population centers on the island. These disparities are neither overt nor deliberate, but a consequence of the pattern of largely unplanned and uncoordinated development that was pursued in the past. The situation, however, is reversing with the introduction of town and country planning, and the preparation of a draft physical development plan and local area plans.

Past development and planning efforts have tended to result in an unintended imbalance in the overall development of communities in the territory. It has affected the quantity and quality of services available, as well as denying equitable access to services and opportunities by residents of certain communities. As a result, the quality of life in those communities is impaired. One of the many tasks of our development agenda, therefore, is to restore balance in the development of our territory.

3.13 Globalization & Global Connectiveness

Globalization is an economic tidal wave that is sweeping the international economy, and effective integration into that environment is a significant challenge for us. Fortunately, we are already very much a part of that economy, and are aware of the strong currents that impel it. Globalization creates significant opportunities for the society as a whole, and for individuals in particular. The existence of a critical mass of entrepreneurs is important for succeeding in the modern process of development that is heavily influenced by globalization. The latter imposes responsibilities on the Government for ensuring a sustainable macroeconomic environment for promoting human resource and social development, as well as for providing the required physical infrastructure to support business activity. In addition, it imposes the further challenge of integrating the various elements that deal with all these issues to ensure that the society can cope with the primary challenge posed by globalization itself.

An important requirement of globalization for us in the BVI is global connectiveness, defined as the process of ensuring that we are properly connected to the rest of the world in the most effective ways. This is a far-reaching notion that refers not only to our communication technology links but other areas, such as the way in which we do business, our trading regime, our laws, our international relations, and our human rights record. Our integration into the global economy requires us, therefore, to be connected properly to the rest of the world in a number of ways.

3.14 Economic Management

The economy of the BVI has been one of the fastest growing in the region, with growth averaging just over 6% per year between 1993 and 1997. The majority of its citizens enjoy a higher per capita income than do citizens of the UK, for instance. There is a significant financial cost to the implementation of the programs and projects that will emanate from this Plan. One of the imperatives, therefore, is to sustain that economic growth into the new millennium and beyond.

There are opportunities for widening and deepening the capacities of the two leading industries, offshore financial services and tourism, as well as for greater involvement of the private sector in economic activity. Sound economic management also requires an improvement in the capacity and performance of the public sector to facilitate economic activity, and particularly to undertake proper planning and fiscal management.

3.15 Improving Information Technology

For effective and efficient operation in the new information age, a country must identify its information requirements and allocate adequate resources to facilitate the use of information as input into sustainable development. Information is also useful in strengthening the social and cultural identity of country and nurtures an active democracy. We will pursue these objectives within the context of a national Information Policy (NIP) supported by the appropriate National Information Infrastructure and the involvement of all stakeholders.

3.16 Promoting Science and Technology

Science and Technology (S&T) is an issue that transcends all sectors. Its application is critical to the achievement of the objective of any and all sectoral plan(s) and by extension the national plan. While development has taken place in the absence of an emphasis on S&T, it cannot continue. An enhanced S&T capability is an imperative for the 21st century global economy and the further development of the territory.

4. POLICY FRAMEWORK

4.1 Overview

In practice, development strategies have been chosen on the basis of “generic strategies” proposed in the development literature, or on the basis of what is thought to have worked elsewhere. In most cases, including the BVI, the development management efforts emphasized economic strategies; not much attention was paid to the important task of designing complementary and mutually reinforcing sets of environmental, social, and physical strategies to address the strategic issues. As a consequence, our recent pattern of development was based on a deliberate strategy of fostering economic growth through the expansion of activities in the export services sector, namely tourism and offshore financial services. Complemented by supporting strategies in other areas in response to demands created by these leading activities, we achieved considerable development gains.

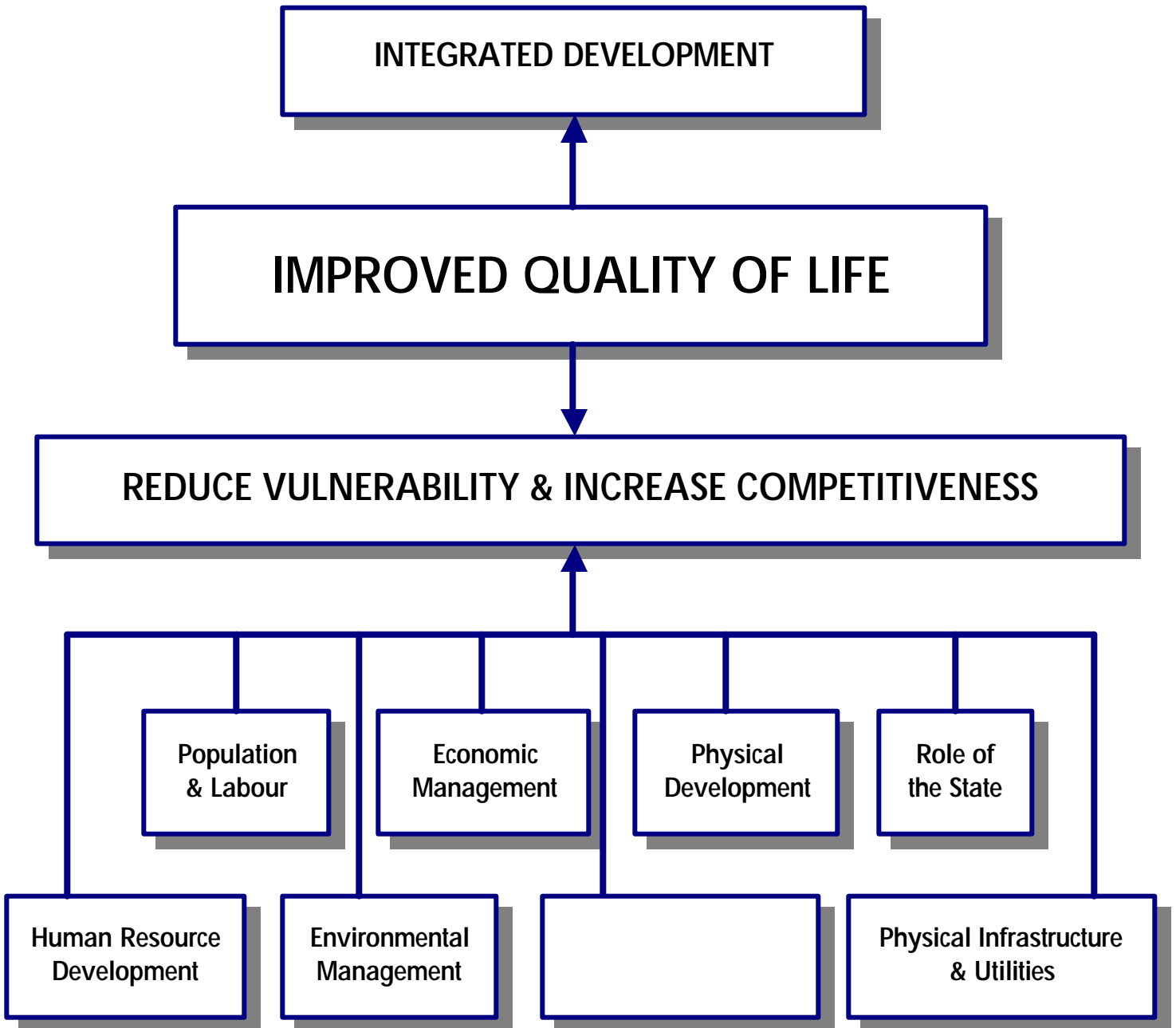
As a territory, however, we cannot afford to be complacent with the progress made. The Government believes that with the right approach, one that is multidimensional and encompasses integrated development, it is possible to consolidate the gains of the past decade, and to build on them to achieve a better future. In this section, therefore, we set out the broad policy framework of our integrated development strategy. This framework outlines the major policies, objectives, and targets that will be pursued by the Government up to the year 2003.

The ultimate and unquestioned goal of that strategy is the improvement of the human condition. This will be achieved through interventions geared to improve the quality of life in the society. The pursuit of that goal, and the basis of the interventions to achieve, together constitute the overall strategy of integrated development.

We also recognize and accept that the overarching focus of our development is the reduction of our overall vulnerability. By definition, therefore, the policy framework and strategies that are presented reflect as broad approach, including economic, environmental, physical, political, and social considerations. The open nature of our society in the increasing world of globalization adds another dimension to the strategy – the requirement to be internationally competitive. Our overall strategy, therefore, is centered on reducing our vulnerability and increasing our international competitiveness. The strategies outlined hereunder are aimed at achieving this.

Figure 1

SUMMARY SCHEMATIC OF POLICY FRAMEWORK



4.2 Human Resources Development

A primary goal of the development strategy is the improvement of the human condition through an enhancement of the human resources. The latter is both the object, as well as the main instrument of development. In the process of human resources development two areas stand out; these are the education and health conditions of the population. Education and training have played a major role in improving our social status, as elsewhere in the Caribbean, and is important for alleviating the immigration problem and ensuring that we have a greater stake in the society. Health, on the other hand, has a significant impact on our individual productivity and collective competitiveness. The major dimensions of the human resources component of the strategy, therefore, are internally consistent policies related to our education and health conditions.

Education and Training

Our people's ability to create and produce depends on our education – the skills that we acquire, the knowledge that we command, and the information that we have. Education policy received sustained attention over the past two decades. Enrolment at primary and secondary levels increased significantly in the 1980s, and tertiary education was introduced in 1990. A five-year education plan was developed in 1990. It focussed on three main areas:

- Access and provision,
- Appropriate curricula and assessment, and
- Quality assurance.

The primary policy focus of the plan is on basic education, which is the foundation of a healthy, skilled, and agile labor force. The overriding policy goal is to ensure that an efficient, reliable, and equitable system of basic education is established, while access is broadened and quality improved at all levels.

The education system remains critical to the human resource development thrust, and several strategies and measures will be implemented to reform and modernize the system. The broad strategy for improving human resource accumulation will focus on:

- Proper planning,
- Broadened access through increased capacity, and
- Curriculum reform.

To address the concerns in education, the Government, in collaboration with other stakeholders, will prepare a second five-year education plan for the period 1999 to 2003. It will build on the initiatives undertaken in the 1990 plan. Important policy objectives will be the expansion of primary and secondary education, the modernization of secondary education, expansion of tertiary education, improved teacher training, and

the introduction of lifelong learning. Government will broaden access to all levels of education by increasing public spending on schools, and has set a goal of achieving a 100 percent enrolment rate at the primary level. At both primary and secondary levels, Government will provide additional places commensurate with the requirements of population growth and the new immigration policy. The additional primary school places will be provided in the communities where there are increases in population, while the same consideration will apply at the secondary level, where feasible. The provision of increased places will be complemented by measures to improve the maintenance of the physical plant. Tertiary education will be developed along lines that are consistent with the needs of the territory. Appropriate budgetary provisions will be made to support ongoing maintenance, rehabilitation, and renovation.

Technological changes and the increasing use of information technology underlie the need for modernization of the curricula to enhance the competitiveness of the labor force, and increase employment opportunities. Particular emphasis, therefore, will be placed on increasing the number of science and technology graduates to address skill imbalances in the labor market, and to develop a greater national capacity in these fields. Greater emphasis on science and mathematics at all levels, and closer ties between formal education and on-the-job training will be critical aspects of the process of modernization. The successful expansion and diversification of the tourism and financial services industries also require the acquisition of second languages by a larger segment of the population.

The Government will address the issue of teacher training as a means of improving the quality of education in general, and teachers in particular. This measure will also reduce the heavy reliance on expatriate staff. At the vocational level, the Government will institute measures, such as the provision of fiscal incentives, to encourage the private sector to provide more opportunities for on-the-job training. Direct government intervention will be in two forms:

- The establishment of a vocational training facility to equip young persons, particularly those that are inclined towards the non-academic areas, for the world of work; and
- Introducing programs for continuing education.

Educational planning will become a major requirement that will be informed by detailed manpower planning undertaken by the Development Planning Unit, in collaboration with the Education and Labor Departments. This implies that consequential changes must be undertaken in both agencies to ensure that this critical input into educational planning is adequately provided.

We recognize, however, that basic education alone will not equip us for the challenges of the new millennium. Lifelong learning is equally important. Lifelong education beyond the basics will enable us to continually assess, adapt, and apply new knowledge. In this regard, expanded adult education and training are important.

Most of the emphasis in the past, and certainly what we have outlined so far, pertains to the strategy for *absorbing knowledge* through universal basic education, creating opportunities for lifelong learning, or supporting tertiary education. However, our broad education concern must focus equally on narrowing knowledge gaps through *acquiring knowledge* and *communicating knowledge*. We can certainly acquire knowledge by opening up to knowledge from abroad or by tapping and adapting knowledge available elsewhere in the world. Since the imperatives of global competition require exporters to invest more in knowledge than firms that do not export, and multinational investors are generally global leaders in innovation such that their activities in developing countries can be important in transmitting knowledge, the most potent way for us to acquire knowledge is through the promotion of an open trading and foreign investment regime.

As a consequence, we will improve the policy and business environment to create conditions favorable for trade and foreign investment. This will enable us to take advantage of the valuable knowledge spillovers that occur through training of local staff and contacts with domestic suppliers and contractors. We will ensure that there is effective communication of available knowledge by taking advantage of new information and communications technology. We will expand available services and the access to such services.

Our general level of education will also improve if we address so-called information problems of the society – what they ought to know. This will be achieved mainly by:

- Adequate processing and availability of the social data and financial information, particularly by ensuring transparency through effective accounting and disclosure;
- Increasing our knowledge of, and responsibility for, the environment;
- Promoting a greater awareness of government policies; and
- Providing facilities for distance learning, to cater particularly for those that live off the main island of Tortola.

Entrepreneurial Development

An important aim of education and training for the BVI, and one that is worthy of special mention and focus, is entrepreneurial development. We recognize that the existence of a large mass of local entrepreneurs is critical for the attainment of our development objectives, such as ensuring that we have a greater stake in the society, reducing vulnerability, ensuring environmental sustainability, and increasing the share of national income accruing to us. Local entrepreneurship, however, is one resource that usually is in short supply in Small Island Developing States (SIDS). Unfortunately, it cannot be provided rapidly, even with external support. The educational and cultural value systems of our society either produce enough of this scarce commodity, or we have to accept the fact that this vital element of sustainable development must be procured from abroad at considerable cost.

While we have a multitude of businessmen, this alone does not constitute entrepreneurship nor suggest entrepreneurial development. Without doubt, we have a tremendous spirit of enterprise, but generally lack the experience and know-how of business administration that is required in the modern and competitive economic environment. While some of this knowledge can and is acquired through the education system, and an important part can be learnt by experience on the job, the rest depends on personal qualities of temperament, attitude, and character. In recognition of this deficiency, the Government, as a first step, shall modify the academic curricula in the education system to ensure that at all levels, students shall be exposed to instruction in relevant subject areas to foster the development of the right attitude to business.

In practice, however, entrepreneurial development and the necessary competence in business administration are gained by working in foreign firms at home and abroad. It is therefore a serious indictment against foreign firms in the BVI, if it is true, that they employ local people mainly in inferior positions. As long as our people remain primarily as clerks in these foreign enterprises, this shall constrain the development of our entrepreneurial class to less than competitive levels, and reinforce the domination of our economic affairs by foreigners. To remove this bottleneck on entrepreneurial development, the Government shall introduce regulations to ensure that foreign firms open up more managerial positions to BV islanders who possess the necessary competence to function effectively at those levels, as well as provide incentives for on-the-job training.

Among the positive approaches adopted by the Government to assist the development of local enterprise is the provision of capital through the operations of the DBVI. In this regard, the project to undertake an institutional strengthening of the Bank to enhance its developmental role is endorsed. Despite its importance, the provision of capital is helpful only in so far as the deficiency of local enterprise is interpreted mainly as shortage of capital. Our problem is more than that, and we are mindful that lending money to inexperienced businessmen without proper training, supervision, and guidance is equivalent to pouring it down the drain.

Entrepreneurial development, therefore, is an imperative of the overall strategy. Development institutions like the DBVI will be strengthened to promote local entrepreneurship. Appropriate training throughout the formal educational system, and particularly at the Community College, as well as on the job, will support this effort.

Health

The Government regards adequate health care as a basic right of all citizens. Our vision for health has always incorporated the view that quality health care should be available and accessible to all. Like education, health, the second pillar of our human resource development strategy, has received considerable attention over the past decade, and shall continue to be the focus of similar attention during the current Plan period. A global strategy for the development of our health services was prepared in 1995. Many of its basic premises are still valid. In that strategy document, the goal of the priorities and

policies in health is to ensure the availability of a comprehensive and accessible health care service for all the residents of the BVI. In this regard, the core health policy remains the provision of a high quality and accessible primary and secondary health care service.

The new vision for health care, therefore, is one that is based on the primary health care approach that emphasizes preventative health and encourages individuals to be responsible for maintaining their own good health. This strategy emphasizes health promotion that is to strengthen the capacity of individuals and communities to control, improve, and maintain their physical, mental, social, and spiritual well-being.

Many of our health problems relate to the environment, and to lifestyle practices that respond especially well to health promotion policies. As a result, the health care system has begun to focus on disease prevention, health promotion, and community-based care. These shall constitute the central focus of our health strategy. The provision of a greater number of local health care providers and access to these providers, the continuous upgrading of skills and an intensive program of health education will complement this focus.

These policies shall form part of a detailed sector plan that will be developed in consultation with the major stakeholders. As a priority, the proposed plan shall address the updating of health-related legislation, particularly in respect of standards and self-regulation. In pursuing the policy for health promotion, we shall continue to utilize a combination of approaches involving the medical, behavioral, and socioeconomic approaches, with health education playing an important supporting role. In the area of community health services, emphasis shall be placed on the care of the elderly, mentally and physically challenged, dental health promotion and care, environmental health, sexually transmitted diseases, chronic diseases, and accident prevention.

The Government is mindful of the roles of the public and private sectors in the provision of health care, and shall ensure that there is increased collaboration in the provision of such care, especially in the areas of information sharing and access to facilities. While the Government shall not seek to restrict private practitioners in any way, it has a responsibility to ensure that quality care is provided, and that reporting requirements are compatible across the board.

Quality health care is expensive and it will be difficult for Government to continue to be the financier of our health system on the same scale. To mitigate the impact of public sector health expenditure on the annual budget, and to cushion the impact of health expenditure on individuals, the Government shall complete the investigation of the feasibility of a National Health Insurance Scheme (NHIS), with the intention of a phased and early implementation of the Scheme. Government will also review the public sector fee structure to endeavor to recover more fully the cost involved in providing health care to those who can afford to pay.

Proper health, particularly as it relates to lifestyle diseases, is inextricably linked to proper nutrition, and is an equally important component of human resource development. The Government, therefore, shall develop a National Nutrition Policy to facilitate health promotion and wellness lifestyles in the territory.

4.3 Population & Labour

The population dynamics of the territory require a proactive strategy that is clear, deliberate, and transparent, and will ensure that our manpower requirements are met in a manner that is consistent with the development needs and objectives. This strategy requires that:

- Manpower planning becomes an integral aspect of national management;
- A fair and realistic immigration policy be developed and maintained; and
- The issue of access to social services for immigrants be addressed in a manner that is consistent with the international human rights obligations of the BVI, and accords with international norms.

The population factor is a critical component of our policy framework, and a priority item on the policy agenda. The Government acknowledges the interrelation between population and development, and is committed to the integration of population issues in the planning process. The imperatives of our development effort imply that immigration shall continue to be a feature of our social and economic life over the planning period. Our rate of growth of population of 4% is characterized as rapid, and has wide-ranging implications for all aspects of life in the territory, including the adequacy of our physical and social infrastructure, settlement patterns, environmental management, and social cohesion, as well as the preservation of our cultural heritage. The major policy objective, therefore, is to decelerate that rate of growth without constraining the development effort.

A key feature of the policy interventions to address the population-related issues shall deal with immigration. The Government is committed to facilitate the entry of immigrants consistent with the requirements of the National Integrated Development Plan. Consideration shall be given to the granting of work permits for periods that are more consistent with efficient business practices, and that will allow the individuals to be integrated into the social fabric of our society. At the same time, the granting of permits shall be structured to ensure that the skills of the immigrants, particularly the professionals, are passed on to locals. Regulations will be introduced to provide for a local understudy or counterpart in certain key positions to facilitate manpower development through on-the-job training. This shall be done on a case-by-case basis that shall take into account the position itself and the availability of local personnel with particular attention to industry requirements.

An obvious cost to the granting of work permits of longer duration is the need to facilitate the immigration of immediate members of the family of the principal immigrant (spouses

and children). Given our respect for family life, our desire to maintain social cohesion, and our appreciation of the realities of globalization, our immigration policy shall endeavor as far as possible to foster family life by avoiding the unnecessary separation of immediate family. Given the costs to this measure, its implementation shall be undertaken on a phased basis. It shall take into account the capacity (of the physical infrastructure) to absorb such individuals, the proposed length of stay of the immigrant in the case of new arrivals, and the length of stay to date in respect of existing immigrants.

Simultaneous with the introduction of this new immigration policy, the Government shall undertake manpower planning as an essential element of national management. This shall ensure that both immigration and training are consistent with the manpower requirements of the territory. During the Plan period, Government shall also continue its review of the status of the different categories of residents to facilitate their assimilation into the local society, and promote a greater degree of social integration.

4.4 Environmental Management

There is no doubt that if our future development is to be sustainable in the long term it must be in harmony with the environment. An effective and efficient environmental management strategy is an integral part of the overall development strategy. By itself, it ensures environmental sustainability and is equally important in containing the vulnerability of the territory and enhancing its economic potential as a major tourist destination. The major elements of the strategy will comprise:

- Institutional reforms and improvements;
- Rationalization and strengthening of the legislative and regulatory frameworks;
- Development of appropriate policies; and
- Improving environmental awareness.

Basically, we face two types of environmental risks – *external*, arising from natural and manmade disasters, and *internal*, arising from the endowment and use of our natural resources. The Government is aware of the importance of policies for the environment on integrated development in general, and the fragile ecosystem in particular. An important aspect of the integrated development strategy is to treat the environment, *pari passu*, with other components of development. The Government, therefore, will ensure the integration of environmental management into development planning. The policy responses to our environmental challenges will reflect a commitment to the preservation and enhancement of the environment. The environment strategy will consist of two main components:

- A spacing or zoning strategy which provides the framework within which environmental development and management can take place; and
- An action plan to address specific strategic issues.

Zoning will allow us to determine the carrying capacity of different areas of the territory. The action plan, on the other hand, will address the specific strategic issues such as the institutional capacity, organization, legislative framework, waste management, water quality, mining, air pollution, conservation, and environmental awareness.

Particular emphasis shall be placed on institutional strengthening, capacity building, and enforcement, which together shall enhance the framework for environmental management. To facilitate these, all aspects of the environment function shall be coordinated by a single agency appropriately staffed, financed, equipped, and provided with the legal authority to discharge its responsibilities. One of the first functions of that agency shall be the development of a National Environment Policy (NEP) that shall promote economic, social, and cultural progress through environmentally sound and sustainable development. The next major task shall be the development of a National Environment Action Plan (NEAP) to guide the implementation of the policy measures. A critical element is the adequate funding of the NEAP. The magnitude of the effort requires that internal funding be complemented by external funding that is available from international agencies and donors. These efforts shall also be supported by the finalization of the National Physical Development Plan that shall form the basis for the determination of land use in the territory.

Importantly, EIAs shall henceforth be mandatory for the development of major public and private sector projects. Special attention shall be paid also to the consolidation and updating of legislation and regulations in accordance with the international conventions to which we are signatory, as well as with environmental management practices that are consistent with sustainable development.

In the area of environmental health, the Government shall ensure that rising living standards are not compromised by a decrease in the quality of life, such as could occur through the inadequate collection, handling, treatment, and disposal of solid and hazardous wastes. The major environmental health problems are posed by groundwater pollution from inadequate disposal of waste oil, and inadequate solid waste management. The Government shall enact environmental health legislation to control the discharge of raw sewerage into coastal water. This legislation shall include standards for effluent discharge. At the same time, Government shall establish a Central Environmental Laboratory to facilitate, *inter alia*, water quality surveillance and to attend to the related environmental health problems.

In the final analysis, greater emphasis will be placed on the regulatory framework, particularly in the area of enforcement, and on public education and awareness.

We have also pointed out that the BVI faces major external environmental risks arising from natural and manmade disasters, particularly hurricanes and oil spills. The devastating impact of such occurrences is well known to our planners. It affects not only infrastructure, but also residential and commercial property on land and water, human health and life, transport, agriculture, livestock, and business activities generally. The cost

of recovery from such disasters adds considerably to public expenditure and indebtedness; foreign assistance is often required. The cumulative effect of a series of disasters year on year can be especially debilitating, particularly for the poor and socially disadvantaged, who suffer the most. A critical component of the policy package, therefore, shall be measures that deal specifically with disaster preparedness and disaster management. These are already well established, and steps will be taken to ensure that they are effective for all eventualities.

We recognize also that environmental management is a shared responsibility that requires the collaboration of the public and private sectors, NGOs, as well as individuals in their communities. Each must accept responsibility for protecting the environment. The Government shall facilitate this collaborative venture approach to environmental management by continuing its programs to increase, at all levels, awareness of the environmental issues facing the territory and outlining the responsibilities of each group.

4.5 Physical Infrastructure & Utilities

Physical infrastructure is narrowly defined as those facilities that lend impetus to development activity, and includes the utilities as well as the physical structures relating to things such as drainage, internal transportation, seaports, and airports. The performance of an economy over time determines, to a large extent, the quantum of resources that accrues to infrastructural development. Adequate infrastructure helps to determine the pace of development. Conversely, the inadequate allocations of resources and inefficient management ultimately stymie the development process. The archipelagic nature of the territory and its dependence on the export-oriented activities of the tourism and offshore financial services impose requirements for supporting physical infrastructure in order to maintain and enhance competitiveness. Of particular importance, therefore, are the issues of air access, seaport facilities, ground transportation, telecommunications, power, postal service, water, and drainage. Special attention must also be paid to the infrastructure needs of the inhabited sister islands to ensure that there is equitable access to facilities by all communities, and that the balanced, integrated development of the territory is promoted. In addition, the international competitiveness of the territory requires the existence of adequate sea and air accesses, and modern telecommunication and information systems.

The broad policy goal for physical infrastructure is to ensure its overall development by eliminating deficiencies. This will be achieved by providing directly, or by facilitating the provision, of adequate physical infrastructure, and by ensuring that utility services are provided at efficient and cost effective rates. This task involves mobilizing large amounts of finance and other resources, and the existence of considerable project management competence. In addition, the status of the infrastructure and utilities as monopolies, and especially as state monopolies, make it mandatory that these entities be properly regulated and more importantly be endowed with proper management and operating systems.

The small population, difficult terrain, and dispersed nature of settlement in the territory result in a relatively high per capita cost for infrastructure. A major focus of the strategy, therefore, will be to ensure that the required facilities are programmed and financed within a framework that reduces the burden on the Central Government by proper planning and project execution, with cost recovery and private sector participation where feasible. Measures will be put in place also to ensure the efficient management and proper maintenance of the facilities.

It is recognized that the infrastructure requirements are significant and cannot all be pursued at the same time, or within the current planning period. While the overall policy is aimed at improving the quality and efficiency of infrastructure in all areas already as a matter of priority, a number of specific projects have been identified to achieve that goal. These include:

- Physical improvements to the international airport at Beef Island and the airport facilities at Virgin Gorda and Anegada;
- Upgrade of water distribution systems in major settlement areas, including Anegada and Jost Van Dyke;
- Expansion of the sewerage system to all areas of high residential densities;
- Provision of manmade drainage system as part of all existing and proposed roads;
- Upgrade of quality of roads in the major built areas, including the islands of Anegada and Jost Van Dyke;
- Improvement to the ferry services;
- Improvement to the facilities for the operation of ferry services, especially at West End, Virgin Gorda, and Jost Van Dyke;
- Improvement to the system for the maintenance and rehabilitation of electricity generation and transmission facilities;
- Improve the condition of the road network, particularly with respect to unpaved roads in Anegada and Jost Van Dyke, and the safety of existing major roads in Tortola.

4.6 Physical Development

Our future physical development must strike a balance between sustainability and perceived economic benefits. A critical component of the physical development strategy, therefore, is the adoption and implementation of the physical development plan. The latter can only be done effectively, however, if the present legislative and administrative provisions for town and country planning are improved. Enactment of a more appropriate legal framework along the lines of the OECS legislation will provide the support necessary to implement the plan in a satisfactory manner. The draft plan contains a number of policies and land use proposals identified for the integrated physical development of the territory. These will be reviewed for consistency with the other facets of our overall

integrated development strategy. Where there is need for modification, this will be done, and thereafter implementation will be undertaken.

4.7 National Economic Management

Like many small states, over the past two decades, we have recognized the need for economic development. To this end, we have transformed our former agriculture-based and aid-dependent economy to one in which the dominant productive activities are tourism and offshore financial services. Along with this, we have encouraged private sector participation by providing the necessary incentive framework and physical infrastructure. Despite these successes, our economy remains vulnerable, because of the heavy dependence on two export industries in particular, and on external factors in general.

As a result, notwithstanding the impressive growth over the last decade, the BVI remains a very open economy that is vulnerable to external factors. An important objective of the National Integrated Development Strategy (NIDS), therefore, is to reduce the vulnerability of the territory by increasing the efficiency and resilience of the economy. To achieve this in the medium term, the main strategic goals include:

- The promotion of the private sector as the main engine of growth;
- The maintenance of macroeconomic stability;
- The enhancement of international creditworthiness;
- The promotion of greater international competitiveness; and
- The diversification of economic activity.

Key policies and programs shall be formulated and implemented to attain these goals. The business environment shall be improved to facilitate private sector activity. Economic growth shall be maintained at a level that is consistent with the requirements of integrated development. An important cornerstone shall be fiscal policy, through which the Government shall maintain a consistent surplus on the recurrent account and a level of reserves at not less than 25% of recurrent expenditure. While annual inflation has been calculated at rates not higher than 5.5% over the last five years, this figure does not reflect the entire price situation. Inflation as recorded by the consumer price index (CPI) is low, at the same time that prices are high compared to neighboring islands. So are wages and salaries. This is a deterrent to investment. The Government, therefore, shall build on the work being undertaken by the Statistical Consultant provided by the Commonwealth Fund to develop a more accurate and effective mechanism for monitoring price levels. This shall enable the determination of the parity of the purchasing power of the dollar for regional and international comparisons, and to provide the basis for relevant policy measure in this area, as well as in other areas such as incomes and wages policy.

Within the productive sectors, policies shall be introduced:

- To expand and upgrade the range of products and services that are provided by the two leading industries;
- To maintain the international competitiveness of these industries; and
- To diversify the production base especially, by promoting those activities that create economic linkages between sectors.

Our economic vulnerability is reinforced by a heavy reliance on foreign investment, particularly in the leading industries. In the absence of a well-capitalized private sector, foreign capital accounts for a significant proportion of investment in our economy. As yet, we have not established a stock market to attract portfolio investment. In addition, our status as a relatively high-income developing country and an overseas dependent territory of the UK make it difficult for us to access, on our own, concessionary financing from multilateral organizations or from international capital markets at reasonable cost. Another important policy goal, therefore, is to increase significantly the volume of investment financed by domestically generated savings, particularly from the private sector. In the public sector, the same objective shall be achieved through budgetary surpluses. Elsewhere, the Government shall influence the level of savings by introducing specific instruments to facilitate inward investment, and generate a higher level; the current estimate is 20%.

Key components of fiscal policy, therefore, shall be designed to stimulate the level of savings by:

- Generating a level of surplus of recurrent revenue over expenditure to facilitate the domestic financing of necessary public sector investment, and
- Introducing specific instruments to promote a higher level of savings among individuals and in the private sector.

The Government recognizes, however, that increased savings alone do not lead to increased investment. As expected in the integrated approach to development, there are issues other than the fiscal framework that promote private sector development. These include the levels of regulation, the quality of the supporting physical infrastructure, the efficiency of the public service, the nature of relations between the public and private sectors, the quality of human resources available, and the sustainability of the environment. These are addressed in other areas of the Plan.

Encouraging the development of small and medium enterprises (SMEs) that will form the basis of linkages between the leading industries and the rest of the economy shall also reduce economic vulnerability. Support for SMEs shall facilitate a higher level of local expenditure by tourists and operators of firms providing offshore financial services.

Another key measure to facilitate economic diversification shall focus on the agriculture and fisheries sub-sector. In 1997, agricultural output (crops, livestock and poultry) was estimated to be worth US \$4 million, whilst the fisheries sector generated US \$8 million. In the same year, equivalent full time employment was 180 in agriculture and approximately 300 in fisheries.

As employment and income opportunities increased in tourism, professional services, and other sectors, agriculture and fisheries have become less attractive for private sector investors in general, and young people in particular. Nonetheless, Government has targeted both sectors since the late 1980s as part of the strategy for economic diversification, food security, environmental preservation, and reduction in the level of imports. Government, therefore, shall continue to support these sectors, but sees its strategic role as regulator and facilitator, rather than engaging in direct production and marketing.

Accordingly, the role of Government over the next five years shall be to put in place a framework of incentives and structures that encourage BV Islanders to engage in agricultural production. This role shall embrace:

- An examination of the costs and benefits of reducing duties on agricultural and fisheries inputs, and exemption of both sectors from income taxation to encourage investment and employment;
- Consideration of options for transferring ownership and management of the BVI fisheries complex to local fishermen (which could include the transfer on an equal basis of shares at minimal cost to all local fishermen);
- Promotion of agriculture and fisheries as part of the micro-enterprise scheme and other sources of soft credit; and
- Review and enhancement of current extension services with the view to target services geared towards promoting the production of high value crops and products (for example, organic produce, poultry and livestock, tree crops, and other products demanded by the domestic market and the hospitality sector in preference to imports).

Government shall determine its performance in the sector by setting strategic targets such as levels of employment, and increases in marketed agricultural output and in the volume of fish landed. This proposed expansion of activity in these sectors should require an enhancement of the institutional and human resource capability of the Division of Agriculture, and the Government is committed to this as a necessary complement to its policy on economic diversification.

4.8 Social Development & Welfare

Social Welfare

The effectiveness of our *social welfare* policy has been constrained by the absence of reliable socioeconomic data, and the establishment of relevant poverty indicators. A prerequisite for policy formulation and implementation, therefore, is a comprehensive poverty assessment of the territory. This will be undertaken early in the Plan period, and will allow the Government to determine the extent and incidence of poverty prior to the development of appropriate welfare programs and policies. It is the intention of Government to extend its social welfare programs to all vulnerable groups. This extension will be preceded by a survey of these groups to determine their size, and the extent of their needs. The effectiveness of reorganized welfare programs will rely as much on accurate data as on efficient administrative arrangements. The Government, therefore, will undertake the necessary institutional strengthening to ensure the effectiveness of the programs. This will involve the recruitment of suitable trained individuals, and the upgrading of existing staff.

Despite the low incidences of poverty and crime in the BVI, a requirement the integrated approach to sustainable development is that issues related to social development and welfare be placed on the national agenda and treated, *pari passu*, with concerns related to the economy and the environment. The strategy will help to reduce alienation, and addresses concerns of the vulnerable groups and the youth, as well as facilitating greater community participation in the process of development. Programs will be developed to deal with stress-related problems of a more affluent society, such as childcare, gender support, and rehabilitation. The focus of this component of the strategy will be on considerations of equity and effective targeting of potential beneficiaries. Essential elements will include the establishment of a comprehensive data base to facilitate ongoing analysis of social issues, and the implementation of measures to improve the social and economic status of the less fortunate individuals in the society. This will lead to an improvement in the management and operation of the Social Security system. The community of NGOs will support the efforts of the Government in this area.

Housing

The provision of *housing* in the BVI is primarily a private sector undertaking, and the shortage of housing is not as great a concern as in other developing countries. The small population reinforces this phenomenon. Because of the recent building boom, it is estimated that by 2006 approximately 1,600 new housing units will be required. The housing issues of real concern to us are the shortage of low-income housing, and the sprawling pattern of housing development. The former affects the access to housing by low-income earners, while the latter increases the pressure on the infrastructure facilities.

To alleviate the shortage of low-income housing, the Government shall continue the policy of providing sites and services as well as lines of credit for lower income families through the DBVI and the SSB. A comprehensive set of policy proposals and programs for the orderly physical development and settlement of the territory are contained in the Draft Physical Development Plan. The Government shall adopt those policies and programs that are consistent with the goals of the integrated development strategy. These include the introduction of construction and design standards.

A related concern emanates from the issue of land tenure and ownership, particularly on the island of Anegada. To this end, the Government remains committed to resolving the Anegada land ownership issue in the shortest possible timeframe, to the mutual satisfaction of the concerned parties, and in accordance with the guidelines for the physical development of the island.

Recreation and Sports

The scope of the Recreation Trust will be expanded and it will be empowered to allow it to play a larger role in the promotion of recreation and sport in the territory. It will be provided with the financial and human resources to allow it to discharge more effectively its mandate to manage and maintain sporting facilities. Its role however, will be extended to the promotion of sport particularly competitive sport, especially in schools and communities. Steps will also be taken to establish a National Sports Council that will be a confederation of all the national sporting organizations. This Council will assist in the development of a national policy for sport.

Culture

An important goal of the social development and welfare policy is to improve our capability to sustain a program of cultural promotion that will preserve our cultural heritage and integrate it with the immigrant cultures. Three measures will be pursued to achieve this during the plan period:

- More human resources, appropriately trained, will be made available to undertake such activities;
- Cultural aspects and culture related studies will be included in education and training at all levels; and
- Collaboration will be increased among the Government, the private sector and the NGO community in this area.

Youth

Steps will be taken to operationalize the National Youth Policy by fostering greater consultation with the intended beneficiaries in the development and execution of programs. Consideration will be given to the introduction of motivational programs that will increase the self-esteem of the youth, as well as to the establishment of centers to facilitate the development of all young people. These efforts will be pursued in

collaboration with the NGOs, the private sector, the religious organizations, those organizations responsible for the development of sport and culture and the communities themselves from which role models and motivational speakers can be drawn. Programs organized along such lines can promote social capital and reduce alienation in the society.

4.9 Role of the State

The state has an important, if not decisive, role in the development process even in a market economy, and more so for one at our stage of development. However, we acknowledge that for successful development to occur, a careful balance must be found between the actions of government, and those of the private sector. We recognize, also, that development progresses fastest when the public and private sectors work in a complementary manner. A high performing public sector not only provides quality services to citizens, but also provides a facilitatory and enabling environment for private sector development. In the absence of a strong private sector, the government obviously has more to do.

In the medium term, there will be an evaluation of the role of government, and the necessary strengthening of agencies of Government to ensure that they perform efficiently those tasks that they are required to undertake. This implies improved human resource availability and management, decentralization and delegation where feasible (especially in relation to the communities outside the main island of Tortola), increased accountability, transparency, and openness. The goal is not larger or smaller government, but more efficient government. The goal is not more regulation, but regulations designed to establish incentives for the efficient operations of private firms. Political discretion through quotas, permits, and licenses will be replaced by greater use of transparent market mechanisms for allocating resources and directing activity.

Government, in general, has an important role to play in integrated development, and the performance of the public sector is critical to the success of the effort. The strategic goals of public sector management and administration are:

- To improve capacity;
- To increase efficiency;
- To enhance the quality of services; and
- To bond with the people.

The Government will pursue a number of policy measures to achieve these goals. It will focus on the core functions of government, leaving as much commercial activity as possible for the private sector. As a consequence, it will strengthen its regulatory capacity by formulating and implementing the necessary regulations. It will also strengthen the planning and policy formulation capacities of the various agencies of government. This will require an enhancement of the human resource capability of the public sector through

education, training, and recruitment of individuals with the proper skills, and the implementation of a public sector development program.

The overall goal is to increase performance, through reforms that will embrace issues such as:

- Improved accountability and transparency;
- Greater collaboration with the private sector;
- Introduction of performance measurement;
- Enhanced procedures for capital expenditure;
- Better budgeting;
- Expenditure based on priorities; and
- Increased public consultation on key issues.

4.10 Science and Technology

As a first step towards improving the scientific and technological capability of the territory, Government will increase its investment in scientific and technological education. Attention will be focused on re-orienting science and technology education to learning that will foster creativity and innovation among the young. In the second phase, emphasis will be placed on developing a core of scientists, researchers, technologists and educators who can play a major role in advancing our capability in this field. The secondary school system, the Community College and our overseas training program will be important instruments for pursuing this objective. Attempts will also be made to attract back to the territory, citizens who are engaged in this activity overseas.

4.11 Information Technology

IT has become a strategic tool in government and business, and will play an increasingly greater role in our national development, particularly in improving efficiency, productivity, competitiveness and global connectiveness. During the Plan period, the thrust of IT development will be to formulate a NIP and to establish the appropriate NII in order to create a strong foundation for building a knowledge-based and information-rich society. This approach will help IT to permeate all sectors and enhance their respective contributions to development through greater operational efficiency.

The initial thrust will be public sector oriented. The increasing use of IT will be a major objective under the proposed public sector modernization program. Consideration will be given to the establishment of a National Information Systems Center (NISC) within the public service, which is the repository of significant information. This will facilitate the establishment and linking of Management Information Systems (MIS) in a number of different areas such as economics, finance, trade, health and environment. These will be linked to existing systems such as the GIS and statistics.

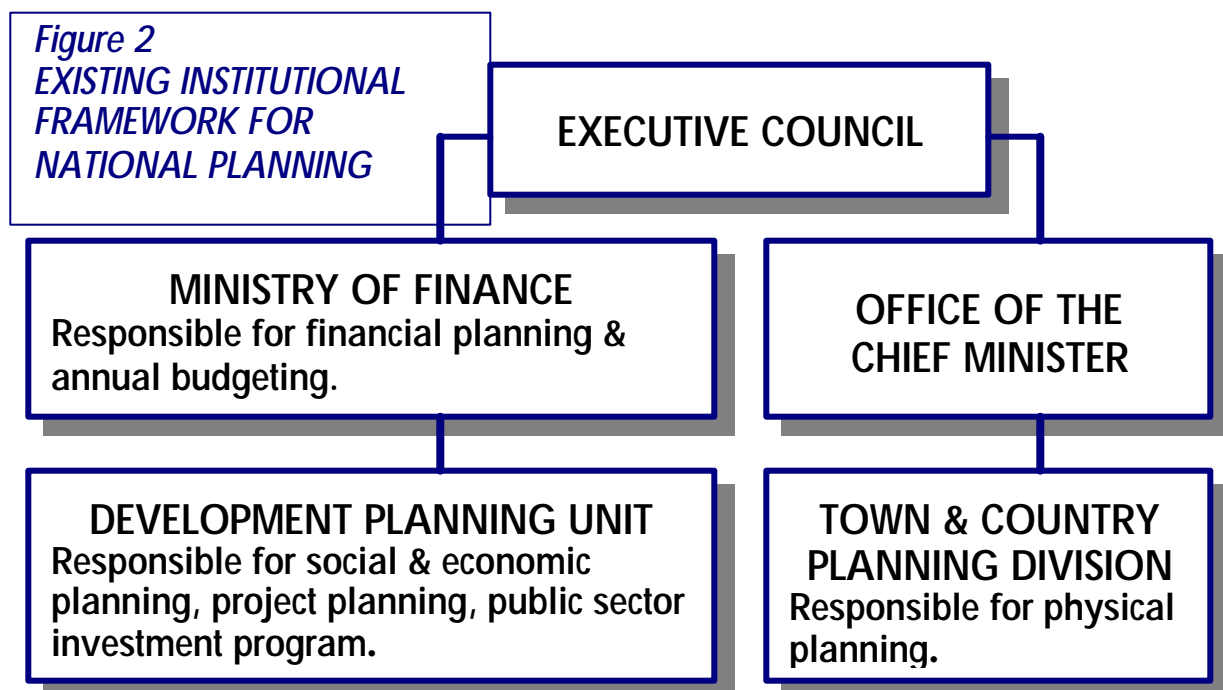
5. IMPLEMENTATION, MONITORING, AND EVALUATION

5.1 Introduction

The decision to engage in the planning of national management in a formal and integrated way has fundamental implications for the organizational and institutional evolution of agencies directly responsible for the preparation, implementation, monitoring, and evaluation of the plan. Planning is acknowledged as a process that does not terminate with the preparation of the plan document; necessary complements of the process are implementation, monitoring and evaluation, review, and update. Experience also tells us that a number of attempts at plans elsewhere have been thwarted because of inadequate attention to these facets of planning. It is imperative, therefore, to establish, *a priori*, mechanisms to support the work of those who toiled to produce the plan. In this section, we present a framework for effective plan implementation, monitoring, and evaluation.

5.2 Existing Capability

The institutional framework for national planning in the BVI comprises formal and informal systems. Within the formal system, the overall responsibility is shared between the Office of the Chief Minister and the Ministry of Finance. The latter had direct responsibility for financial planning and annual budgets and is the reporting ministry for the Development Planning Unit that has general responsibility for national planning and the coordination thereof, and primary responsibility for economic and social planning, and project planning through the preparation and monitoring of the Public Sector Investment Program (PSIP). The Office of the Chief Minister, through the Town and Country Planning Department, has specific responsibility for physical development. This framework is depicted below in Figure 2.



Sectoral planning is undertaken in line agencies, such as the Conservation and Fisheries Department and the Departments of Social Development and Agriculture.

The formal system is supported mainly by two *ad hoc* inter agency committees – the Planning and Projects Review Advisory Committee (PPRAC) and the Capital Projects Monitoring Committee (CPMC). These committees comprise a number of heads of departments, and provide direction and oversight to the project planning and implementation process. The latter is also undertaken by the relevant line agencies. For the purpose of the formulation of this plan, a Project Implementation Committee was established.

The Office of the Financial Secretary undertakes a monitoring function that consists primarily of tracking expenditure on capital projects. Evaluation, on the other hand, is largely non-existent.

5.3 Proposed Framework

Plan implementation is a formidable responsibility, which assumes:

- Acceptance of the culture and principle of integrated planning;
- Acceptance of and participation in the approach adopted for arriving at the plan document;
- Ownership of the plan; and
- Recognition of the plan as the basic tool for defining activities.

The institutional weakness of the public sector is a significant constraint to effective plan implementation. Yet, it is one constraint that is within the power of Government to remove. Efforts will be made over the plan period, earlier rather than later, to undertake a program of institutional strengthening of the public sector, with special emphasis on the planning capability. This will be achieved through a judicious combination of technical assistance, recruitment, and training in all areas of planning, complemented by appropriate reorganization and restructuring to facilitate the institutionalization of integrated planning. This intervention has the advantage of achieving the objectives of:

- The lessening and eventual eradication of the dependence in the form of external assistance in carrying out basic government functions;
- The enhancement of the indigenous capability for national management, and for coping with the requirements of international linkages;
- Improvement to the efficiency and effectiveness of the administrative structures; and

- The introduction of modern management techniques, and the streamlining of the procedures and mechanisms for decision-making.

At the DPU, for example, greater emphasis will be placed on the areas of manpower planning, data collection, and analysis. At the institutional level, the planning capability may be enhanced by implementing an organizational model based on the integration and expansion of the traditional planning functions undertaken by the DPU and the TCPD, and the establishment of a planning hierarchy. The integration of the major planning functions at the national level could be achieved by the creation of a Department of National Planning, with the following divisions:

- Economic and Social Planning;
- Physical Planning;
- Environmental Planning;
- Projects; and
- Information, Statistics, and Publications.

In terms of the hierarchy of planning, we must distinguish and recognize the relative importance and distinction among different levels of planning, and the roles of the agencies at the respective levels. This will assist in removing some of the misunderstanding of the roles of functionaries in the planning and development process, and eliminate the duplication in efforts across agencies and possible conflict among those agencies. The proposed framework recognizes the resource constraints of the territory, and seeks to provide a simple but efficient integrated arrangement.

The first layer of the framework will be the National Planning Agency, which will have responsibility for coordination, prioritization, and strategic direction. It will articulate, elaborate on, and integrate the strategic and sectoral development policies. These policies will guide the preparation of the national, as well as sectoral, plans. This will constitute the strategic level, or Level 1 of our planning effort. The preparation and implementation of plans and projects, monitoring and evaluation, and the reviewing outcomes and outputs will be undertaken by the line agencies as implementing units. This will constitute a so-called Level 2, but no less important, component of the planning activity.

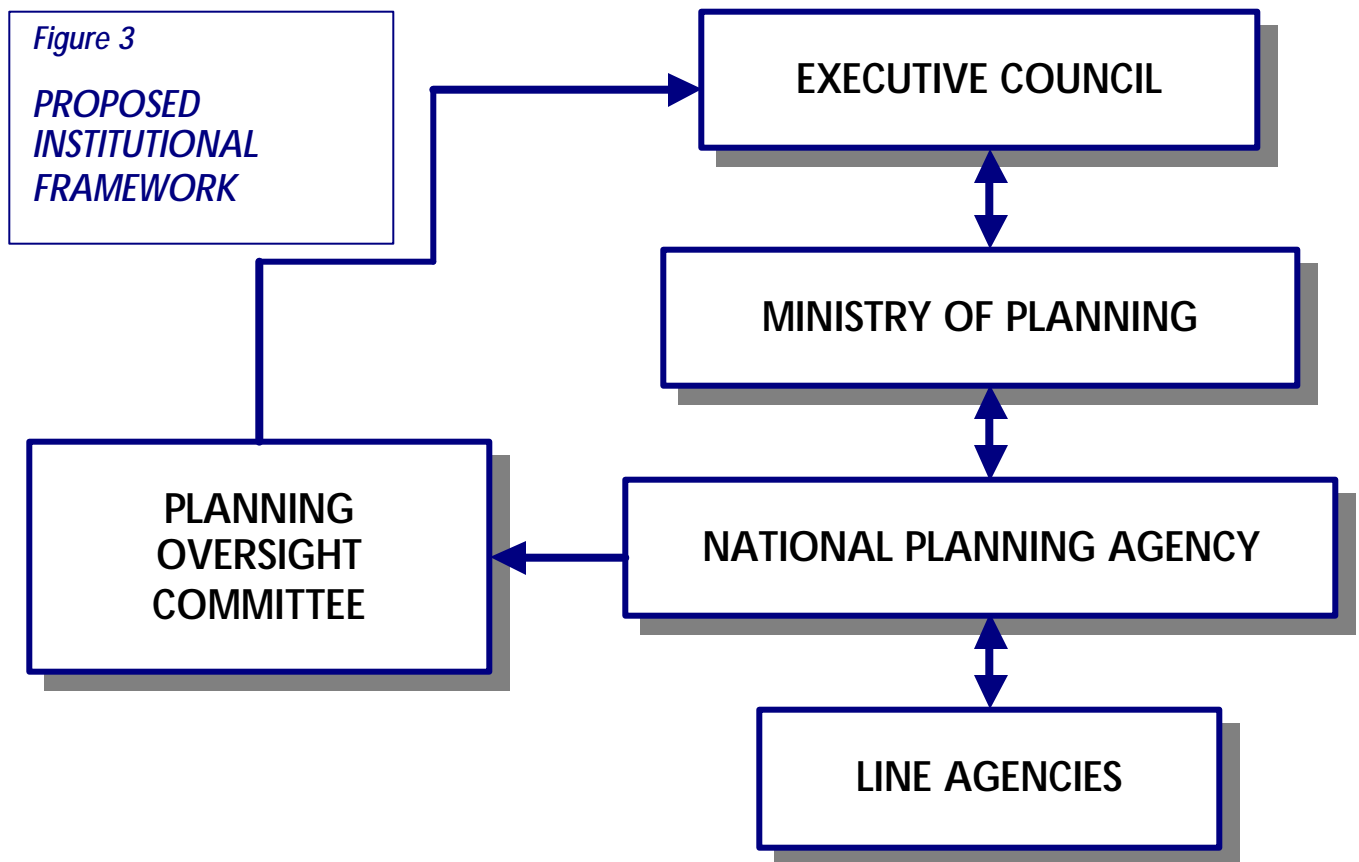
Effective implementation is also a shared public sector responsibility that can be reinforced by the establishment of a Planning Oversight Committee (POC). This is an important aspect of the framework in the light of the resource constraint. This Committee will have coordinating responsibility with respect to plan implementation, monitoring, evaluation and review, and will report to the Executive Council. Its work, which will be critical for policy review, will be undertaken through sub-committees responsible for separate areas, with technical support from the National Planning Agency. The chairperson of the POC will be the Minister responsible for National Planning. Members will include other Ministers of Government, the Permanent Secretary to the Chief Minister, heads of the planning divisions, the Financial Secretary, representatives from the NGO and CBO communities, and at least two representatives from the private sector. A senior

professional officer from the National Planning Agency will serve as secretary to the Committee on a permanent basis. The POC will meet quarterly, and reports on the outcome of those meetings will be forwarded for the information of the Executive Council. Like the National Planning Agency, the POC will focus on integrating the approach to development.

The key functions of the POC will be:

- To keep under continuous review the impact of policies on national objectives;
- To keep under continuous review progress on the preparation of sectoral plans and programs, to identify potential and existing bottlenecks that impede progress, and to devise and take the steps necessary to effect solutions;
- To monitor and review progress on the finalization of financial arrangements for the implementation of projects under the PSIP; and
- To review and report to the executive progress on all matters relating to integrated planning activities.

The proposed framework for plan implementation is shown in Figure 3 below.



5.4 Monitoring & Evaluation

Monitoring and evaluation are part of a cycle. Monitoring refers mainly to performance measurement in terms of timing, costs, and progress of plan activities. It will be undertaken at two levels, through monthly, quarterly, and annual progress reports. At the ministerial level, it will be done for activities that fall within the purview of the Ministry. Within the National Planning Agency, those reports will be aggregated into the territorial report only on a quarterly basis.

Evaluation, on the other hand, focuses on the effectiveness of the plan, its policies, programs, and projects, especially in the long term. Basically, it will examine and review the monitoring indicators to establish or verify cause-and-effect relationships. In particular, evaluation determines whether the intended benefits are realized, and assesses the distribution of those benefits. It also assesses the effectiveness of the solutions proposed to eliminate bottlenecks. The primary responsibility for plan evaluation will reside with the line agencies and the POC.

5.5 Review

One of the key results of the M&E process is a mid-term view. This is an important event in the planning cycle. It is scheduled for the 4th quarter of 2000, and will be undertaken by the POC with the technical inputs from the National Planning Agency and the line ministries/agencies. The review will include performance evaluation, an update of policy and strategy, program and projects components. Specifically, the review will report on plan performance during the first half of implementation, identify bottlenecks, note policy shifts and reorientation of programs, and update the PSIP. The experience will be used to position better for the attainment of the plan objectives during the second half of the implementation period.

5.6 Budgeting

We have identified two of the three main ingredients of successful implementation – organization and people. The third is money. Appropriate budgetary allocations must match the human resources, as well as the organizational and project requirements of the plan. The realization of the planning effort implies the need to link plans, programs, and projects to an ordered budgetary system for the resource allocation. To ensure this, Government will expedite the implementation of the program budgeting system. This system requires that planners and decision-makers follow a procedural framework that links plans/programs/projects to a process in which actions are identified, activities identified, executed, monitored, and evaluated within a specified financial resource

allocation system. This methodology of planning, allocating, and accounting is designed to facilitate greater efficiency in resource allocation and use. It is a logical outcome of a system based on integrated planning. It brings a key agency – the Ministry of Finance – into the planning process, to enhance the integrated approach. The proposed projects division of the National Planning Agency, together with the Economic and Social Planning Divisions will be responsible for the capital expenditure of the territory.

5.7 Data Quality

An essential prerequisite of efficient monitoring and evaluation is adequate data quality. While there exists considerable time series data, there is a dearth of relational databases to provide the basis for the establishment of meaningful development indicators that have equal importance as the well-known indicators of GDP, population, inflation, and so on. These indicators will be broken down by gender, socioeconomic group, community, etc., and will include quantitative as well as qualitative measurements. Their regular collection, analysis, and dissemination will provide essential tools for establishing targets, monitoring of trends, and monitoring impacts, as well as the basis for planning, policy formulation, and public dialogue.

Statistical Appendix

**TABLE 1
SELECTED POPULATION STATISTICS**

Item	1993	1994	1995	1996	1997
Mid-year Population ('000)	17.40	17.90	18.30	18.70	19.10
Of which immigrants (%)	50.03	50.10	50.18	50.29	50.52
Total Population ('000s)	17.50	17.90	18.30	18.70	19.10
Annual Growth Rate (%)	2.28	2.31	2.29	2.27	1.96
Of which Immigrants (%)	50.03	50.10	50.18	50.29	50.52
Population Density	113.60	116.25	118.92	121.67	124.07
Age Group Composition					
< 15	4,379	4,475	4,569	4,667	5,155
15 – 44	9,434	9,582	9,718	9,847	9,951
45 – 64	2,354	2,504	2,669	2,851	3,036
>65	940	948	961	971	964
Male/Female Ratio	106.09	106.16	106.22	106.33	106.36
Crude Birth Rate	18.18	16.65	15.67	15.31	18.37
Crude Death Rate	4.34	5.86	4.91	4.70	5.08
Net Migration Rate	8.75	12.01	11.85	11.79	6.07
No. of Households	6,117	6,349	6,613	6,863	7,129

**TABLE 2
SELECTED SOCIAL STATISTICS**

Item	1993	1994	1995	1996	1997
Life Expectancy at Birth	77.20	72.70	74.60	74.80	74.20
Adult Literacy Rate	98.20	98.20	98.20	98.20	98.20
Primary School enrolment	118.60	109.50	113.80	113.00	NA
Secondary School enrolment	70.29	72.61	74.88	82.83	NA
Tertiary Institution enrolment	NA	NA	NA	825	900
Labour Force	10,396	10,869	11,089	11,254	19,996
% in Public Sector	19.82	21.23	20.95	20.34	21.44
% in Agriculture	0.07	0.05	0.10	0.11	0.16
% in Industry	3.10	2.88	3.41	3.59	3.61
% in Other Services	77.01	75.84	75.54	75.96	74.79

TABLE 3
CENTRAL GOVERNMENT FINANCES

Item	1993	1994	1995	1996	1997
RECURRENT REVENUE	81.9	85.0	98.2	112.5	127
<i>Of which:</i>					
Non tax revenue	7.1	8.2	9.8	9.6	10.2
Financial Services Sector					
Tax Revenue	74.9	76.8	88.5	102.7	113.5
Import duties	13.1	15.4	17.0	18.6	20.1
Income and Property Tax	16.5	18.2	21.1	24.5	26.2
Passenger and Hotel Accommodation Tax	2.5	3.1	3.1	3.1	3.6
RECURRENT EXPENDITURE	59.2	67.8	73.4	81.7	97.5
<i>Of which:</i>					
Goods and Services	18.0	21.3	21.2	24.1	26.9
Wages and Salaries	28.2	30.2	35.0	38.4	43.3
Subsidies and Transfers	11.7	14.5	15.1	17.8	19.0
CURRENT BALANCE	22.7	16.2	24.8	30.8	29.5
Capital Expenditure	18.2	21.4	15.6	13.6	15.3
Overall Balance	(3.4)	(2.6)	8.0	16.2	14.2
Outstanding Public Sector Debt	28.94	28.00	30.49	29.48	28.30

TABLE 4
FINANCIAL SERVICES SECTOR STATISTICS

Item	1993	1994	1995	1996	1997
IBC Registration	29,018	32,822	32,523	41,618	50,231
<i>Of which local:</i>	128	175	196	178	164
Cumulative IBC Registration	104,372	137,194	169,717	211,335	261,566
<i>Of which local:</i>	1,723	1,851	2,026	2,222	2,400
IBC Licence Fees (\$ MN)	19.4	26.2	32.8	39.4	47.2
% of Current Revenue	27.5	31.2	33.4	35.2	42.0

TABLE 5
SELECTED FINANCIAL STATISTICS

Item	1993	1994	1995	1996	1997
Assets & Liabilities(000's)	350,934	434,584	484,291	538,642	741,655
Demand Deposits (000's)	76,268	83,575	90,674	135,969	156,663
Saving Deposits (000's)	70,692	98,320	113,026	129,054	143,578
Time Deposits (000's)	179,216	222,141	247,361	331,236	425,586
Total Deposits (000's)	326,176	404,036	451,061	596,259	725,827
LOANS AND ADVANCES	218,062	251,028	281,810	314,048	347,401

TABLE 6
TOURISM STATISTICS

Item	1993	1994	1995	1996	1997
Total Visitor Arrivals	333,017	328,525	365,339	412,032	365,658
<i>Of which:</i>					
Air Arrivals	101,415	103,361	104,319	107,612	107,768
Boat Arrivals	118,357	142,838	138,967	144,820	153,036
Cruise Ship Passengers	113,245	82,306	122,054	159,600	104,864
Average Length of Stay (nights)	7.0	6.5	7.3	7.6	8.3
Hotel Room Capacity	1,182	1,191	1,206	1,204	1,213
Average Hotel Occupancy (%)	56.50	45.00	56.40	58.30	58.30
Total visitor expenditure (\$ MN)	185.12	215.01	211.05	227.56	210.15

TABLE 7
BALANCE OF TRADE (\$ MN)

Item	1993	1994	1995	1996	1997
Exports of Goods	18.03	17.75	19.20	20.65	22.40
Imports of Goods	122.91	128.35	130.83	158.37	166.38
Balance of Visible Trade	-104.88	-110.60	-111.63	-137.72	-143.98
Export of Services	299.01	351.89	363.18	410.59	444.37
Import of Services	152.63	174.87	194.26	221.02	266.45
Balance of Trade / Services	146.38	177.02	168.92	189.57	177.92
Overall Trade Balance	41.50	66.42	57.29	51.85	33.94

TABLE 8

SELECTED NATURAL RESOURCES/INFRASTRUCTURE STATISTICS

Item	1993	1994	1995	1996	1997
# of Jetties/ Docks	13	14	14	15	15
# of Marinas	18	19	19	19	19
# of Hotels	44	44	45	45	45
# of Guest houses, Houses, & Guest Apartments	86	93	95	45	45
# of Mangrove Areas	238	238	238	238	238
Total Mangrove Area (ha)	114.27	114.27	114.27	114.27	114.27
# of Coral Reef Sites	4434	4434	4434	4434	4434
Total Coral Reef Area (ha)	7568.67	7568.67	7568.67	7568.67	7568.67
# of Salt Pond Areas / # of Coastal Lagoons	51	51	51	51	51
Total Salt Pond Area / Coastal Lagoon Area (ha)	534	534	534	534	534
Road Network (km)	176.6	176.6	176.6	176.6	176.6
Of which % Paved	75.0	75.0	75.0	76.0	76.0
# of Residential Units (Houses or Apartments)	5496	5704	5967	6165	6299