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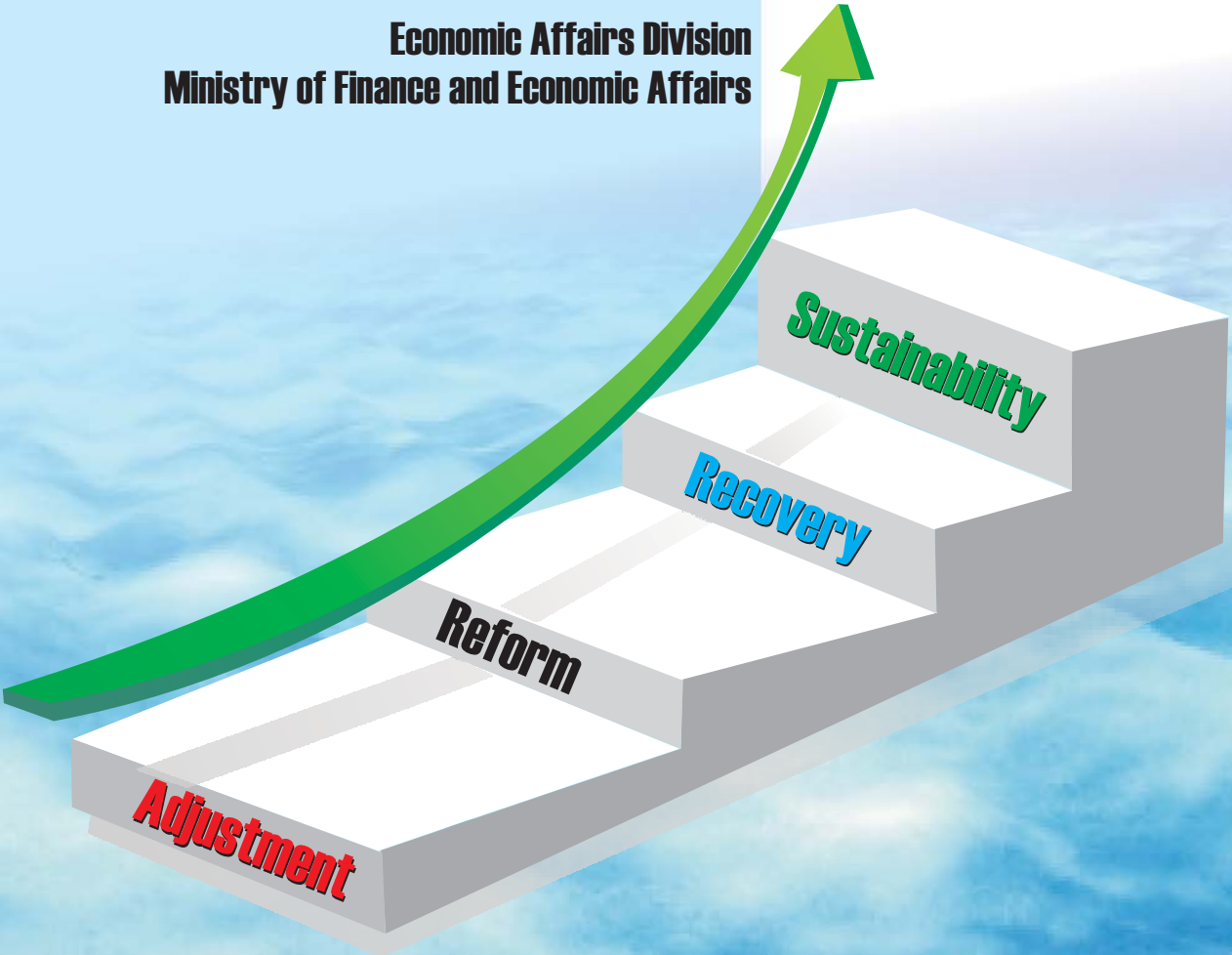
Barbados Growth and Development Strategy

2013

2020



**Economic Affairs Division
Ministry of Finance and Economic Affairs**



**This Draft Medium-Term Growth and Development Strategy
MGDS 2013-2020**

**is being prepared by
The Economic Affairs Division
Ministry of Finance and Economic Affairs**

in collaboration with

**The Finance Division
Ministry of Finance and Economic Affairs,
The Central Bank of Barbados,
Government Ministries and Select Departments
&**

**in consultation with the
Private Sector Association
and Labour Representatives**

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IMPLEMENTATION STRATEGY AND FINANCIAL PLAN

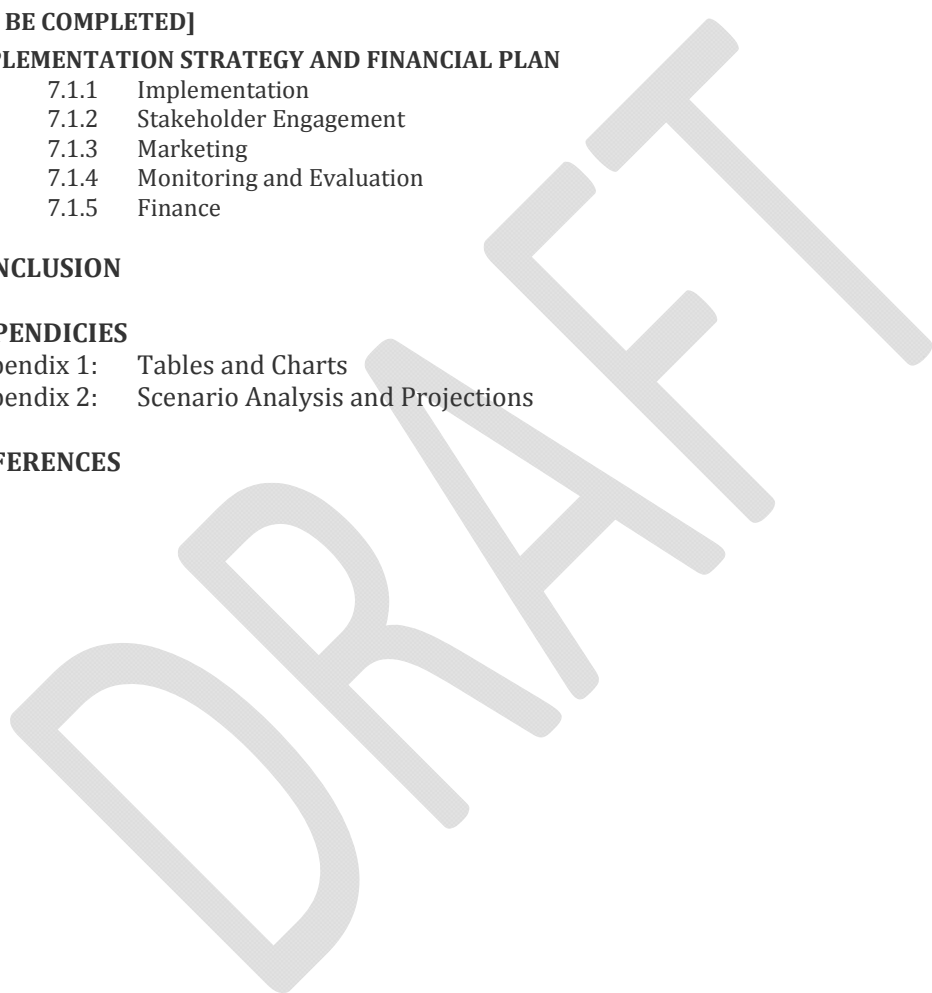
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EXECUTIVE SUMMARY

Since 2008, the Government of Barbados has been forced by the turbulent and inhospitable global economic environment to navigate the Barbadian economy through the most severe and sustained global economic crisis in our history. In response, Government rolled out a Medium-term Development Strategy 2010-2014 and a Medium-term Fiscal Strategy 2010-2014, in the strategic thrust to achieve economic stabilisation, adjustment and growth. To the extent that any real growth prospects were dependent on the upturn in the global economy, the protracted nature of the global downturn led to the postponement of any significant real growth. Government was however successful in keeping the Barbadian economy stable by maintaining a comfortable level of foreign exchange reserves, securing jobs and maintaining a comfortable social safety net.

This Medium-term Growth and Development Strategy (MGDS) 2013-2020 recognises, as a point of departure, the need and urgency to jumpstart and sustain private sector and investment led, productivity and export driven growth based on an environmentally green and socially sustainable and equitable economy while radically adjusting and reforming the Barbadian economy. In an effort to articulate a comprehensive Growth and Development Strategy for Barbados, a broad national vision, four (4) goals and twenty (20) objectives are stated. While seeking to broadly achieve sustainable growth and development, the framework takes implicit and explicit cognisance of the need to ensure environmentally efficient resource use in the context of a green economy.

The vision is one that is underpinned by the country's long-term goal which is to become **"A Fully Developed and People-centred Society, through New Development Pathways"**. Underpinning the broad strategic vision of the MGDS 2013 – 2020, are four goals, which are to: 1) Return the economy to a sustainable growth rate of 3 per cent while maintaining macroeconomic stability; 2) Facilitate broad based adjustments and reforms in the economy; 3) Enhance social and human development and; 4) Enhance energy and environmental sustainability in the context of the green economy. Based on the above vision and goals, the broad objectives going forward are to:

- 1) Reduce the Fiscal Deficit to below 2.0 per cent by 2020/21;
- 2) Achieve a more comfortable level of Debt Sustainability;
- 3) Strengthen the Net International Reserves position to at least six months or 24 weeks of import reserves cover;
- 4) Strengthen bank and financial sector soundness;
- 5) Reduce the unemployment rate to 7.0 per cent;
- 6) Reduce the cost of doing business and the cost of living;
- 7) Increase the exports of services and goods;
- 8) Increase food production and nutritional security;
- 9) Enhance international competitiveness, national productivity, efficiency and service excellence;

- 10) Enhance business facilitation;
- 11) Develop the micro, small and medium-sized business sector and entrepreneurship;
- 12) Expand and accelerate public and private investments;
- 13) Reform the productive sectors and increase supply capacity;
- 14) Reduce the level of poverty;
- 15) Preserve a strong social safety net;
- 16) Enhance research and innovation through science and technology;
- 17) Reduce dependence on fossil-fuels, ensure environmental sustainability and combat climate change;
- 18) Build the human and social capital base;
- 19) Infrastructure upgrade and modernisation and;
- 20) Ensure more modern and efficient public and private sector institutions.

In relation to GDP growth, sectors with the potential to generate the most GDP contribution must be identified and there should be a bias towards green intensive and export oriented investments. In relation to employment, sectors creating quality employment with high income elasticity remains critical and must be pursued especially in sectors that have the ability to earn foreign exchange. The Government of Barbados aims to guide the country's economy and to improve its growth, through interventions that are intended to serve as catalysts for accelerated and shared growth and development. Within this Strategy, the government has set an economic growth target of 4.5 per cent GDP growth by 2020. This target has been broken down into two phases, namely a target of 0.5 to 3.0 per cent over 2013 to 2017, and to 4.0 per cent by 2020. This growth must be managed in a way that is environmentally and fiscally sustainable, generates employment opportunities (labour intensive growth) and ensures that the fruits of economic growth contribute to poverty alleviation in an equitable manner. The Strategy is divided into seven chapters.

Chapter one reviews the Domestic Economic and Social Developments spanning the period 2008 to present. This review is followed by a discussion of the international, regional and domestic outlook. **Chapter two** presents a diagnostic analysis of the Barbadian economy showing primarily, a number of challenges and weaknesses which serve as structural constraints to sustained growth and development. **Chapter three** defines and details the medium-term growth and development policy framework, and defines and maps out the main components and structural parameters underpinning this sustainable growth and development strategy 2013 - 2020. The framework builds on the diagnostic analysis in chapter two by consolidating on the observed strengths, weaknesses, opportunities and challenges in the Barbadian society. While outlining the vision, goals and objectives, the framework states the assumptions and targets from which growth strategies, fiscal and debt management, financial sector policy, external sector policy, employment and inflation and economic and social development and sustainable policy are to be pursued.

Chapter four outlines a revised fiscal and debt management strategy framework to achieve the broad twin objectives of reducing the fiscal deficit and debt to GDP in a sustainable manner which supports growth, through adjustment, reform and recovery. **Chapter five** lists the trajectory for growth over the time horizon 2013-2020 and maps out the sectoral and special adjustment strategies that will have to be undertaken to return Barbados to a sustainable growth rate of 3 per cent by 2017 and 4.5 per cent by 2020. In addition the plan for infrastructural modernisation and development is detailed. This requires building the infrastructure for transportation, energy, water, solid waste, town planning and housing, disaster mitigation and telecommunications. This growth chapter is supported by a strategy to enhance the management, efficiency and financing of public and private investment projects and initiatives.

Chapter six balances the growth strategies and targets with the need to maintain a strong social safety net in keeping with human and social development objectives and indicators on Barbados' planning radar. **Chapter seven**, the implementation strategy and financial plan is in our estimation the most critical lever to Barbados' success in accomplishing the vision, goals and objectives.

The theme of the MGDS 2013-2020, which is **Adjustment, Reform, Recovery and Sustainability**, clearly maps out the strategic pathway we must follow to achieve the desired broad national vision, goals and objectives envisaged. The strategies contained in this plan must be carefully sequenced and phased over the planning horizon to ensure that the growth and development metrics to be realized.

DRAFT

INTRODUCTION

Development means developing the real income potentialities of the under-developed areas by using investment to effect those changes and to augment those productive resources which promise to raise real income per person. A developed economy therefore is characterised by increased capital resources, improved in efficiency of labour, better organisation of production in all spheres, developed transport and communication infrastructure, growth of banks and other financial institutions, urbanisation and a rise in the level of living, improved standards of education and expectation of life, greater leisure, more recreation facilities and the widening of the mental horizon of the people, and so on. In short, economic development must break the poverty barrier or the vicious circle and bring into being a self-generating economy so that economic growth becomes self-sustained.

This Medium Term Growth and Development Strategy 2013 – 2020 represents a holistic and systematic method to achieve adjustment, reform, recovery and sustainability in the Barbadian economy, through “**New Development Pathways**”. The rationale for this strategy is predicated on the argument that the country needs to boost its level of growth if it is to correct current macroeconomic imbalances and ensure a sustainable development path. The consequence of retaining the status quo is weak or negative growth which will create further social and economic imbalances.

Barbados must therefore seek to reverse the current negative situation and bring into being a self-regenerating economy so that economic growth becomes self-sustained. The critical success factors are for us as a small developing inter-dependent nation state that we must accept that:

1. We have a set of structural issues and challenges confronting us which we have to deal with as a matter of urgency.
2. It cannot be business as usual.
3. There must be a mind-set change and strategic paradigm shift in the structural, economic and social priorities.
4. Strategic and decisive leadership and management at all levels are required now and more than ever before.
5. Stakeholder buy-in is required among the full social Partnership, namely, government, the private sector, labour, civil society, all Barbadians, development partners and investors and members in the global society.
6. Financing is required.
7. We must collaborate as a united family in the quest to achieve a return to higher levels of sustainable growth and development.

In summary, all hands must be put to the plough and as Barbadians and residents alike, we must wrap ourselves in the national flag.

CHAPTER 1

ECONOMIC AND SOCIAL OVERVIEW OF BARBADOS

1.1 OVERVIEW - DOMESTIC DEVELOPMENTS

For a small island state consisting of 277,000 people (2012), of which 51.5 per cent are females, Barbados has admirably achieved a 'very high human development' status in terms of the UNDP's Human Development Index which combines indicators of health and educational status and livelihood. Since 1990, Barbados has been ranked among the top 50 countries in the world. Over the period 2005 to 2012, Barbados Human Development Index has fallen marginally from 0.89 to 0.82, while its ranking has fallen from 31 in 2005 to 38 in 2012. Despite these declines, Barbados is still considered to have a very high human development status.

Barbados has also made a positive contribution towards the global effort to achieve several of the United Nations Millennium Development Goals (MDG's). The country has basically achieved five (5) of the eight (8) goals and has ensured that children everywhere are able to complete a full course of primary schooling (goal 2), has taken a leadership role to reduce gender disparity in all levels of education (goal 3), and there has been reductions in child mortality as well as the maternal mortality ratio (goal 5). However, there are outstanding issues related to the eradication of poverty (goal 1) and to ensuring environmental sustainability (goal 7), while the eighth goal, development of a global partnership for development (goal 8), still needs to be fully addressed.

The country's development strategy has also been targeted to facilitate the development of the private sector in the production of goods and services. In addition, to providing the regulatory framework for economic and social development, the Government has also sought to maintain macroeconomic stability and foster a Social Partnership involving the representatives of employers and workers. Several policy measures have been introduced to improve the living conditions of the population, covering such areas as free health care, free education, subsidized housing, environmental preservation and social welfare.

As a small, open developing country, Barbados is vulnerable to external shocks such as those which occurred in 2001 and 2008-9, leading to a restriction in output, increase in unemployment and, as a consequence, an increase in transient poverty. Furthermore, given the commitments to the WTO and the CSME, policy measures have been taken to liberalise the economy which has meant some re-adjustment in the economy.

The government adopted a policy stance to maintain equilibrium in the Balance of Payments and contain the fiscal deficit, while promoting economic growth and employment creation. Unemployment declined significantly over the 1995 to 2010 period and only spiked with the advent of the economic recessions. The labour market witnessed an increase in the educational attainment of workers and the growth in the number of professional females in employment. There is still a high percentage of the

employed labour force in 'low skilled' jobs (approximately 60 per cent) and youth unemployment remains a challenge.

While there was improvement in health and education, there were still challenges with the health status of the population with respect to chronic non-communicable diseases (CNCs) and the quality of the output of the school system. There were improvements in the quantity and quality of housing, but as the Survey of Living Conditions (SLC) and Participatory Poverty Assessment (PPA) studies indicate, there were still pockets of unsatisfactory living conditions among the poor and vulnerable sections of the population.

The Government of Barbados has adopted several approaches to enhance the living conditions of its population through various institutional mechanisms; training, technical assistance, funding, infrastructural support, advocacy, income support and care and counseling. These measures have sought to improve access to housing, education and health, provide a means to enhance livelihoods and reduce social exclusion and discrimination. However, there may be instances of overlap in the provision of services in addition to unnecessary gaps in the provision of vital services to help raise the living conditions of persons, especially the poor. Some of the gaps include; access to production resources, and addressing morbidity/mortality from illnesses, homelessness, housing and social exclusion and discrimination.

1.1.1 REAL SECTOR

Barbados' economic performance has been mixed during the last ten years. Prior to 2008, real gross domestic product (GDP) grew by an annual average rate of 2.6 per cent, reaching as high as 4.0 per cent and 5.7 per cent in 2004 and 2005, respectively (Table 1). However, since the onset of the global economic downturn in 2008, GDP growth has remained relatively flat with the exception of a 4.1 per cent decline in 2009.

Over the past five years, the traded sectors has borne the brunt of the impact of the global economic slowdown, as a decline in global GDP depressed credit markets and resulted in double-digit unemployment for our trading partners, which significantly reduced demand for domestically produced goods and services. In terms of the traded sectors, the unanticipated depth and duration of the current global recession has made the structural vulnerabilities in these sectors more evident, as output in the traded sector contracted by an average rate of 2.4 per cent in the six successive years since 2007 (Table 1). The performance of the tourism industry was erratic but on average this industry experienced an average annual loss of 1 per cent per year. However, the industry has seen some success in the area of villa tourism, due to an estimated sharp rise in high quality villa rooms, which now account for over 40 per cent of the traditional hotel room stock. The designation of Bridgetown as a world heritage site also provides some additional diversification into heritage tourism.

In the manufacturing sector, activity fell by 2.5 per cent annually between 2002 and 2012 although it should be noted that these declines have been sharper post 2007. However, one notable success has been rum production, with export earnings almost three times that of sugar. Despite isolated successes, Barbadian manufacturing failed to move up the manufacturing value-chain and consequently that sector became

increasingly imperilled. Similarly, sugar has contracted by almost six per cent per year over the period as the industry failed to find a viable long-term strategy with the cessation of European Union's price support mechanism.

Table 1: Real GDP Growth (percent), Inflation and Unemployment Rates

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Annual Average
Real GDP Growth (%)	0.7	2.0	1.4	4.0	5.7	1.7	0.3	(4.1)	0.3	0.8	0.1	1.2
Traded	(2.2)	2.7	(8.3)	(0.8)	8.1	(7.3)	(0.3)	(4.3)	(0.4)	(2.5)	(3.9)	(1.7)
Sugar	(10.0)	(19.0)	(5.4)	11.3	(12.0)	0.9	(6.9)	1.2	(20.3)	(7.9)	4.4	(5.8)
Non-Sugar Agriculture & Fishing	(0.6)	4.7	(8.1)	6.9	(2.9)	2.8	2.9	3.6	(1.1)	(5.6)	(5.5)	(0.3)
Manufacturing	1.0	(1.7)	2.2	2.1	(0.7)	(1.2)	(2.2)	(12.2)	(4.4)	(5.3)	(4.9)	(2.5)
Tourism	(2.7)	7.0	(12.8)	(5.3)	18.1	(12.9)	0.5	(3.4)	3.6	(0.2)	(3.7)	(1.1)
Non-Traded	1.8	1.7	5.1	5.6	5.0	4.5	0.5	(4.1)	0.4	1.7	1.2	2.1
Mining & Quarrying	6.4	(15.6)	9.6	8.0	(3.1)	(5.9)	(7.9)	(37.3)	10.5	(13.6)	(5.4)	(4.9)
Electricity, Gas & Water	3.5	3.0	1.8	(0.6)	9.5	1.3	(0.4)	0.7	2.1	(1.4)	0.9	1.9
Construction	7.7	0.6	2.8	14.0	(0.4)	0.1	(5.2)	(18.2)	(9.6)	10.4	(7.6)	(0.5)
Wholesale & Retail	1.2	4.1	6.1	5.3	7.0	6.5	(0.8)	(4.7)	2.3	0.0	1.7	2.6
Government	6.5	(3.8)	5.6	3.5	3.0	3.0	3.0	3.0	1.0	3.0	1.9	2.7
Transportation, Storage & Communication	(2.9)	2.9	5.1	4.9	5.9	6.1	3.0	(2.8)	0.3	0.6	1.8	2.3
Business & Other Services	(2.3)	4.5	5.1	5.0	6.0	6.0	2.2	(2.9)	1.0	1.2	3.0	2.6
Inflation	0.2	1.6	1.4	6.1	7.3	4.0	8.1	3.6	5.8	9.5	4.5	4.7
Unemployment	10.3	11.0	9.8	9.1	8.7	7.4	8.1	10.0	10.8	11.2	11.6	9.8

Source: Central Bank of Barbados

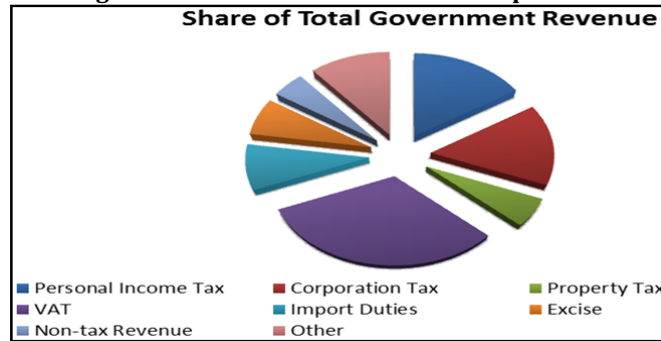
Throughout this ten-year period, non-traded activity was the main driver of growth, averaging an annual growth rate of 2.1 per cent since 2002 (Table 1). A boom in real estate inflows propelled growth in wholesale and retail, construction, transport and communications and business and other services, prior to 2008. Consequently, both construction and mining & quarrying fell significantly. Waning investor confidence, increased levels of uncertainty in international credit markets and reduced tourism activity resulted in the postponement of several real-estate development projects. Consequently, the construction industry, which had seen an incredible 15 years of growth, fell 5.6 per cent in 2008 and plummeted by 18.2 per cent in 2009. Retail and transportation activity also declined or slowed significantly during the period. As a result of the economic developments after 2007, the annual rate of unemployment rose to 11.6 per cent at the end of 2012 (Table 1), 4.2 percentage points higher than the decade low of 7.4 per cent in 2007.

Inflation over the decade averaged 4.7 percent, a considerable increase compared to the average inflation rates during the 1990s. In particular, after 2004, inflation accelerated sharply due to persistently higher oil and other commodity prices. However, on account of a slide in commodity prices since the end of 2011, the 12-month moving average inflation rate at the end of 2012 fell to 4.5 per cent from a high of 9.5 per cent in 2011 (Table 1).

1.1.2 FISCAL SECTOR

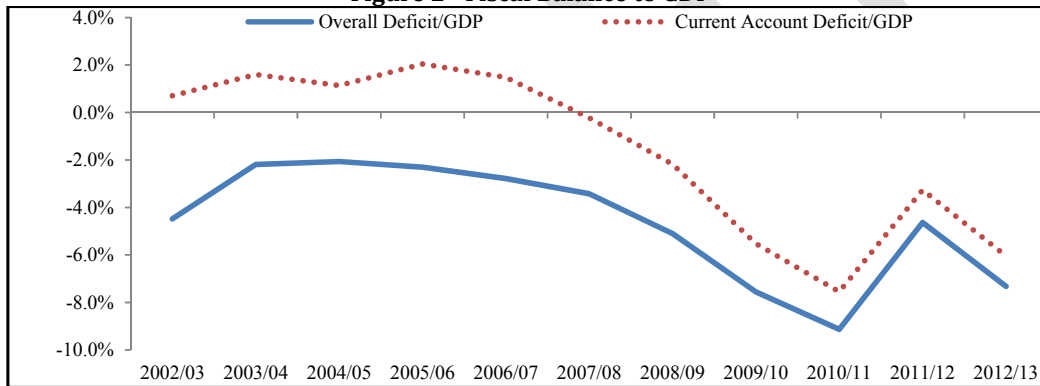
During the last ten years, tax revenue has averaged about 95.0 per cent of total revenue. Throughout the period 2002-2012, taxes on goods and services, and income and profits were central in generating tax revenue for the economy, contributing around 47.6 per cent and 36.4 percent, respectively. Of these taxes, value added tax (VAT) was the main revenue earner, accounting for 34 per cent of total tax revenue.

Figure 1 - Government's Revenue Components



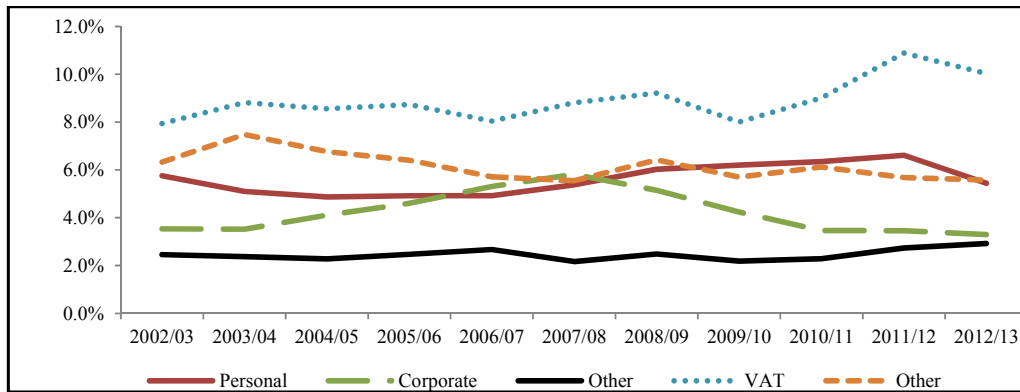
The impact of the global economic slowdown on GDP filtered through to Government's fiscal accounts, triggering the first in a series of current account deficits in fiscal year (FY) 2007/08 – the first since 1991 – which continued through to FY2012/13 and peaked at \$640 million or the equivalent of 7.5 per cent of GDP in FY2010/11.

Figure 2 - Fiscal Balance to GDP



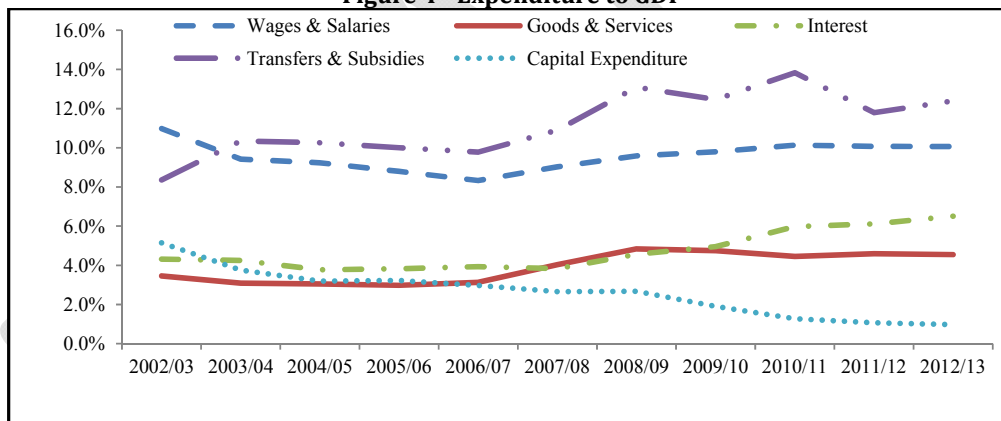
These shortfalls were predicated on both weakened tax revenues and widening expenditures. Regarding the former, while increases in revenue were recorded between FY2002/03 and FY2008/09, nearly all revenue categories declined the following year. The largest fall-offs occurred in VAT receipts (16 percent) and taxes on corporate profits (12 percent).

Figure 3 - Revenue to GDP Ratios



Following three years of only incremental changes in expenditure, during FY2007/08, Government outlays grew in line with the hosting of Cricket World Cup in that year. This growth continued the following year as Government committed itself to maintaining employment in the civil service and stabilising the economy in the face of the global recession. The largest component – transfers and subsidies to state-owned enterprises – increased by the equivalent of 2.0 per cent of GDP, while both interest payments and goods and service; payments rose by around 16.0 percent.

Figure 4 - Expenditure to GDP



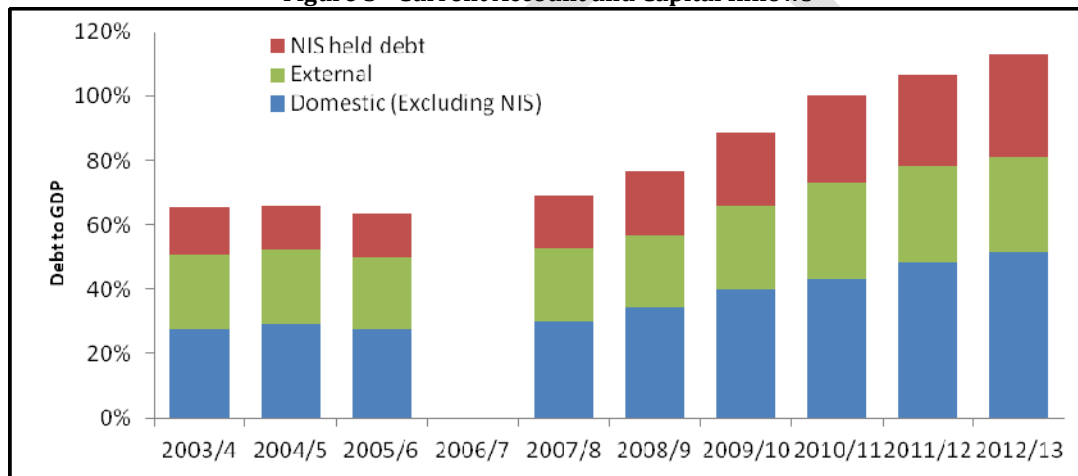
The higher deficits generated by countervailing expenditure growth and revenue losses led Government to adopt its first Medium Term Fiscal Strategy (MTFS) 2010 - 2014 – a roadmap describing the main targets necessary to bring about fiscal sustainability. The programme anticipated improvements in revenue collection, a review of the existing tax system and constraints on expenditure. Following its implementation, the rate of VAT was increased, a number of tax exemptions were removed and caps were placed on transfers to some state agencies, while increases in wages and salaries were limited to increments. This resulted in a reduction in the fiscal deficit to GDP from 8.7 per cent in FY2010/11 to 4.6 per cent in FY2011/12.

Prior to FY2007/08, debt levels increased moderately. However, with the onset of the 2008 crisis and the subsequent deterioration of the fiscal accounts, Government's indebtedness increased more substantively. Given the heavy reliance on the domestic

market for financing, the majority of this growth reflected the increase in domestic debt. Also contributing to the increase in the level of domestic debt was the effect of the realization of Government's private public partnerships (PPP's). The four main PPP's were the Prison, the Justice Improvement, the Coast Guard, and the ABC Highway projects, which together accounted for approximately BDS \$645 million (7.4 per cent of GDP).

On the external side, debt levels too have risen, albeit slower than on the domestic side. This external financing was sourced from multinational institutions (IDB, CDB), and also through two international capital market borrowings that totaled BDS \$632 million. The increase in Government borrowing on the domestic market, even though grossly facilitated by financial institutions, still required the NIS to increase its holdings of Government securities. These coupling factors have increased Barbados' debt to GDP ratio; excluding debt owed to the NIS - from 50.7 per cent of GDP in FY 2003/4 to 81.3 per cent of GDP in FY 2012/13.

Figure 5 - Current Account and Capital Inflows



1.1.3 MONETARY SECTOR

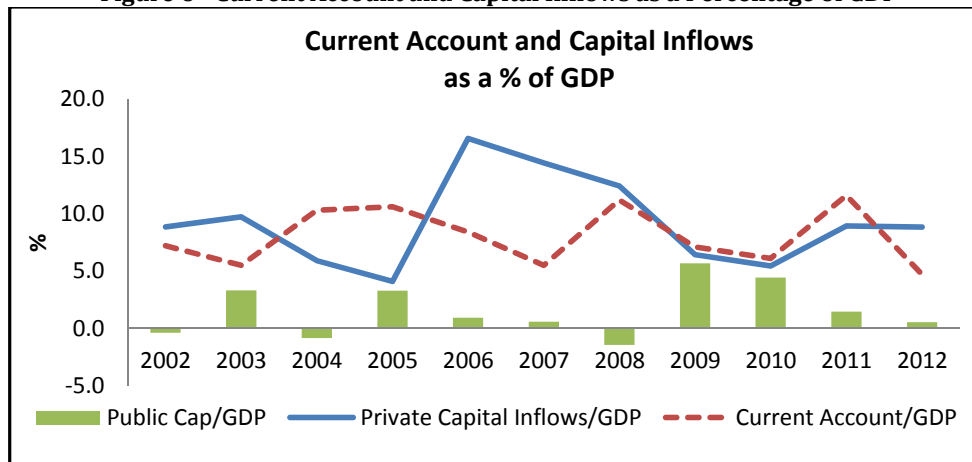
On the financial sector side, banks remained stable and well capitalized. Interest rates remained stagnant throughout 2012, and as a result of depressed loan demands the financial system remained liquid since the latter half of 2008. At the end of 2012, while the interest rate on treasury bills remained flat, both domestic deposits and cash levels in commercial banks improved during 2012, when compared with the previous year.

1.1.4 EXTERNAL SECTOR

Historically, Barbados' current account position has been one of deficits, with the last ten years current account deficit as a percentage of GDP averaging approximately 8.1 percent. Large recurrent merchandise trade deficits have resulted from a heavy reliance on imported goods, in addition to Barbados not being a significant merchandise exporter. With the boom in capital inflows for real estate between 2005 and 2007, these deficits did not place undue strain on international reserves during the period. Barbados is heavily dependent on earnings from services, particularly tourism but since

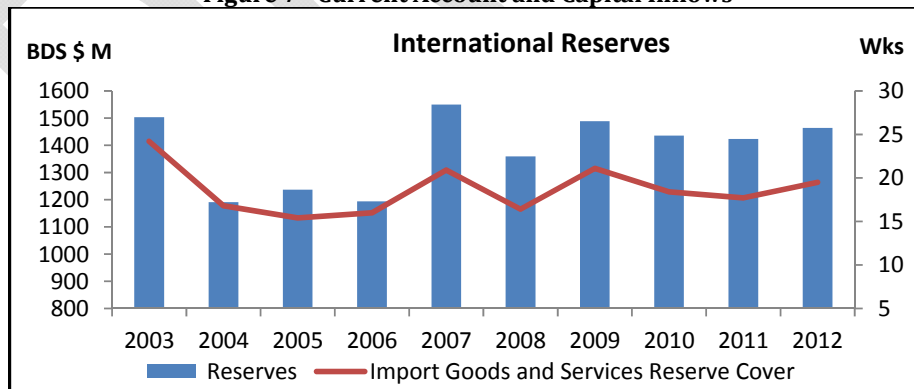
2008 these inflows have declined as the hotel and villa sector faced the combination of decreased arrivals and lower expenditure by tourists.

Figure 6 - Current Account and Capital Inflows as a Percentage of GDP



Despite these adverse developments, the level of reserves has been maintained since 2008. The major factors assisting the maintenance of the level of reserves were: i) external borrowing equivalent to just over 10.0 per cent of GDP in 2009 and 2010; ii) extraordinary transactions in 2011 and 2012 associated with the sale of the Barbados Light and Power Company to Emera and the divestment of Government's Barbados National Bank shares; and iii) the sharp improvement in the current account deficit to GDP in 2012. Given the nature of these transactions, care must be taken to ensure that sufficient reserves are available to maintain the fixed peg with the US dollar that has contributed significantly to the macroeconomic stability of the Barbados economy.

Figure 7 - Current Account and Capital Inflows



CHAPTER 2

DIAGNOSTIC ANALYSIS OF THE BARBADIAN ECONOMY

2.1 OVERVIEW

Barbados, one of 12 Small Island Developing States (SIDS) in the Caribbean Basin has earned its place in the world as a premier small island developing state as is evidenced by its favourable record of economic performance and social development. An analysis of Barbados' situation from the geopolitical, social, economic and structural perspectives signals that there are opportunities for achieving long-term sustainable economic growth and development over the planning period 2013 to 2020. Barbados, the most easterly of the Caribbean islands, is approximately 166 square miles (431 sq. Km) with an estimated population of 275,000 in 2012, making it one of the most densely populated countries in the western hemisphere. The island has no known mineral resources apart from small on-shore deposits of crude oil and natural gas. Despite its small size, Barbados has a relatively high per capita income of approximately US \$8,500 making it a middle-income developing country.

Since independence from Britain in 1966, successive governments have sought to diversify the production base of the economy. Given its soil, topography and rainfall patterns, sugar - manufactured from sugar cane - has traditionally been the island's most significant export product. However, during the 1970s, manufacturing and tourism services emerged as major foreign exchange earners. Barbados' beautiful beaches and its social stability have been important factors in attracting an increasing number of tourists since the late 1970s. In addition, a relatively stable economic climate has provided an attractive environment for foreign investment and a growing offshore services industry. Given the vulnerability of the Barbados economy to external shocks, evident by the recent global financial and economic crisis, it is clear that a comprehensive strategy response is warranted to tackle effectively, a weakened Barbados economy.

To lay the foundation for recovery, adjustment and repositioning of the Barbados economy, there is need to tackle head on, the structural constraints that have hindered growth and development. One of the logistical pillars of such a broad strategic approach is the prioritization of sectors based on their potential to contribute to growth and development. In addition, greater attention would be given to industrial diversification, promotion of linkages into other sectors of the economy with growth potential, and even the promotion of regional and international linkages to gain access into new markets of Barbados' goods and services. Tourism services which contribute largely to Barbados foreign exchange earnings would not be limited to export-oriented enclaves but would be developed within a framework that encourages stronger supply and value chain linkages to other sectors.

Other initiatives such as supporting technological and enterprise innovation; building institutional capacity to plan for and guide economic development; developing appropriate infrastructures that are modern and competitive and leveraging private sector investment through PPP arrangements would be pursued to drive sustained growth and development. In the creation and pursuit of the vision for Barbados, it is

important that we harness our strengths, exploit all opportunities, minimize our weaknesses and mitigate the impact of challenges emanating from the internal and external environment.

Figure 8



2.1.1 CHALLENGES:

- **Climate change:** The growing pressure from risk associated with global environmental changes continues to threaten the physical and economic security of Small Island Developing States (SIDS) such as Barbados. Small island developing States (SIDS) are among the most vulnerable to the impacts of climate change. In addition to susceptibility to natural disasters, they face the prospect of inundation from rising sea levels, loss of land due to coastal erosion, and contamination of agricultural land due to saltwater intrusion.
- **Protracted Global Economic Crisis:** The advent of the global financial and economic crisis continues to affect Barbados's major source markets. The new financial reality within the Euro zone and the USA has constricted growth in tourism and related activities such as construction and trade which in turn, depressed aggregate demand and raised unemployment within these sectors. In addition, **The Air Passenger Duty (APD)** remains a real Caribbean concern as it places the Caribbean at a competitive disadvantage as a holiday destination.
- **New Trading Regime:** The World Trade Organisation (WTO) liberalization process has impacted Barbados' traditional export sectors through the threat of imminent preference erosions. These pressures have been reinforced through regional commitments that Barbados together with other CARIFORUM countries has to fulfill. The adjustment cost and weak institutional arrangements to implement these agreements have posed a number of challenges to Barbados. Within this context, one of the main challenges for Barbados will be to exploit the benefits, actual or potential, that the Economic Partnership Agreements provide.
- **Graduation from Grant financing and Development Assistance:** Barbados, like most other developing countries, has faced a situation of declining official development assistance (ODA). The new development and 'differentiation policy' of donor partners have the potential to constrict grant financing being offered to developing countries based on new aid allocation criteria. The overarching

principles set out in the “Agenda for Change” proposed that development assistance would be allocated accorded to needs, capacities, commitments, performance and potential impact. Within the aforementioned context, Barbados faces the possibility of being graduated because of its high per capita income index.

- **HIV/AIDS, chronic non-communicable diseases, rising crime and drug abuse:** These pose a serious challenge to the development of social capital, the linchpin of further economic growth. This pandemic poses a serious threat to our youth, to the most productive elements of our labour force, and to our established social capital formation. HIV/AIDS can reduce productivity, national savings and investment. It can also negatively impact on foreign investment, tourist arrivals and foreign exchange earnings.
- **Increases in global energy and food commodity prices:** Any exogenous shock in global energy and food commodity prices significantly impacts the current account balances of developing countries such as Barbados. The feed through effects of these shocks result in higher prices of goods and services within the domestic economy.

2.1.2 OPPORTUNITIES

- **New export opportunities through increased access to global markets:** Trade liberalisation provides Barbados with new market opportunities in a wide range of services and products for which we have a competitive advantage, particularly in the Americas and within CARICOM. The Economic Partnership Agreement (EPA) also provides export opportunities for services, creative products and selected manufactured items into the European economic zone.
- **Inter-sectoral linkages and Value chain alliances:** The strengthening of inter-sectoral linkages and value chain alliances can facilitate greater synergies and cohesiveness in production for exports and spur innovation by bringing together technology, information, academic institutions and other institutions which can yield more refined research, larger pools of specialized talent and faster deployment of new knowledge.
- **Strengthen South-South cooperation and Business Alliances:** The deepening of south-south relations creates an opportunity for inter-regional cooperation and collaboration which can lead to effective business alliances being forged with key players in sectors of importance to Barbados, such as the renewable energy sector.
- **Agricultural diversification:** Opportunities lie in the production of high-valued products, such as West Indian Sea Island Cotton products, specialty sugars and other high-value products based on sugar cane, organic and gourmet foods, use of bio-technology and the tapping of ethnic markets abroad.
- **Market unification:** Market unification offers opportunities for economies of scale and scope, thereby facilitating greater efficiency, growth and profitability to Barbadian businesses, lower prices to its consumers and increased consumer welfare. The unification of regional capital markets provides the opportunity for increased market capitalization thereby allowing the Barbados Stock Exchange

to realize significant expansion. This would enhance capital market efficiency by channeling investment to the areas of greatest return.

- **Intellectual Property Value Capture Business:** Business enterprises in Barbados have distinctive products and services that could benefit from IP value capture business strategies. Niche product offerings such as Black belly sheep by-products and creative product (such as music and literature) are distinctive products/services that could increase export income.
- **Local Economic Model (LED) for rural development:** Recognizing the linkage between rural development in general and sustainable local economic development in particular, there is a spreading opportunity through maximising the economic potential of rural enterprises, through fostering LED that drives high-impact, quick-win investment opportunities that could have a catalytic ripple effect on economic growth.
- **Venture capital leverage from the Diaspora.** In addition to playing a critical role in helping to attract foreign direct investment, the diaspora has an equally significant role to play in facilitating the flow of venture capital and investment in domestic indigenous companies. Moreover, there is potential for growth of domestic enterprises through leveraging the diaspora to aid in the development of indigenous companies.
- **Green jobs in the renewable energy sector:** There is growing concern about different environmental challenges, such as global warming, degradation of natural resources and the impact on the quality of life for present and future generations. In this context the transition towards a greener, low-carbon sustainable economy is ever more urgent. This transition provides enormous opportunities for the creation of green jobs for Barbados enterprises across key economic sectors such as the renewable energy sector.
- **Investment opportunities in the Creative Economy:** The creative economy has emerged as a key growth sector within the Caribbean. The recent success of Barbados' pop icon, Rihanna, is testimony to this occurrence. In addition, the potential earnings from the audiovisual industries combined with cultural, heritage and festival tourism provides new opportunities for the expansion and diversification of Barbados' creative economy.

2.1.3 WEAKNESSES



- **Vulnerability:** The Barbadian economy possesses the defining characteristics of a small open economy. These are; low diversification, limited natural resources and heavy dependence on imports, which makes it especially vulnerable to external events. These special and peculiar structural and institutional characteristics impact on our macroeconomic fundamentals, economic sectors and individual units in the society. These characteristics also impact structurally on the process of economic growth, constrain our ability to compete and limit our capacity and speed to undertake adjustment and transformation in the structure of the economy. Barbados is also susceptible to natural disasters and its economy is intricately linked to the well being of other global economies.

- **Weak business facilitation:** Bureaucratic red-tape and inefficiencies within key institutions adds to the cost of doing business and has a significant impact on Barbados' level of competitiveness.
- **Lack of economies of scale and scope:** Our small market size has made it difficult to realize economies of scale and scope especially in industry and agriculture. Relatively high labour and operating costs also act as a constraint on doing business in Barbados. In addition, Barbados' enterprises which are small, have limited comparative technological capacity which further constricts economies of scale.
- **Market imperfection.** There is a high incidence of monopolistic and oligopolistic behaviour in our domestic markets which leads to low levels of competition, suppressed efficiency and contributes to higher prices. The low levels of competition also reduce the level of ingenuity, innovation and productivity.
- **Loss of competitiveness:** There is increasing evidence of loss of international competitiveness, especially in the manufacturing and agriculture sectors.
- **Weak entrepreneurial culture:** There is a low level of entrepreneurship, with Barbadians generally disinclined to take business risks and to turn innovative ideas into enterprises. Most Barbadian entrepreneurs appear to have an inward orientation towards business expansion and fail to exploit market opportunities in regional and international markets.
- **Paucity of research, development and innovation:** There is a general lack of intensity and continuity in research and development in the areas of enterprise development, product development and ideas development.
- **Lack of food security:** As a small developing country with limited capacity for producing food to satisfy domestic demand, Barbados is categorised as a Net Food Importing Developing Country.
- **Lack of appropriate Legislation:** Barbados is perceived to have a very good policy and legal environment. However, there are some legislative encumbrances that constrain export growth potential and the development of vibrant agribusiness sectors.

2.1.4 STRENGTHS

- **Political stability:** This stability is reflected in the uninterrupted practice of representative government since 1639, upon which post-colonial Barbadians have built a remarkable and cohesive democratic system, which compares favourably with world-class standards. Barbados' political stability has been reinforced since 1993 by the establishment of a unique, well-developed Social Partnership comprising Government, the Private Sector and Labour.
- **Justice and legal system:** Barbados has a well-developed, judicial and legal system in which fundamental human rights, civil liberties and respect for the rule of law are strongly upheld.

- **Macroeconomic stability:** Barbados has an enviable record of macroeconomic stability as a result of prudent fiscal, monetary and prices and incomes policies. The Barbadian dollar has maintained a fixed parity with the US dollar since 1975 and has provided a long period of price stability, which has had a favorable impact on inward investment. There has also been a low and stable rate of inflation, relatively low unemployment and a reasonably equitable distribution of income.
- **Highly trained workforce:** Barbados prides itself as having one of the most comprehensive educational systems in the developing world. Education is compulsory to age sixteen and free at the primary, secondary and tertiary levels. Educational opportunities range from pre-school to university education, and include vocational and technical training, as well as special schools for the mentally and physically challenged.
- **Infrastructure:** Barbados has a reliable telecommunications network and infrastructure which has made the country an attractive destination for doing business and an ideal location for off-shore financial services. According to the World *Global Competitiveness Index* for 2010, Barbados was ranked 44th in the world and scored well in terms of good institutions (20th) and infrastructure (21st).
- **Competitive investment incentive regime:** Barbados possesses a competitive regime for the attraction of foreign investment, especially in the area of international business services. The financial services sector is well developed and there is a diverse portfolio of tax incentives designed to encourage investment in information and financial services.
- **Social cohesion:** A very high level of social cohesiveness characterizes the island's population. There is in place a network of social organizations (sports clubs, community clubs, interest groups and churches) that foster this cohesiveness.
- **Established good working relations with International Agencies:** Barbados has built over the years, strong and respectable relations with international agencies which has and continued to be effective in building capacity in areas of national priority.
- **Strong Social Partnership framework:** Barbados has a unique tradition among developing countries with harmonious industrial relations founded on agreed protocols among the social partners. The Barbados Social Partnership is a tripartite arrangement between government, trade unions and the private sector. The tripartite partnership was established in the early 1990s and is one of the unique aspects of the structure of the Barbados economy. The partnership reflects the culture and history of the people of Barbados and their willingness to come together for a national cause. The success of the Social Partnership has undoubtedly helped the island in its ranking, by the United Nations, as the leading developing country in the world over the last two decades.

CHAPTER 3

MEDIUM TERM GROWTH AND DEVELOPMENT POLICY FRAMEWORK

OVERVIEW

The framework designed in this chapter defines and maps out the main components and structural parameters underpinning this sustainable growth and development strategy 2013 - 2020. The framework builds on the diagnostic analysis in chapter two by consolidating on the observed strengths, weaknesses, opportunities and challenges in the Barbadian society. Emanating from the diagnostic analysis, a broad national vision, four goals and twenty objectives and their accompanying assumptions and targets are stated. While seeking to broadly achieve sustainable growth and development, the framework takes implicit and explicit cognisance of the need to ensure environmentally efficient resource use in the context of a green economy.

3.1 NATIONAL VISION, GOALS, OBJECTIVES

NATIONAL VISION

The vision for the medium-term growth and development framework is one that is underpinned by the country's long-term goal which is to become **"A Fully Developed and People-centred Society, through New Development Pathways"**. This medium-term framework therefore provides another step towards this aim by outlining broadly, the necessary measures that will need to be considered to move Barbados onto a more sustainable growth and development path.

NATIONAL GOALS AND OBJECTIVES

Underpinning the Government of Barbados' Medium-Term Growth and Development Strategy 2013 – 2020, are four goals, which are to:

- GOAL 1:** Return the Barbadian economy to a sustainable growth rate of 3 per cent by 2017 and 4.5 per cent by 2020 while maintaining macroeconomic stability.
- GOAL 2:** Facilitate broad based adjustments and reforms in the economy.
- GOAL 3:** Enhance social and human development.
- GOAL 4:** Enhance Environmental sustainability in the context of the green economy.

Based on the above vision and goals outlined within the Medium-Term Growth and Development Strategy 2013 - 2020, the broad objectives going forward are to:

- OBJECTIVE 1:** Reduce the fiscal deficit to below 2.0 per cent by 2020/21.
- OBJECTIVE 2:** Achieve a more comfortable level of Debt Sustainability.

- OBJECTIVE 3:** Strengthen the Net International Reserves position to at least six months or 24 weeks.
- OBJECTIVE 4:** Strengthen bank and financial sector soundness.
- OBJECTIVE 5:** Reduce the unemployment rate to 7.0 percent.
- OBJECTIVE 6:** Reduce the cost of doing business and the cost of living.
- OBJECTIVE 7:** Increase the export of services and goods.
- OBJECTIVE 8:** Increase food production and nutritional security.
- OBJECTIVE 9:** Enhance international competitiveness, national productivity, efficiency and service excellence.
- OBJECTIVE 10:** Enhance Business Facilitation.
- OBJECTIVE 11:** Develop the micro, small and medium sized business sector and entrepreneurship.
- OBJECTIVE 12:** Expand and accelerate public and private investments.
- OBJECTIVE 13:** Reform the productive sectors and increase supply capacity.
- OBJECTIVE 14:** Reduce the level of Poverty.
- OBJECTIVE 15:** Preserve a strong social safety net.
- OBJECTIVE 16:** Enhance research and innovation through science and technology.
- OBJECTIVE 17:** Reduce dependence on fossil-fuels, ensure environmental sustainability and combat climate change.
- OBJECTIVE 18:** Build the human and social capital base.
- OBJECTIVE 19:** Infrastructure upgrade and modernisation.
- OBJECTIVE 20:** Ensure more modern and efficient public and private sector institutions.

3.2 THE MACRO-GROWTH AND DEVELOPMENT MODEL

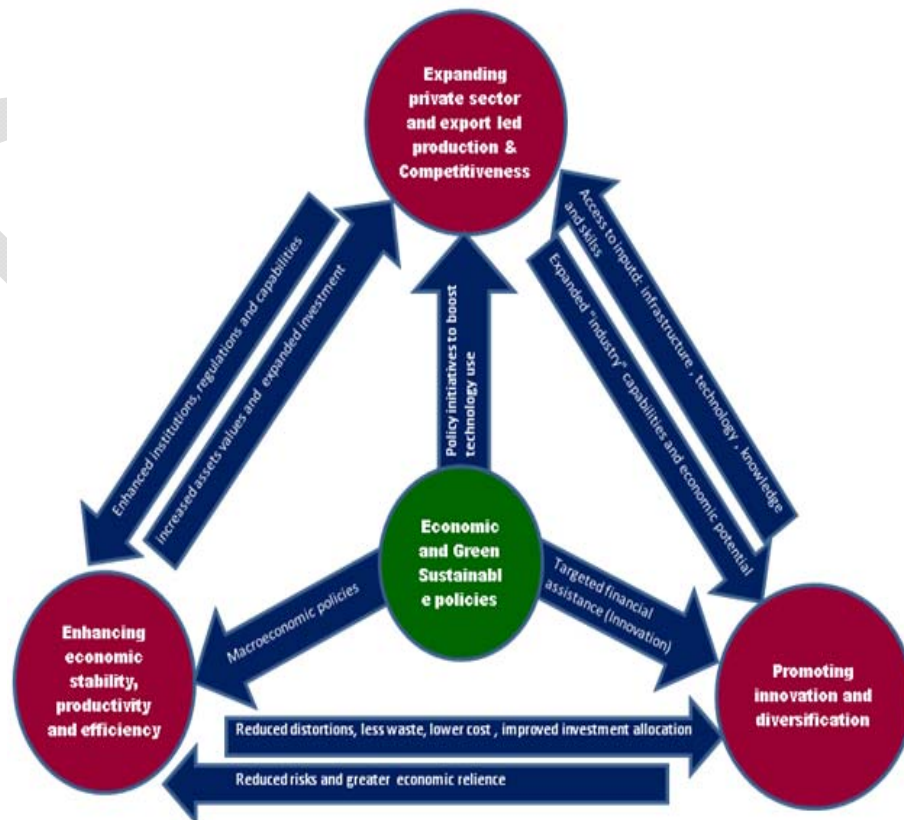
The Model framework going forward is eclectic in its approach. The Model will embrace the disciplines of 1) Management theory 2) Strategic planning 3) Human resource development and; 4) Technology. In the form proposed by Lewis, labour would be transferred from low productivity areas and sectors to higher productivity

areas and sectors of growth. This transition, which will have to be gradual and carefully managed, would involve training and retraining of personnel for preparation to work in the modern and higher productivity areas such as, in the services sector. The expected outcome of this model would result in an accelerated growth rate of productivity growth and real GDP by 2020.

The macro-growth and development model will be foreign exchange and private sector led, based on a sustainable expansion in foreign and domestic public and private investments and foreign and domestic borrowing. Additionally, the macro-growth and development model will seek to increase investor and consumer confidence; increase exports in a sustainable manner and dampen import demand by import substitution policies. The model will be technology driven while seeking to develop entrepreneurship through the development and expansion of the small and medium-sized enterprise sector. Lastly, demand-side driven policy initiatives in the model are balanced against supply-side policy initiatives, the latter which focuses on issues of; efficiency, cost and price competitiveness and productivity in the use of labour, management, capital and technological resources.

On the development side, this growth will seek to realize environmental sustainability in the context of transformation to a green, and the securing of a strong social safety net through targeted and strategic human and social development initiatives. These initiatives are in the areas of; education, health, HIV and AIDS, poverty reduction and law and order.

Figure 9: Macro-Growth and Development Model



3.2.1 MEDIUM-TERM MACROECONOMIC ASSUMPTIONS AND TARGETS

3.2.1.1 *International and Domestic Context*

It is assumed that the Medium term prospects for Barbados will remain mixed notwithstanding that the current global economic climate is showing signs of gradual improvement though accompanied by relative uncertainty. Global food and energy prices are however seeming to stabilise, based on current projections in the Recent IMF World Economic Outlook for March 2013. It is projected that between 2013 and 2017 world output will average 4.2 percent, in the Euro Area 1.2 percent, in the USA 3.0 per cent and in China, 8.4 percent.

The task of maintaining economic stability while seeking growth will be challenging. Our ability to grow will depend on the strength of the recovery in developed economies on whose markets we depend for the export of our goods and services. Any false recovery, particularly in the USA and the UK, could mean further deterioration in our economic position. As it stands, if we are to pave the way for future recovery and growth, then we must ensure that the basic fundamentals are sound and structural changes are made to the domestic economy. In this regard we must work to provide:

1. Strategic and targeted support for traditional growth sectors such as tourism, international business, manufacturing, and agriculture, while also focusing on new growth industries. (the programme budget documents along with greater discussion with the key sector players will identify projects that are growth targeted);
2. Greater focus to accessing those non-traditional markets as a means to expand output and earn greater foreign exchange;
3. A high level of foreign exchange reserves so that more of our growth can be self-financed.
4. Fiscal and debt sustainability is maintained;
5. A low cost of living so that spending power of the poor and vulnerable is not eroded;
6. Wage increases are in line, not only with fiscal and monetary policy objectives, but also with increased levels of productivity and competitiveness;
7. A low unemployment rate.
8. Improvement in the external current account balance through higher exports while controlling the level of imports of consumer goods;
9. A strengthened social safety net.
10. For the fast tracking of those capital works, construction based infrastructural programmes that will generate jobs and boost growth.

Table 2: Summary of Key Global Medium Term Macroeconomic Prospects

Country Group Name	Subject Descriptor	2003-2007	2008-2012	2013	2014	2015	2016	2017	2018
World	GDP (constant prices)	4.8	2.9	3.3	4.0	4.4	4.5	4.5	4.5
	Inflation	3.8	4.2	3.8	3.8	3.7	3.6	3.6	3.5
Advanced Economies	GDP (constant prices)	2.7	0.5	1.2	2.2	2.6	2.6	2.6	2.5
	Inflation	2.1	1.9	1.7	2.0	1.9	2.0	2.0	2.1
Developing Asia	GDP (constant prices)	9.7	7.9	7.1	7.3	7.6	7.7	7.7	7.7
	Inflation	3.9	5.3	5.0	5.0	4.7	4.4	4.1	3.9
LAC	GDP (constant prices)	4.8	3.3	3.4	3.9	3.9	3.9	3.9	3.9
	Inflation	6.8	6.5	6.1	5.7	5.4	5.2	5.1	5.1
Middle East and North Africa	GDP (constant prices)	6.9	4.5	3.1	3.7	4.5	4.6	4.7	4.6
	Inflation	7.6	9.0	9.6	9.0	8.1	7.9	7.7	7.3
Sub-Saharan Africa	GDP (constant prices)	6.3	4.8	5.6	6.1	5.9	5.7	5.5	5.5
	Inflation	8.2	9.6	7.2	6.3	5.7	5.6	5.6	5.6

Source: IMF's World Economic Outlook (April 2013)

3.2.1.2 Growth and Adjustment Policy Framework

The growth policy framework for 2013 -2020 targets a return of the Barbadian economy to its historic growth rate of between 3.0 by 2018 and to 4.0 per cent by 2020. These targets, which are presented in Table 4, represent the minimum growth that the country would not want to fall below, but would want to surpass even if consideration is given to economic cycles. It is expected that if this growth is to increase and remain sustainable then it will have to be private sector led with a major focus on investment and exports. In addition, issue of productivity, employment generating, socially balanced, support of green and environmental sustainable initiatives, would all have to feature in the growth framework.

Growth will be also primarily reliant on the expected recovery in major external markets (the USA and UK are forecast to grow by 3.0 per cent and 2.7 per cent respectively). In addition, growth will be driven by more aggressive and SMART marketing and planning strategies to facilitate stronger tourism demand and international business and financial services. Greater effort will be made at finding new tourism markets and special activities in agriculture and manufacturing, while also pushing renewable energy to help in the achievement of the targeted growth projections. Construction will also be a main driver being sponsored by an accelerated public and private sector investment programme. Further, outside of any upward surge in oil and food prices, inflation should remain moderate.

3.2.1.3 Fiscal Adjustment and Debt Management Framework

On the fiscal front, a restructuring and reengineering of government's expenditure items, tax expenditure, revenue agencies and systems and innovative sources of financing will form the central pillar of a rebranded medium term fiscal strategy. This new strategy will be reflected in revised fiscal targets which will be trended on a new downward trajectory to reach between 2.0 to 2.5 per cent by 2017/18 and below 2.0 per cent by 2020/21. Also, within that planning period, the government will also seek to reduce the debt to GDP ratio to around 89.5 per cent by 2020/21.

Table 3: Fiscal Adjustment and Debt Scenario

Fiscal Indicators	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Total Debt per cent GDP	106.1	102.4	98.8	95.8	92.9	91.5	88.9
Overall Budget Balance per cent GDP	-4.4	-4.0	-3.5	-2.8	-1.9	-1.0	0.0
Primary Balance per cent GDP	0.8	0.6	0.7	0.9	1.3	1.8	2.4
Current Account Deficit as per cent GDP	-2.6	-2.2	-1.6	-0.8	-0.2	0.6	1.3
Total Revenues per cent GDP	27.4	27.0	26.4	26.1	25.8	25.6	25.6
Total Expenditures per cent GDP	38.6	37.0	36.7	33.5	32.4	31.4	30.7
Total Debt Interest per cent GDP	5.2	4.6	4.1	3.7	3.2	2.8	2.4

Source: Ministry of Finance and Economic Affairs and Central Bank of Barbados

3.2.1.4 Debt Management Framework

This fiscal effort will be supported by a clearly articulated sustainable debt management strategy which will seek to promote sustainable growth primarily in the foreign exchange earning sectors and private sector led PPP arrangements. Government will continue to seek concessionary type loans and grants, and technical assistance from our development partners. To this end, the debt management framework will seek to reduce central government's debt to GDP ratio to around 89.5 per cent by 2020. Taking actions to reduce the level of debt will help return Barbados to an investment grade rating.

3.2.1.5 Monetary and Financial Policy

Monetary policy over the medium term will aim at maintaining the fixed exchange rate parity and ensuring reasonably low inflation. Commercial banks will remain resilient in spite of the dampened domestic economic activity. The banking system will remain liquid and profitable, with entities continuing to hold more capital than required by local regulatory authorities. As a result, the island's banking system as a whole will remain comfortably able to withstand various economic shocks. The policy of government going forward will be to:

- Ensure that fiscal and monetary policy is in line with each other through the reduction in the fiscal deficit.
- Maintain a level of inflation which does not rise above the rate of interest, hence making Barbados more attractive to external capital.
- Maintain adequate levels of foreign reserves to cover 24 weeks of imports and to cover all foreign debt payments.
- Ensure that an accommodating and flexible monetary policy is maintained.
- Strengthen the regulatory framework of the non-bank financial sector.

3.2.1.6 External Sector Policy

It is assumed that more aggressive efforts will be extended to increase the exports of services and products and reduce the country's import bill, leading to a smaller external account deficit. In addition, international food and energy prices are expected to continually moderate and the capital and financial account improve as the financial crisis abates and regulatory measures are strengthened.

3.2.1.7 *Inflation and Unemployment*

Part of maintaining a stable macroeconomic environment will be ensuring a reasonably low level of inflation and unemployment. As it relates to prices, a major objective of government is to reduce the cost of living and ensure that the vulnerable persons in the society are protected. Part of the effort in doing this is the use of moral suasion and if necessary, intervention in the market to correct the failing of the market system. Government will also allow new players into the markets in ways that will not disadvantage existing players but will create greater competition and possibly lead to lower prices. The issue of lower energy prices via alternative forms of energy, and food security, are all factors that must be addressed, particularly given the impact of import prices on the cost of living.

3.2.1.8 *Social Policy Framework*

On the social front, the Government of Barbados has crafted a vision for our society that will seek where necessary to build social and economic equity, based on cooperation, participation, sustainability and respect. Among the different social groups, (children, women, persons with disabilities, the elderly, young people, and displaced persons), there are those who are affected by impoverishment. Their descent into poverty creates conditions of vulnerability inversely proportional to their ability to defend themselves and to react. It is for this reason that protection of vulnerable groups constitutes an important pillar of the medium term strategy.

3.2.1.9 *Sustainable Development Policy Framework*

The Government will set in motion, the necessary actions to reduce exposure to vulnerabilities, in favour of poorer segments of society whose capacities for action are affected by their particular circumstance. In the areas of housing, education and health, government will continue to ensure that these social goods are adequately provided for. While there are fiscal and other challenges, it is expected that government over the medium term will seek to address these with the intention of further improving the delivery of these services. This will be done in light of the necessary cuts in expenditures, over the planning period, to ensure fiscal sustainability.

Table 4: Summary of Targets for Selected Economic Indicators for Barbados (2013-2020)

Targeted Selected economic Indicators for Barbados	2012	2013	2014	2015	2016	2017	2018	2019	2020
Gross domestic product, constant prices (minimum targets)	0.0	0.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0
Comparative IMF Forecast for Barbados – <i>World Economic Outlook</i>	0.0	0.5	1.0	1.5	2.0	2.2	2.4	-	-
Inflation, average consumer prices	4.5	3.9	3.5	3.2	3.5	3.0	3.2	3.0	3.0
Unemployment rate	11.6	12.2	10.2	10.0	9.5	9.0	9.0	8.0	7.0
Volume of imports of goods and services	-7.4	4.5	1.1	2.2	1.7	1.5	1.3	1.7	1.7
Volume of exports of goods and services	-3.7	1.5	2.5	2.0	2.7	2.8	2.9	3.0	3.0
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Overall Fiscal balance per cent GDP	-4.4	-7.9	-4.4	-4.0	-3.5	-2.8	-1.9	-1.0	0.0
Current account balance	-3.3	-6.8	-2.6	-2.2	-1.6	-0.8	-0.2	0.6	1.3
General Gov't total debt per cent GDP	101.5	112.7	106.1	102.4	98.8	95.8	92.9	91.5	88.9

Source: Ministry of Finance and Economic Affairs and Central Bank of Barbados Projections

3.2.1.10 Private Sector Led Growth Framework

A strong and vibrant private sector is very important for economic growth, particularly when Government's resources are scarce and it is unable to fully engage in activities to help fuel growth. Hence, in the current low growth environment, government will have to play more of a facilitation role by promoting a business enabling policy environment. Specific to this would be:

- Maintaining balanced macro-economic policies, good infrastructure, and a sound financial sector for growth so as to engender confidence in the economy.
- Good governance with the appropriate and investment friendly regulations.
- Open and competitive markets with limited protectionism.
- Having non-distortive taxation and correcting fiscal imbalances so as not to restrict growth and investment.
- Ensuring labour market flexibility and a skilled and productive workforce through education and training.
- A policy framework that promotes innovation and technology, particularly in renewable energy, so as to foster sustainable growth and development.
- Enhancing business facilitation and creating attractive investment opportunities for investors.
- Promoting creative ways to unlock and leverage private sector resources and support.

For its part, the private sector must seek to capitalise on opportunities to invest and to create wealth and employment. It must maintain a competitive edge by ensuring its goods and services are of high standard and that the necessary work has been done to find markets and secure financing. These are things which Government can help facilitate but will need the full support of the private sector.

CHAPTER 4

MEDIUM TERM FISCAL STRATEGY AND ADJUSTMENTS

4.1 FISCAL MANAGEMENT AND ISSUES

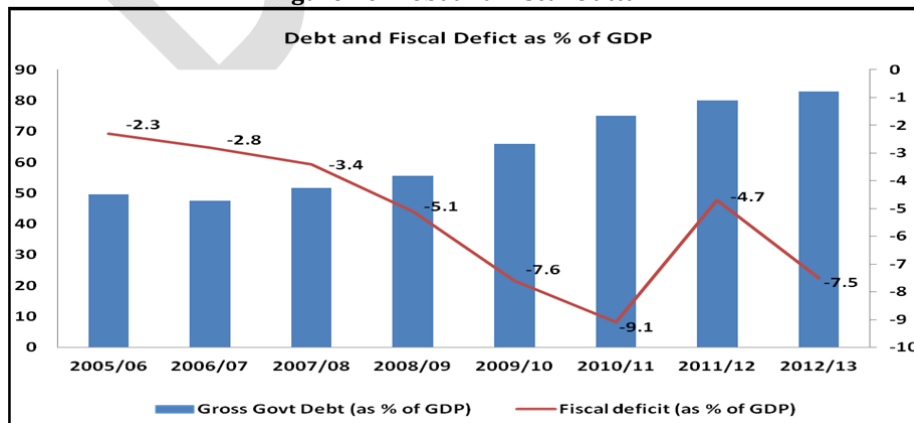
This Chapter is consistent with the national Goals 1 and 2 that maintains the need to return growth to a sustainable level and engage in broad-based adjustment and reform. A major element of this adjustment has to be done on the fiscal side where a growing fiscal deficit and debt levels are approaching levels that can be considered unsustainable. The aim therefore is to continue with the previous medium term fiscal policy with minor revisions to the targets and additionally, put forward some new measures to be undertaken during the planning period.

4.1.1 INTRODUCTION

With continued economic challenges, which have seen low growth and declining tax revenues, the main risk to Barbados' macroeconomic stability lies in a reversal of the improved fiscal and debt positions at the end of 2011/2012. Since the start of the global economic downturn in 2008, persistent weak economic performances have helped to erode fiscal gains as seen prior to 2008/2009 (See Figure 1). As a result, the Government at the end of 2010 produced its first medium term fiscal strategy, which outlined a series of measures and targets. The goal was to have a balance budget by 2015/2016. However, as the fiscal situation deteriorated, the Government adjusted its strategy in 2011 and was able to reverse a deficit of 9.1 per cent at the end of 2011/2012 to 4.7 per cent the following financial year.

While the 2011/2012 achievements were commendable, the inability to contain growing expenditures and stem the slide in revenues meant that the gains made could not be built upon. Currently, the deficit and debt levels have grown and this has placed pressure on the government to service the growing debt. It is certain that faced with the current economic situation and the not too optimistic global outlook for growth, that continued fiscal consolidation will have to be part of the overall goals of the new Growth and Development Strategy.

Figure 10: Debt and Fiscal Outturn



Source: Ministry of Finance and Economic Affairs

4.1.2 RECENT FISCAL OUTTURN AND MEASURES

Given some success at the end of the financial year 2011/2012 in reducing the fiscal deficit to 4.5 per cent of GDP¹, the outcome for 2012/2013 was a disappointing one as the gains made previously were eroded. On account of lower tax receipts, given the economic slowdown and increased outlays in current expenditure, the fiscal deficit as a percentage of GDP was estimated at 7.5 percent, far higher than the 4.7 per cent medium term target.

Preliminary estimates indicate that Government revenues declined by 5.5 per cent due to a 5.9 per cent fall-off in total tax receipts. Revenue from direct taxes was down by approximately 7.1 percent, reversing similar growth over the corresponding period in FY 2011/12. Personal income tax and corporate taxes contracted by 17.8 per cent and 4.2 percent, respectively. The decline in personal income taxes was attributed mainly to the expansion of the tax threshold from \$24,000 to \$35,000 and the reduction in the effective income tax rate from 20 per cent to 17 percent. The decline in corporate tax receipts was as a result of declines in business profitability, from the previous year. On the other hand, property taxes grew by 1.8 per cent owing to increased compliance relative to the previous year. Similarly, receipts from indirect taxes declined by 5.0 per cent as earnings from excise duties and VAT fell by 6.3 per cent and 7.1 per cent respectively. However, import duties rose by 3.7 percent, while revenue from grants more than doubled to \$32 million over the review period, due mainly to contributions from the European Union for the Health Sector Programme.

Government expenditure rose by 3.3 percent, principally on account of higher current spending. This growth in recurrent expenditure was propelled by a 10.8 per cent increase in domestic interest payments primarily on securities and a 5.9 per cent and 5.8 per cent rise in grants to individuals and to public institutions respectively. There was a slight increase in wages and salaries by 0.7 per cent while on the other hand spending on goods and services fell by 0.1 percent. Despite the estimated contraction in capital expenditure FY2012/13, work continued on some projects, including the Housing and Neighborhood Upgrading programme, the Warrens Traffic Safety Improvement project, the Water Sanitation System Upgrade and the Coastal Risk Assessment and Management Programme.

To fulfill a larger financing requirement in FY2012/13, there was greater reliance on the domestic market. External financing was again limited. On the domestic side, commercial banks remained major financiers of Government, accounting for over one-third of the domestic financing. The National Insurance Scheme (28.0 percent) and private non-bank institutions (24.0 percent) provided more than twice the nominal amount of domestic financing than they did for the previous fiscal year. The Central Bank also helped to fund Government's financing shortfall, by supplying 12.0 per cent of the domestic financing.

Recent Fiscal Measures

Since 2010, the fiscal framework has been shaped by the MTF 2010-2014 which

¹ This was below the medium term fiscal target of 5.6 percent,

outlined a number of revenue raising and expenditure saving measures. During 2010, a number of tax measures were announced, mainly the increase in VAT from 15.0 per cent to 17.5 per cent, the imposition of a 50.0 per cent increase in the excise tax on gasoline and diesel, and the removal of the tax free allowances. Then in 2012, a series of measures were announced in the Financial Statement and Budgetary Proposals, that ranged from adjustments to the personal tax threshold, which was increased from BDS\$24,200 to BDS\$30,000, to a decrease in the personal income tax rate from 20.0 per cent to 17.5 per cent. In addition to the announcement of a national greening levy on persons earning over BDS\$25,000 per year, there were also new tax measures and adjustments in the selected areas of health (a new BDS\$750.00 tax credit), international business (reduction in the tax rate to 0.5 per cent in 2012), and the green economy which was given a suite of incentives ranging from duty and VAT exemptions to income tax holidays and tax deductions. In terms of the budget, all ministries made a 2.0 per cent adjustment to their expenditure budgets.

4.1.3 MACROECONOMIC AND FISCAL RISK

The success of the medium term fiscal adjustments will be subject to risk both of an external and internal nature. It is recognised that the external macroeconomic environment remains hostile with low growth prospects. Major trading markets such as the US and the UK still shows signs of weakness, while at a regional level, growth seems isolated within a few resource rich countries. Further, while the volatility has abated, the threat still remains that oil and food prices could rise, worsening the macroeconomic and fiscal position. Given these factors, the economy could take longer to recover which could adversely impact key indicators such as employment and revenues.

There is also the risk that key fiscal projections such as tax revenues may fall short of expectations since it has become increasingly difficult to determine the tax revenue elasticity within a period of economic downturn. This risk can also be applied to expenditures which could expand owing to Government's economic and social commitments. However, given the expanding fiscal deficit and the lack of room to increase taxes, the alternative will be to constrain expenditure early in the planning period with the expectation that revenues will bounce back strongly by the third or fourth year.

4.1.4 PUBLIC DEBT

The increase in the fiscal deficit has expanded the central government debt. To reduce this, the deficit must be contained with a clear and determined policy for its reduction. With debt levels over 100.0 per cent of GDP (this includes the NIS and contingent liabilities), the ability of Barbados to service its debt is becoming unsustainable with debt service payments as a per cent of revenues moving from 28.1 per cent in 2011 to 31.7 per cent in 2012. More and more resources are being channelled away from productive usage to the payment of debt due to increased current spending. As such there is a decisive need for action to regain investment grade status and to create the fiscal space for Government to contribute, in a significant way, to growth and development through productive activities.

Debt Challenges

During 2013, a debt analysis was carried out for Barbados by experts from the IMF and World Bank. This analysis, which gives support to the draft medium term debt strategy, concluded that Barbados' debt remains high and vulnerable to shocks. Since Barbados' debt levels were found to be unsustainable the following adjustments were recommended - restrict external borrowing to meet external amortization only, and contain contingent liabilities as a percentage of Central Government debt, to approximately 18.0 per cent outer limit.

The difficult economic environment continues to strain Barbados' fiscal accounts and debt levels. Additionally, the risk of Barbados' graduation from grant and concessional financing sources presents a major challenge in narrowing the options available to this economy. This risk is increased given the exposure to external shocks, which would have a negative impact on tourism receipts and private capital inflows. As a small open economy, the Government of Barbados recognizes the risk that a higher level of public debt can pose. Against this backdrop, the aim is to seek to achieve the broad goals of returning Barbados to investment grade² and secure a greater level of debt sustainability over the medium to long term. The Government of Barbados (GOB) has signaled its intention to reduce Central Government's debt to GDP ratio from in excess of 100.0 per cent to a more sustainable level by 2020/21. The reduction in debt will be consistent with the policy to lower the fiscal deficit.

4.1.5 FISCAL MEASURES AND DEBT POLICY 2013-2020

With continued economic challenges, which have seen low growth and declining tax revenues, the main risk to Barbados' macroeconomic stability lies in a continued growing deficit which feeds directly into the central Government's debt levels. With the fiscal deficit currently estimated at over 8.0 per cent of GDP, a significant reversal from the 4.6 per cent seen in 2011/2012, the aim will be to front load the 2013/2014 adjustment and bring the deficit down to between 5.0 and 4.0 per cent of GDP and onward, to have a balance budget by the end of the planning cycle 2019/2020.

To achieve these fiscal targets, there have to be significant corrections on the expenditure side given the current weaknesses in revenue performance and the not so positive outlook for growth in the short-term. In this regard, cuts will have to be made to current expenditures, primarily wages and salaries, goods and services, and transfers and subsidies. It is estimated that to bring the deficit down to about 4.7 per cent of GDP, from its current position, current spending will have to be cut by over \$290.0 million. Given our debt service obligations, this adjustment will have to be found in the other categories as mentioned above. To achieve this adjustment, serious policy consideration has to be given to a number of structural issues:

- The runaway tertiary education cost, particularly UWI, for which the Government is paying over \$100 million per year in economic cost.
- The growing health care cost due mainly to life style related diseases.
- The growing size of the public service and related statutory corporations, who

² In July 2012, Standard and Poor's lowered Barbados' foreign currency credit rating from 'BBB-/A-3' to 'BB+/B+'. This downgrade placed the country in non-investment grade category.

are receiving large transfers, e.g. transport board, NCC, UWI etc. greater efficiency is need in these agencies.

- The need for greater productivity in the public service and re-organisation.
- The fundamental need for new ideas and effort to be injected into our economic sectors such as tourism, manufacturing and agriculture.
- The adoption of renewable energy and its essential use to help reduce cost to both the public and private sector.

Going forward the recommendation of the MGDS is for Government to incur debt for productive purposes only, particularly for its capital works programme and other investment related activities associated with sectors such as tourism, industry (manufacturing), agriculture and renewable energy. Given the policy to reduce the fiscal deficit, then the stock of debt should grow more slowly overtime.

4.1.6 REVENUE AND EXPENDITURE INITIATIVES

With revenues falling by an estimated 8.1 per cent at the end of the fiscal period 2012/2013 and with expenditure growing by 5.0 per cent for the same time, the effort to reduce the fiscal deficit from 7.9 per cent to a sustainable level must be a continued and credible one. As such, the strategy will aim to move the deficit from where it stands currently to 1.8 per cent by the end of the planning horizon (Table 6). This will be done using a varying number of revenue generating and expenditure cutting measures. These are outlined below.

4.1.6.1 *Main Revenue Measures*

The policy will be to improve the efficiency of existing revenue collecting agencies and carry out a comprehensive review of the existing tax framework. It is also expected that as policies to drive economic growth take effect, then revenues should benefit from increased economic activity. The proposed medium term strategies are as follows:

- i. Continuing the work to undertake an extensive programme of tax reform including VAT, Customs Duties and Trade Taxes.
- ii. Completing the modernisation programme of the Customs and Excise Department, inclusive of the VAT Department, so as to realize an improvement in the collection of taxes and arrears.
- iii. Strengthening and modernising legislation to give the revenue collecting agencies greater authority to enforce compliance.
- iv. Broadening the tax base by restructuring the fiscal incentives and discretionary waivers.
- v. Increasing dividend yields from commercially focussed government corporations.
- vi. Keeping increases in licences and fees in-line with inflation and costs to improve services to which they relate.
- vii. Increasing other property income of government.
- viii. Reviewing the reverse tax credit with an aim to ensuring greater efficiency.
- ix. Pursuing the possibility of an increase in EU Grant Funding.

- x. Implementing the Greening Levy which should raise over \$21.0 million in 2013 and beyond.

4.1.6.1.2 Innovative Sources of Revenue

The Government of Barbados has recognized the need to generate additional revenue to fill the financing gaps caused partially by the shortfall from the traditional revenue sources and high expenditure. To ensure financial aptitude, the Government of Barbados should therefore explore the option of using innovative sources of financing over the medium term as a means to augment revenue. Various non-traditional funding sources, instruments and mechanisms can therefore be tapped to secure additional funding. These include, among others, climate change-related instruments and mechanisms; Diaspora Bonds; enhanced technical and financial cooperation with development partners; counter cyclical loans and south-south cooperation. While it is not possible to fully quantify the additional revenue from these innovative sources, the expectations are that it can be significant.

4.1.6.1.3 Main Expenditure Measures

The policy will be to regularly review the efficiency of government's expenditure programmes and seek where possible, to remove excess spending due to inefficient and uncoordinated/unshared procedures, reduce cost overruns and improve service delivery. More specifically, ministries will have to review and reprioritise their programmes to help reduce costs by removing programmes that are no longer needed or not seen as priority, by improving procedures to remove inefficiencies, and by sharing more resources and more procedures between programmes. Further, state-owned agencies will have to improve their levels of efficiency and rely less on government subventions. Specific strategies are to:

- i. Contain personal emoluments cost by allowing total growth to be the equivalent of the sum that would normally be paid as increments. This will depend largely on containing the growth in public sector employment.
- ii. Increase the efficiency in the procurement of goods and services through better sourcing and more astute, aggressive and efficient procurement.
- iii. Reduce the operational cost of ministries and statutory bodies by 30 to 50 per cent through the aggressive use of renewable energy for electricity generation, and through the infusion of appropriate technology.
- iv. Seek to merge government departments and entities that are carrying out similar functions or serving the same interests.
- v. Keep caps on the transfers to the statutory boards, statutory corporations and government-owned companies, such as the Queen Elizabeth Hospital, Transport Board, Barbados Agricultural and Development Marketing Corporation and the University of the West Indies.
- vi. Reduce transfers to levels that will maintain the operations of state owned entities while yet forcing them to be more efficient and self-financing.
- vii. Facilitate greater use of Public-Private Sector Partnerships (PPP's) arrangements in financing capital projects, where Government will make

- savings in expenditure or earn additional revenues to cover the lease payments on such arrangements.
- viii. Re-adjustments of the annual estimates.
 - ix. Place greater emphasis on the foreign exchange earning sectors of the economy, such as tourism and international business, with the objective of raising the growth level.
 - x. Seek to reduce spending to the UWI and QEH through the use of special mechanisms that will help these agencies to be more self-efficient in terms of their financing. Such mechanisms can be in the form of a special education and health fund to be financed by government and the private sector.

4.2 REVISED MEDIUM TERM FISCAL SCENARIO 2013-2020

The Medium Term Fiscal Adjustment Scenario, which is captured in Table 6 below, highlights the policy of government to reduce the fiscal deficit to 4.4 per cent of GDP, down from 7.9 per cent at the end of 2012/2013. Following this adjustment and the gradual decline in the deficit, it is expected that by 2019/2020 there should be a balanced budget. During the first year of the strategy the main adjustments will be on the expenditure side where it is estimated that a \$295.3 million dollar reduction in spending will have to be made. To achieve this, the bulk of the cuts will have to come from non-interest recurrent expenditure to the tune of an estimated \$233.7 million of which includes personnel emoluments, goods and services, and subsidies and transfers. By front loading the expenditure adjustments, government as shown in 2014/2015 and onwards do not have to make any major amendment.

On the revenue side, it is expected that these will move with changes in real GDP, which is targeted to rise by 0.1 per cent in 2013 and 0.5 per cent by 2014, after which it increases by a steady 0.5 percentage points each year. Hence, we see a gradual increase in revenues overtime. However, it is expected that more revenues could be realized as government seeks to broaden the tax base and to stem revenue leakages. With the soon to be completed Central Revenue Authority and an on-going tax expenditure study, there will be greater efficiencies which should result in more positive fiscal adjustments.

Alternative Fiscal Scenarios

25.0 per cent cut in Discretionary VAT Waiver

Based on on-going work to broaden the tax base due to falling revenues, an alternative scenario featuring a 25 per cent cut in VAT discretionary waivers is built into the above analysis. Based on preliminary 2011 estimates³, it is shown that government could be losing up to \$206.27 million owing to such waivers; hence given a 25 per cent cut, it is estimated that government can save up to \$51.6 million in revenues each year, starting from the 2014/2015 period. The result of this alternative analysis on

³ Tax Policy and Tax Expenditure Study being conducted by the IADB.

key fiscal indicators is captured in Table 7 below, which shows that by the end of the planning period, a small fiscal surplus of 0.5 per cent can be gained.

Stronger Growth Prospects

An alternate scenario which can be considered is a stronger than expected increase in growth, earlier in the planning period. The assumption is to move the growth target from 0.5 per cent in 2013 to 3.5 per cent by the end to the planning period. This assumption would be based on potential investments (public and private) not captured previously. As shown in Table 8, this scenario realizes a surplus of 0.8 per cent by the end of the planning period.

Table 6: Required Fiscal Adjustment

Fiscal and Macro Indicators	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
<i>Fiscal Deficit to GDP (Base</i>		-8.0	-7.3	-6.9	-6.6	-6.3	-6.0	-5.7
Fiscal Deficit as a per cent GDP (Revised Targets)	-7.9	-4.4	-4.0	-3.5	-2.8	-1.9	-1.0	0.0
Total Surplus-Deficit	-668.7	-371.1	-349.3	-308.7	-254.2	-178.9	-96.1	-4.3
Real GDP Growth Targets	0.0	0.5	1.0	1.5	2.0	2.5	3.0	4.0
Total Current Revenue – bds\$m	2320.3	2322.6	2334.2	2357.6	2392.9	2440.8	2501.8	2576.9
Total Tax Revenue	2197.7	2199.9	2210.9	2233.0	2266.5	2311.8	2369.6	2440.7
Total Expenditure (less	2989.0	2693.7	2683.5	2666.3	2647.1	2619.7	2597.9	2581.2
Total Interest Payments:	559.6	437.9	397.8	368.8	335.1	301.0	271.3	245.4
Total Non-Interest Recurrent Expenditure	2335.7	2102.0	2126.5	2128.7	2134.2	2154.6	2175.2	2196.1
Personnel Emoluments ¹	870.3	803.9	812.8	813.5	815.4	822.2	829.0	835.9
Goods & Services	391.8	304.8	311.9	312.6	314.5	321.3	328.2	335.3
Subsidies & transfers	1,073.6	993.3	1,001.8	1,002.5	1,004.4	1,011.2	1,018.0	1,024.9
Total Capital Expenditure & Net Lending	93.7	153.8	159.2	168.8	177.8	164.1	151.5	139.8

Source: Ministry of Finance and Economic Affairs

Table 7: Alternative Fiscal Scenario – 25 per cent Cut in Discretionary VAT Waivers

Fiscal and Macro Indicators	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Fiscal Deficit as a per cent GDP	-4.4	-3.4	-2.9	-2.2	-1.3	-0.5	0.5
Total Surplus-Deficit	-371.1	-297.7	-257.1	-202.6	-127.3	-44.5	47.3
Real GDP Growth Targets	0.1	0.5	1.0	1.5	2.0	2.5	3.0
Total Current Revenue – bds\$m	2322.6	2385.8	2409.2	2444.5	2492.4	2553.4	2628.5
Total Expenditure – bds\$m	3268.7	3203.0	3271.7	3070.3	3067.4	3075.7	3094.7

Table 8: Alternative Fiscal Scenario – Stronger Growth Prospects

Fiscal and Macro Indicators	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Fiscal Deficit as a per cent GDP	-4.3	-3.8	-3.1	-2.3	-1.3	-0.2	0.8
Total Surplus-Deficit	-361.8	-328.3	-275.7	-208.8	-120.4	-23.6	83.2
Real GDP Growth Targets	0.5	1.0	1.5	2.0	2.5	3.0	3.5
Total Current Revenue – bds\$m	2331.9	2355.2	2390.5	2438.4	2499.3	2574.3	2664.4

Total Expenditure – bds\$m	3268.7	3203.0	3271.7	3070.3	3067.4	3075.7	3094.7
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4.3 NATIONAL DEBT MANAGEMENT STRATEGY

4.3.1 BACKGROUND/INTRODUCTION

In 2011, the Barbados Government established a Debt Unit in the Ministry of Finance. Additionally, the GOB has set up two committees namely the National Debt Advisory Committee (NDAC) which deals with policy formulation and the Technical Debt Management Committee (TDMC) with responsibility for analytical support and operational issues. The establishment of these two committees will allow for a more focused and coordinated approach to the administration of debt management. Barbados is now in the stage of formulating its Medium Term Debt Management Strategy (2012/13-2016/17) which is to be monitored by the Debt Unit in the Ministry of Finance.

The principal objectives for debt management in Barbados are to ensure that:

- Public debt levels are put on a path of sustainability over the medium to long term;
- GOB funding needs are met at the lowest possible cost and within a framework that is consistent with acceptable levels of risks;
- Government’s financing needs and payment obligations are continually met on a timely basis; and
- The debt maturity profile is smoothed over the medium to long term.

Continued efforts have been made to achieve long term debt sustainability and strengthen institutional arrangements for debt management. The Barbados Government will work assiduously through its Debt Management Agencies to achieve the goals, objectives and targets outlined in the debt management framework/strategy.

4.3.2. DEBT DYNAMICS

At March 31, 2012, the stock of Central Government debt (excluding contingent liabilities) stood at approximately BDS\$8,893.2 million or 103.1 per cent of Gross Domestic Product. This comprised BDS\$2,427.0 million and BDS\$6,466.2 million in external and domestic debt respectively.

The stock levels increased by \$646.5 million or 7.8 per cent over the previous year. The most notable increases were recorded in Treasury Notes and Debentures (\$296.4M), T-bills (\$162.4M), local commercial bank loans (\$161.7M) and loans from IFI’s (\$130.5 M). The stock position at the end of March 2012 represented an increase of approximately 52.0 per cent over the six-year period commencing fiscal year 2007/2008.

Domestic debt accounts for approximately 72.7 per cent of the total portfolio, with 50.0 per cent held in Treasury Notes and Debentures and 14.0 per cent in Treasury Bills. With 15.0 per cent of total debt attributable to international bonds, this was the largest component of external debt. At the end of March 2012, approximately 71.0 per

cent of total outstanding debt was in Barbados dollars, 28 per cent in United States dollars and 1.0 per cent denominated in other currencies. This split, both in terms of choice of debt instrument and currency composition was largely consistent with the practice over the last six (6) years. All domestic debt and approximately 70.0 per cent of the external portfolio are at fixed interest rates.

The existing debt repayment profile is somewhat skewed to the front end and has an overall (principal and interest) trend of significant and increasing maturities due in the medium term. Approximately 47.0%⁴ of Central Government's debt will mature in the next 5 years, and there are a number of years, where the amounts due are particularly weighty (in excess of \$350.0 million), which limits the opportunity to issue additional debt which would mature in these years.

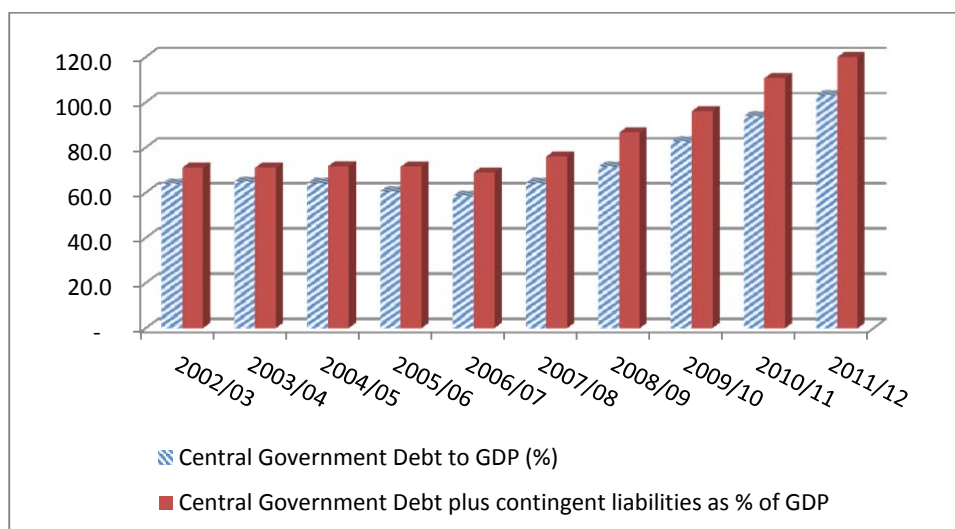
Given that the Barbados dollar maintains a fixed peg to the United States dollar of BDS \$2 to US \$1, the current foreign exchange composition does not pose an eminent danger since the international reserves and export receipts are dominated in US dollars, which acts as a natural hedge.

Table External and Domestic Debt (BDS \$millions)

	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12
External Debt	1914.8	1903.5	2119.8	2384.3	2427.0
Domestic Debt	3845.5	4313.6	5133.4	5618.0	6466.2
Total Outstanding Debt	5760.3	6217.1	7253.2	8002.3	8893.2
Share of Domestic Debt (%)	66.8	69.4	70.8	70.2	72.7
Central Government Debt to GDP (%)	64.2	71.5	82.6	93.8	103.1
Contingent Liabilities	1,055.3	1,302.5	1,179.7	1,434.4	1,447.1
Debt to GDP (%) (including contingent liabilities)	76.0	86.5	96.0	110.6	119.9
GDP	8970.6	8,690.70	8,786.1	8,528.9	8,626.0

The figure below shows the debt to GDP (%) for 2002/03-2011/12 which highlights the rising level of debt especially in the latter three (3) years.

⁴ Includes Temporary Borrowings and T-Bills, if these are excluded it drops to 30%.



4.3.3 ISSUES/CHALLENGES WITH RESPECT TO BARBADOS' DEBT PERFORMANCE

During 2011, a Debt Sustainability Analysis (DSA) was carried out for Barbados utilizing the joint World Bank–IMF debt sustainability framework, with the assistance of CARTAC. This analysis concluded that Barbados' debt remains high, unsustainable and vulnerable to shocks as outlined in the base case scenario. The DSA exercise employed the Ministry of Finance's base case fiscal projections, based on the Central Bank's macroeconomic assumptions. The scope encompassed data for Central Government debt as well as contingent liabilities only, as data for private sector debt was not available.

The key vulnerabilities with respect to the existing composition of Central Government's debt portfolio are two-fold: (i) high rollover (refinancing) risk associated with the substantial level of debt, mainly domestic, but also external that is not amortizing; domestic debt in particular has a repayment profile skewed to the front end, i.e. immediate medium term; and external bullet obligations contribute to further skewing the redemption profile in the years when these payments mature, and (ii) significant levels of floating rate external debt, which heightens the interest rate risk.

Additionally, Barbados faces the risk of graduating from accessing grant and concessional financing. This presents a major challenge as it narrows the financing options available to this economy. This risk is increased given its exposure to external shocks, which would have a negative impact on tourism receipts and private capital inflows.

4.3.4 GOALS, STRATEGIES & TARGETS

The debt management structure for the period 2012/13-2016/17 seeks to achieve the broad goals of returning Barbados to investment grade⁵ status and foster a greater level of debt sustainability over the medium to long term. The Government of Barbados (GOB) has signaled its intention to reduce Central Government's debt to GDP

⁵ In July 2012, Standard and Poor's lowered Barbados' foreign currency credit rating from 'BBB-/A-3' to 'BB+/B+'. This downgrade placed the country in non-investment grade category.

ratio from in excess of 100 per cent to a more sustainable level of below 80.0 per cent by 2024/25. The reduction in debt will be consistent with revised fiscal targets and the Medium Term Debt Strategy.

In order to assist with achieving these goals, the World Bank-IMF will be providing the GOB with an Analytical Tool to assist in the preparation of its Medium Term Debt Strategy. This analytical tool will provide a template for quantitative analyses of costs and risks of borrowing strategies. This allows for the identification of baseline projections for key fiscal, monetary, external, and market variables, as well as a clear and comprehensive set of country specific risk scenarios to be tested.

4.3.4.1 Strategies

Given the aforementioned, in managing its debt, the GOB intends to implement the following over the review period:

- Reduce interest rate risk associated with the significant levels of floating rate external debt by exercising the option, as per the loan contracts, to fix the interest rates on these loans.
- Give greater focus to the domestic component of the national debt as it can lead to a crowding out of private investment and money creation.
- Reduce the level of debt held by the Central Bank of Barbados (CBB) as it leads to money creation.
- Place greater emphasis on risk management since the high concentration of short term debt contributes to high roll-over risk.
- Explore other methods of financing outside the traditional sources.
- Seek to unlock the project funds allocated to projects which remain undisbursed in the PSIP loan portfolio. These funds contribute to increased debt levels since commitment fees are incurred on undisbursed balances.
- Extend and smooth the maturity profile to better manage refinancing risks.
- Seek to evaluate a number of innovative instruments including amortizing bonds, indexed bonds, serial bonds and floating rate bonds, as well as exercise callable options.
- Seek to restrict its contingent liabilities as a percentage of total government debt to approximately 10-15 per cent in the medium term.
- Continue efforts of fiscal consolidation (expenditure reduction and increases in revenue) as this can reduce debt to GDP ratios and debt service cost.
- Continue to fix interest rates on the existing IDB loans in particular, where feasible, at the earliest possible opportunity.
- Implement a Debt Retiring Schedule. It is envisaged that this will be accomplished by a gradual reduction in the level of new and rollover debt being reissued with respect to Debentures and T-Notes in particular.
- Avoid bunching of debt maturities, thus minimizing unnecessary pressure on either revenue or foreign reserves.
- Seek to refinance debt at lower interest rates, where possible.
- Strengthen the capacity of the Debt Management Unit. ⁶

⁶ The Commonwealth Secretariat did a comprehensive review of the Debt Management functions in Barbados. The resulting recommendations are currently being assessed.

- Increase the use of Public-Private Sector Partnerships (PPP's) in financing capital projects which are primarily economic in nature. This would assist by reducing the use of the traditional sources of financing.
- Increase the level of transparency in the public debt management system.

4.3.4.2 Debt Targets

Against this backdrop, the primary benchmark established for Barbados' portfolio is debt as a percentage of GDP from 112.7 per cent in 2012/13 to 88.9 per cent by 2019/20.

	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20
Central Government Debt to GDP (percent)	112.7	110.4	107.4	103.0	99.6	96.1	92.2	88.9
Total Debt (\$millions)	9521.1	8879.3	8311.3	7645.8	7141.7	6571.9	5919.0	5164.5
Domestic Debt (\$millions)	7007.5	6535.1	6117.1	5627.3	5256.3	4836.9	4356.3	3801.0
Foreign Debt (\$millions)	2513.6	2344.1	2194.2	2018.5	1885.4	1735.0	1562.6	1363.4

4.3.5 FINANCING

4.3.5.1 Debt and Financing Growth

There is a direct linkage between the fiscal deficit and a country's level of debt. Similarly, there is the theoretical argument that high levels of public debt can constrain growth as governments have to divert scarce resources from productive economic and social programmes to the serving of domestic and foreign debt. This issue is acutely problematic for small developing states where resources are very limited and hence to finance needed growth, countries may have to borrow if they are unable to maintain fiscal surpluses. In the case of Barbados, where fiscal deficits have been the main feature of the growth and development landscape, the ability to maintain a sustainable level of debt by careful management of the deficit has been important. The aim therefore going forward, as mentioned previously, is to maintain this balance and seek to slow the growth in the debt levels by reducing the deficit and hence the financing requirements. How this will be done is outlined partly in this strategy and the medium term debt framework being crafted by the Ministry of Finance. Needless to say, the main objectives going forward will be to ensure that public debt levels are put on a path of sustainability over the medium to long term; GOB funding needs are met at the lowest possible cost and within a framework that is consistent with acceptable levels of risks; Government's financing needs and payment obligations are continually met on a timely basis and the debt maturity profile is smoothed over the medium to long term.

Given these broad parameters, the focus with respect to new debt will be to try as much as possible, to acquire financing mainly for productive purposes. This will specifically be for those sectors with the potential to earn foreign exchange, such as tourism and industry, and to generate increased growth and employment. In addition,

Government's capital expenditure programme will have to be financed, and as shown in Chapter 4 (Public Sector Investment Programme), through concessionary loans from the International and Regional Financial Institutions. While the current policy has been to use debt mainly from domestic sources, current issues of higher requests for short-term government paper may mean a change in policy and the need to look at external financing sources. With low global interest rates, this option is currently very attractive.

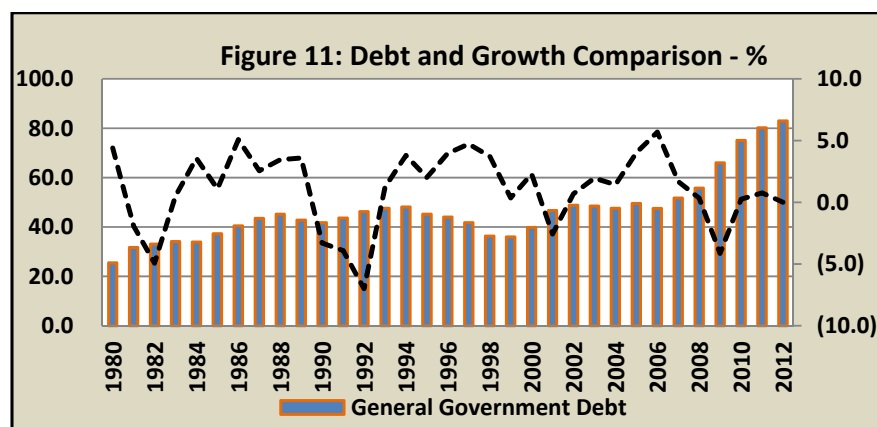


Table 5: Summary of Debt Targets

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Central Government Debt to GDP (percent)	112.7	110.4	107.4	103.0	99.6	96.1	92.2	88.9
Total Debt (\$millions)	9521.1	8879.3	8311.3	7645.8	7141.7	6571.9	5919.0	5164.5
Domestic Debt (\$millions)	7007.5	6535.1	6117.1	5627.3	5256.3	4836.9	4356.3	3801.0
Foreign Debt (\$millions)	2513.6	2344.1	2194.2	2018.5	1885.4	1735.0	1562.6	1363.4

4.3.5.1 Domestic Financing

T-Bills are expected to remain the major source of financing in the short-term. In addition, Treasury Notes, Debentures and Savings Bonds will continue to provide a feasible option for investors seeking to balance their medium and long-term liability maturities. There are a range of subscribers to these fixed-rate instruments, including commercial banks, insurance companies, credit unions, individuals and the National Insurance Scheme (NIS).

Risks and Constraints Associated with this Source of Finance

With an average time to maturity of 7.2 years and a time horizon of 20 years, the rollover risks within the Treasury Note/Debenture sub-category are greatest over the medium term, from 2013 to 2017. Efforts will be made to reduce the substantial debt bunching, while placing emphasis on offering new issues over eight (8) years, (subject to market conditions). This will smoothen the redemption profile. Given the upward sloping yield curve, a premium will need to be applied to make the upcoming issues more attractive.

There are some constraints to Government's use of the traditional sources of financing commercial banks' preference for shorter term instruments; higher interest costs given our non-investment grade status and the high levels of liquidity currently

existing within the banking system which may not persist for the entire time horizon.

4.3.5.2 External Financing

International bonds and loans from multilateral institutions are the primary sources of external loan financing currently utilized by Barbados. However there are a few bilateral loans, as well as some limited grant funding. With 15.0 per cent of total debt attributable to international bonds, this was the largest component of external debt.

Barbados' major development partners for accessing finance include the Inter-American Development Bank (IDB), Caribbean Development Bank (CDB), European Union, People's Republic of China and the World Bank. The IDB and CDB are the two main multilateral creditors. Government will also seek to secure additional grants from other development partners. Additionally, the international capital market (ICM) remains an option for external funding, traditionally utilized to meet maturing debt repayment obligations or to bolster the international reserves.

Risks and Constraints Associated with these Sources of Finance

Project loans have accounted for the majority of multilateral loans. Over the years, as a result of issues in meeting some of the conditions precedent, disbursements have been slow. Consequently, there is some creditor feedback that Barbados should seek to improve its disbursement record before requesting further funding.

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CHAPTER 5 GROWTH AND ADJUSTMENT STRATEGY

OVERVIEW

The growth segment of this Medium Term Growth and Development Strategy 2013-2020 seeks to consolidate on and strengthen the existing growth areas while further building on the creation of new growth areas. The broad objective going forward is to return the Barbadian economy towards the achievement of a sustainable growth rate of 3.0 per cent by 2017 and 4.5 per cent by 2020. The key pillars towards the realisation of this growth will be those that are - private sector led, productivity enhancing, export and investment focus, employment generating, socially balanced, and supportive of green growth and environmental sustainable development.

Equally, growth will also be reliant on the expected recovery in major external markets (the USA and UK are forecast to grow by 3.3 per cent and 2.7 per cent respectively). In addition, growth will be driven by more aggressive and **SMART** marketing and planning strategies to facilitate stronger tourism demand and international business and financial services. Greater effort will be made at finding new tourism markets and special activities in agriculture and manufacturing, while also pushing renewable energy to help in the achievement of the targeted growth projections. Construction will also be a main driver being sponsored by an accelerated public and private sector investment programme.

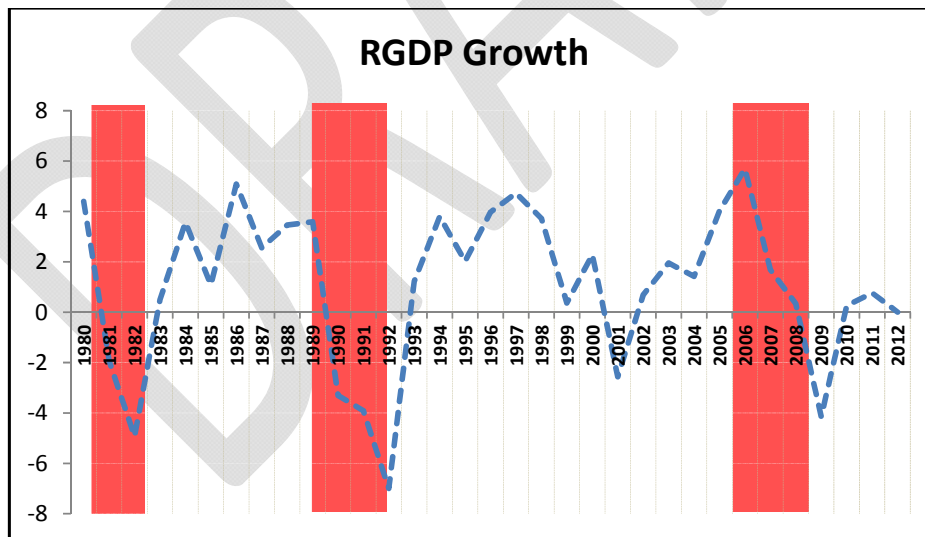


TABLE 1: Leading Economic Indicators for Barbados (2003- 2012)
(per cent change unless otherwise stated)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012

GDP Per Capita at Factor Cost (BDS\$'000)	21.1	22.6	24.7	27.2	28.5	28.6	28.7	28.1	28.2	26.5
Nominal GDP at Market Price	6542.4	7019.4	7783.0	8628.1	9026.5	9083.1	9185.3	8867.4	8737.8	8449.7
Real GDP	976.7	990.6	1030.4	1089.1	1107.5	1111.2	1065.1	1067.8	1076.0	1076.1
Inflation Rate	1.6	1.4	6.1	7.3	4.0	8.1	3.6	5.8	9.4	4.5
Unemployment Rate	11.0	9.8	9.1	8.7	7.4	8.1	10.0	10.8	11.2	11.6
Fiscal Balance (per cent of GDP)	-2.5	-1.8	-3.3	-1.5	-1.7	-4.4	-8.8	-7.6	-7.2	-6.1
External National Debt (per cent of GDP)	38.1	33.5	33.4	34.8	37.3	39.5	46.8	53.3	52.8	50.9
Central Government Debt (per cent of GDP)	27.5	28.2	29.6	27.9	29.5	32.9	38.7	43.1	48.3	52.7
B.O.P. Current Account (per cent of GDP)	-11.1	-11.9	-9.0	-5.8	-1.8	-7.1	-5.9	-11.7	-4.7	-6.3
Net International Reserves (millions)	1503.3	1109.5	1236.5	1194.1	1549.9	1359.3	1488.7	1435.2	1423.3	1464.3
Reserve Cover (Weeks of Retained Imports)	24.2	16.8	15.4	16.0	20.9	16.4	21.1	18.4	17.7	19.5
Excess Liquidity Ratio	21.8	18.4	12.7	6.6	9.0	8.9	9.8	9.3	9.7	15.1
Source: Central Bank of Barbados Barbados Statistical Department										

5.2 SUMMARY OF GOALS, OBJECTIVES, TARGETS AND STRATEGIES

Synopsis of Goals and Objectives

The goal and objective of Barbados' growth and adjustment policy framework for 2013-2020 targets a return of the Barbadian economy to its historic growth rate of between 3.0 per cent by 2017 and to 4.0 – 4.5 per cent by 2020. To achieve this, the Government will focus on a number of priority areas over the medium term. These include not only boosting output in key sectors such as tourism, international business and financial services, agriculture, and industry, but also expanding efforts to enhance the contribution from the culture and sports industry, innovation and science, and small and medium sized enterprises. While the focus is not totally new, the difference must be a much more concerted effort to bring about the changes that are needed and ensuring that objectives are met.

5.3 SECTORAL GROWTH STRATEGIES

Captured in this section are some of the main sectoral strategies that have been carefully identified, by ministries and agencies, as those medium term measures that will be pursued in the effort to grow and develop the Barbados economy. These measures are strategically aligned with the National Goals outlined in Chapter 3, particularly Goal 1 which specifically speaks to taking the Barbadian economy to a sustainable growth rate of above 4.0 per cent by 2020. It is expected that this growth will not only be driven by our traditional sectors such as tourism, industry and agriculture, but also by emerging ones such as culture, sports, and other non-traditional services.

5.3.1 TOURISM

The tourism sector continues to be the main export sector for Barbados, contributing about 11.7 per cent to real GDP in 2012 and employing an estimated 12.7 thousand persons or 10.1 per cent of the labour force. Notwithstanding this contribution to growth and the development of Barbados' human capital, the sector has in recent times been facing some significant headwinds as evidenced by declining

arrivals and tourist spending. Since 2001 the sector's contribution to real GDP growth has seen a gradual decline, moving from a high of 16.1 per cent of real GDP to the current value. Given these developments there is an urgent need to reverse the slide in tourism performance and seek to return the contribution of the sector to over 14.0 per cent of real GDP by 2020⁷. In the effort to do this, a number of objectives will be pursued over the medium term that addresses, among others, – improving efficiency and competitiveness within the sector; stemming the decline in the quantity and quality of visitor attractions; developing marketing programmes to increase tourism expenditure; enhancing the tourism infrastructure and maintaining air and cruise transport into Barbados.

Objectives and Strategies

1. Improving Efficiency and Competitiveness

Strategies

- Reinforce the Ministry of Tourism as the leading entity formulating and driving tourism policy in Barbados.
- Develop an implementation, monitoring, and evaluation system of the Ministry's various projects and programmes to ensure effective and efficient use of the Ministry's resources.
- Continue the on-going restructuring of the BTA.
- Amend the Tourism Development Act to create an enabling environment for aggressive tourism growth.
- Improve the overall quality of the Barbados product offering in order to deliver higher levels of value for money.
- Create an environment which makes it more attractive for tourism operators to improve the quality of their product and services through appropriate incentives.
- Create and implement a formal structure which allows for effective tourism dialogue between the Ministry and key tourism players.
- Develop and implement a targeted approach to dealing with inter-sectoral linkages to address issues, challenges and opportunities within the tourism industry.

2. Enhancing the Tourism Attractions and Product

Strategies

- Benchmark current offerings against regional and international product offerings and identify the measures needed to enhance the new and existing product.

⁷ Taking a sample range from 1980 to 2012, the average tourism contribution to real GDP, for the highly successful period of 1986 to 2001, stood at 14.6 percent.

- Develop a prioritized list of tourism projects for implementation.
- Implement a programme of continuous improvement, reinvention and expansion of attractions to ensure constant rejuvenation of the product in line with market demands.
- Develop a holistic product proposal for the UNESCO World Heritage property which focuses on fully presenting the site as a premier attraction.
- Identify other sites for inscription on the UNESCO World Heritage List.
- Enhance the facilitation of new tourism product initiatives through technical assistance.
- Design, develop and execute an experiential product using best practises and standards as a model to be followed for other such programmes.
- Leverage Barbados' restaurant sub-sector as an attraction to increase visitor expenditure and stimulate linkages with agriculture.

3. Develop Marketing Programmes (Increasing Tourism Expenditure)

Strategies

- Improve the overall quality of the Barbados product offering in order to deliver higher levels of value for money.
- Develop marketing programmes which are synergistic with existing product development activities.
- Use informed, accurate and current research to drive marketing campaigns.
- Continue development of high yield niche markets.
- Capitalize on technology and social media.
- Utilise world renowned Barbadians as international tourism ambassadors.

4. Maintain and Develop the Tourism Infrastructure

Strategies

- Construct a new and modern cruise terminal which decouples cruise and cargo facilities.
- Upgrade the Grantley Adams International Airport to reflect its status as the Gateway to Barbados and a "first impression" of the country (efficient and welcoming).
- Invest in the physical upgrade and aesthetic appeal of Historic Bridgetown and its Garrison, paying particular attention to rebranding the main duty free shopping thoroughfare - Broad Street into a trendy, up-scale attraction in itself.
- Reinvigorate Oistins, Holetown and Speightstown as local hubs of tourist and economic activity.
- Develop a coordinated national approach to create an effective system for tourism signage.

5. Improve and Sustain Barbados' Accessibility (Air and Cruise)

Strategies

- Utilise the connection with International Transport to forge ahead with Air Services Agreements with prioritised markets.
- Upgrade the physical, logistical and aesthetic “welcome” at the air and sea ports.
- Develop Barbados as a primary hub for regional airlift.
- Construct a new and modern cruise terminal which decouples cruise and cargo facilities to offer a more efficient and targeted experience.
- Develop a unique and spectacular visitor welcome at the cruise port set in the context of a wider Barbados brand.
- Liaise more effectively with the cruise agents to get a better understanding of the market and the expectations of the cruise visitors.
- Pursue the formation of a Southern Caribbean Cruise Association with Barbados as the hub.

5.3.2 INTERNATIONAL BUSINESS AND FINANCIAL SERVICES

The international business sector, despite facing a number of external pressures has generally maintained reasonable levels of growth. This growth is predicated on a number of factors - (1) Barbados' reputation as a transparent and well regulated jurisdiction; (2) Barbados' historical relationship with traditional trading partners and by extension its tax treaties with the UK, Canada and the US; (3) New tax treaties with countries with high potential for investment; (4) Good business infrastructure; and (5) A well-educated population with relevantly skilled professionals.

Opportunities for market diversification and growth still abound despite the challenges faced by Barbados in the external arena. Indeed, market diversification is essential given the highly competitive and dynamic nature of the sector. Barbados continues to expand its network of double taxation treaties to create opportunities to attract business from other markets; particularly from countries in Latin America, the Middle East, Eastern Europe and Africa. The continuous expansion of our global reach therefore remains pivotal.

The challenge facing the International Business sector is the realization of Government's renewed vision for the development of Barbados as a first world services economy based on the expansion and diversification of the international business sector. Greater emphasis will be placed on the creation of a new class of export-oriented indigenous service-providers capable of competing in a knowledge-based economy through offering high-quality services in the global market. The over-arching challenges presently facing the International Business Sector can be distilled into two major categories, these being of a domestic or international nature.

Domestic

- Lack of ease of doing business (bureaucracy hindering development).

- High cost of doing business.
- Lack of airlift to markets of interest.
- Weak lobbying capabilities.
- Need for more persons skilled in specialised areas.
- Insufficient resources devoted to Research and Development.
- Insufficient resources for drafting legislation with the efficiency required for a competitive international business jurisdiction.
- Resources devoted to Promotion and Marketing.
- Lack of system to monitor economic performance of the sector.
- Inefficient processes (concept to enactment) for the development and revision of legislation.
- A court system which makes prompt, efficient, dispute resolution difficult.
- Slow response time and lack of experience in dealing with complex international transactions - Legal Services.
- Lack of an integrated approach to marketing Barbados by relevant stakeholders.
- Inadequate internet infrastructure to support business activity requiring high end ICT

International

- Over-Dependence on Canadian market.
- Increased competition from zero-tax jurisdictions for traditional and new markets such as Canada and Latin America.
- Increased pressure from supra-national organisation such as the OECD's Global Forum.

Main Objectives and Strategies

These objectives focus on developing and transforming Barbados into an international wealth management and financial services 'hub'. This thereby supports a services export culture of entities operating both within the domestic and international business sectors. The development of Barbados as the regional hub for local, regional and international businesses will be substantially based on increased opportunities for cross-border trade through the aggressive expansion of the country's tax and investment treaty network and the enhancement of its internal infrastructure (social, legal, political and economic) in support of the increased international competition of its commercial clients. This construct of a developed Barbadian economy therefore demands legislative and institutional machinery that facilitates a dynamic and buoyant constituency of economic actors interested and able to export services in a variety of new and sophisticated ways, exploiting tax efficiencies and emerging market opportunities and optimizing growing public sector/ private sector synergies.

Strategies

The ability to innovate and educate has become central pillars in the development strategy outlined in this plan. When combined with a culture of creativity and strategic collaboration whilst embracing the resultant change and novel approaches to the way we do business, these can and will create pathways of sustainable economic

prosperity in Barbados. The strategies to be implemented to achieve this are outlined as follows:

- Seek to maintain the International Business Sector as a key plank of economic growth while also positioning the sector for full exploitation of new opportunities in the post-crisis period through the review of fees, tax incentives and the capturing of better statistical data to make more informed decisions.
- Preserve the integrity and reputation of the Barbados business brand by ensuring the coordinated implementation of a marketing strategy for the sector, identifying and retaining key foreign partners, and implementing systems to better understand the operational environment of Barbados' international business clients.
- Ensure that Barbados' product and service offering continues to be relevant for existing and potential new clients while supporting the research and development of new products.
- Seek to reframe and reform the various systems, processes and practices that currently facilitate the establishment and viability of Barbados' international clients through enhanced business facilitation and greater use of technologies.
- Provide greater support to the International Business Sector through the deployment of a well-equipped and capable workforce.
- Achieve 90.0 per cent awareness of legislation and International Agreements by service providers by the end of December 2020;
- Conclude 20 new taxation treaties and 15 investment treaties by the end of December 2020;
- Identify and develop 1 new solution per year.
- Develop 5 new markets by the end of December 2017;
- Achieve 75.0 per cent brand awareness by December 2017;
- Register 50 new foundations and private trust companies.
- Register 2000 new entities under the suite of International Business legislation by the end of December 2017;
- Create 400 new jobs per annum over the planning period.
- Increase the number of entities by 50 per cent by the end of December 2017
- Achieve a 50.0 per cent increase in revenues from taxation and other services by the end of the December 2017.

5.3.3 AGRICULTURE AND FISHERIES PRODUCTION

Issues

The agricultural sector has undergone and will continue to undergo significant changes in order to combat the challenges inherent in the domestic and external

environment. On the domestic front, agriculture continues to compete with other sectors for scarce resources such as land, labour and capital. In light of this, how the agricultural sector addresses these macroeconomic issues will largely depend upon the type of policy measures that will be formulated. Undoubtedly, the current external environment has posed new challenges to an already vulnerable agriculture sector. These challenges are evident in a high food import bill, high global energy costs, rapid climate change and the decrease in agriculture exports by some major food suppliers. Additionally this sector has encountered a number of issues namely:

- The impact of praedial larceny.
- The need for improved marketing and agro-processing.
- The need for production based on market demand.
- The importance of continual adoption of a value chain approach to development of industries.
- The importance of maintaining a sugar cane industry.
- The need for adequate human and financial resources for implementation.

There are a number of strategies and areas for intervention to facilitate the repositioning of the sector in order to effectively combat the aforementioned challenges. These strategies will further provide a framework for the agriculture sector to compete in a globalised environment whilst capitalising on any potential opportunities.

Main Objectives and Strategies

1. To alleviate the impact of praedial larceny

The issue of praedial larceny poses perhaps the biggest challenge to the development of growth in the agricultural sector. This is so because praedial larceny not only destroys the livelihoods of existing farmers, but it provides an impediment for the entry of new farmers to the sector. Farmers consistently rate praedial larceny high on the list of problems affecting the viability of agricultural production.

Strategies

- Enforce existing legislation (Praedial Larceny Prevention Act CAP142A), in the first instance, leading eventually to strengthening of the Act.
- Solicit the support of the police and judiciary through re-education.
- Public Sensitisation and Education Programme. This programme would be aimed at enlightening all farmers and the general public on the provisions of the existing Act and to educate them to the serious impact that praedial larceny has on the livelihoods of farmers.
- Enforce use of Certificates of Purchase by Farmers.
- Establish a Praedial Larceny Squad.

2. To promote food and nutrition security through enhanced production and productivity

The Ministry of Agriculture has been collaborating with the National Nutrition Centre to embark on a programme targeted at addressing the root causes of hunger,

food insecurity and malnutrition. This will be effected by ensuring that the country's food production, processing, distribution, marketing, trade, and food safety and agricultural public health system are capable of providing safe, adequate, nutritious and affordable food for its population at all times. One of the outputs of this programme will be a comprehensive National Food and Nutrition Security Policy and Action Plan aimed at addressing the food and nutrition security problems in Barbados.

Strategies

- Promote the sustainable production, processing, preparation, commercialization and consumption of safe, affordable, nutritious, high quality national food commodities/products.
- Ensure regular access of households, especially the poor and vulnerable, to sufficient quantities of safe, affordable, quality food at all times, particularly in response to diverse socio-economic and natural shocks.
- Improve the nutritional status of the population, particularly with respect to Chronic Non-Communicable Diseases (CNCs), including diabetes, hypertension, and obesity.
- Improve the resilience of communities and households to natural and socio-economic crises.
- Enact a Food Security Act and develop a Food Import Policy;
- Seek domestic support for an identified basket of commodities; Small Ruminant Improvement Programme; and the Expansion of Rabbit Industry.

3. New product development and agro-processing

Strategies

- Pursue the development of the cassava industry for the production of food and feed.
- Continue to develop plans for the production and promotion of breadfruit flour and sweet potato flour.
- Establish a multi-purpose agro-processing plant.
- Continue to pursue strategies that involve the production of a variety of value-added products from sugarcane.

4. Enhancing marketing and post-harvest handling

The narrow avenues available for marketing to local producers and the increased competition from external actors act as a deterrent to domestic production and curtail any effort to expand the Barbadian agricultural sector. As such, the facilitation of mechanisms to provide access to markets remains critical to the strategy to boost production within the sector.

Strategies

- Facilitate access to market information. This includes the development of a Market Information System (MIS); a demand survey; commodity/production

surveys to feed into the MIS; the conduct of an Agricultural Census; and a study is needed to determine the seasonality for crops.

- Establish Packing Houses. This speaks to the establishment of packing houses, where farmers can bring their commodities and have them cleaned, sorted, graded and packed before distribution for sale.

5. Enhanced research and development

It is well recognized that agricultural research and development has a very important role to play in enhancing the competitiveness, productivity and sustainability of agricultural production.

Strategies

- Intensify efforts to promote and expand the adoption of protected agriculture systems.
- Expand plant clinics to assist farmers in identifying and treating pest and disease problems, especially through the use of Integrated Pest Management (natural/environmentally friendly) methods.
- Expand the mandate of the Tissue Culture Laboratory at the Home to include the production of disease free planting material for root crops, primarily cassava and sweet potato.

6. Measures to facilitate exports and investment

Strategies

- Amend Legislation, Reorganise the Inspectorate System and provide the requisite Human Resource support to facilitate the export of products of animal origin.
- Amend requisite Regulations to allow persons to travel with their pets. Indications are that persons are willing to invest in Barbados, but the inability to travel with their pets results in diminished interest.

7. Enhanced Research and Development

It is well recognized that agricultural research and development has a very important role to play in enhancing the competitiveness, productivity and sustainability of agricultural production.

Strategies

To this end the following strategies will be pursued:

- Intensify efforts to promote and expand the adoption of protected agriculture systems.
- Expand plant clinics to assist farmers in identifying and treating pest and disease problems, especially through the use of Integrated Pest Management (natural/environmentally friendly) methods.

- Expand the mandate of the Tissue Culture Laboratory at the Home to include the production of disease free planting material for root crops, primarily cassava and sweet potato.

8. Building Human Resource Capacity

- **EU Funded H. R. Development Strategy**

Barbados has adopted a multi-sector approach, facilitated by a harmonized Human Resource Development Strategy, to advance a broad-based knowledge management system to drive innovation, research and policy formulation across the public and private sectors. The Barbados Human Resource Development Strategy defines the necessary critical strategic interventions and the outputs, outcomes and indicators for Human Resource Development (HRD) over the period 2011-2016.

The Ministry of Agriculture is involved in this process and will be seeking to develop a HR framework for the agricultural sector. The emphasis here will be on creating a coordinating mechanism to offer more focused and sustained support to further develop the agricultural sector. As a result, there will be renewed focus on training and re-training of personnel in the key agricultural agencies to build human capacity so that these agencies can offer a higher level of administrative and technical support to practitioners within the sector. There will also be the establishment of mechanisms to promote and facilitate the use of applied science and technology to enhance new and more relevant research, all in an effort to promote alternative and green agriculture. There will also be an ICT Component.

- **IDB Funded Project - “Strengthening the Service Delivery Capacity of the MAFFW”.**

The Government of Barbados has requested support from the Inter-American Development Bank (IDB) to address the most pressing institutional issues faced by the Ministry of Agriculture (MAFFW) that hinder its ability to provide services in support of agriculture and the country’s capacity to provide a safe level of supply of quality food. The objective of the Technical Cooperation (TC) is to improve the efficiency and effectiveness of the service delivery capacity of the MAFFW with regard to services that it provides to the agricultural sector as a whole and to agro-enterprises in particular, in support of increases in the quantity, quality and competitiveness of locally-produced food for domestic consumption. The TC will support preparation of a national agricultural strategy that the Ministry can use to: (i) rationalize sector investments; and (ii) streamline its organizational and operative structure towards achievement of the proposed objectives.

The project will have as its output (i) the Development of a Strategic Plan for the Agriculture and Fisheries sectors; and (ii) Organizational and Operational Strengthening of the MAFFW. Component two will support an institutional diagnostic and re-engineering of MA, highlighting its core functions, in coherence with the National Strategic Plan; and the development of operational procedures, plans and systems for service delivery.

Fisheries Sector

Fishing and fish consumption are a cultural and commercial tradition in Barbados. The fishery sector activities provide livelihoods for thousands of Barbadians. Over the past 60 years, the fishing industry has evolved into a hive of economic activities which provides employment and income for over 6,000 stakeholders. However, in today's world environment, small developing countries like Barbados, with limited financial and human resources is confronted with numerous challenges that may jeopardize fisheries management and fisheries sector development efforts. Many of the factors affecting global fisheries also impact local fisheries and influence local fisheries decision-making. These include fish stocks that are threatened by over-fishing, pollution, habitat degradation and the impacts of climate change; international management, conservation, seafood safety and trade measures that seek to limit the development and expansion of fisheries and fishing capacity in developing countries.

Additionally, the sector faces challenges from the harvest sector, the post harvest sector; the institution itself and the environment. These include: declining catches of some species; inadequate fisheries management measures; inadequate quality assurance legislation; unacceptable fish handling practices; limited financial resources and institutional capacity for effective fisheries management; inadequate monitoring, control and surveillance systems and enforcement mechanisms; negative impacts of climate change and degradation of some fish habitats. Despite the many challenges facing the sector, Fisheries has the potential to make a great contribution to national development and economic growth.

Key Objectives

- To optimize the social and economic returns from investment and exploitation of the fisheries resources, without compromising or adversely affecting either the ecosystem or the capacity of the resources to be sustainable, now and in the future.
- To develop and strengthen the governance systems (rules, policies, legislation, processes, institutions) and apply the principles of good governance (such as accountability, transparency, fairness, stakeholder participation and efficient use of resources).
- To develop and protect the livelihood assets of fisher folk so that these assets can be used to derive sustainable benefits from the activities in the fishery sector.
- To promote joint action by stakeholders that involves persons from different disciplines and sectors, and the collaboration and sharing of information among government and stakeholders.
- To promote new and innovative ways of thinking and operating while complying with relevant international fisheries instruments which Barbados supports.
- To introduce new technology and upgrade infrastructure.
- To establish monitoring, control and surveillance (MCS) systems and vessel monitoring systems (VMS).

- To increase knowledge and awareness of the need for sustainable fisheries; and training, certification and accreditation of fisher folk.

Strategies

- Develop and implement an Individual Fishery Management Plan which provides for the sustainable utilisation of the fishery resources.
- Update the 1993 Fisheries Act and Regulations.
- Establish cost-effective data collection procedures that will provide the data and information required for decision-making in a timely manner.
- Implement and enforce measures to prevent, deter and eliminate IUU fishing in Barbados' waters or on the high seas by local and foreign vessels.
- Develop and implement strategies that will provide for viable and sustainable livelihoods; safe working conditions for workers in fisheries and good governance of institutions, structures and processes that influence the sustainability of livelihoods without undermining or compromising the livelihood assets of present and future generations.
- Develop the skills, knowledge and abilities of persons engaged in the fisheries sector through training, education and certification/accreditation in areas critical to their participation in the sector and development of the fishing industry
- Increase the resources allocated to Fisheries Research and Development
- Promote initiatives that will improve marketing and distribution of fish; identify and access new local and overseas markets; promote the health benefits of fish and promote the production, processing, preparation, commercialization and compensation of fish as a safe, affordable, nutritious and high quality food
- Create an enabling environment that supports micro-financing programmes for the fisheries sector at reasonable interest rates under terms and conditions that take the uniqueness of the fishing industry into consideration
- Establish a framework to encourage fisherfolk to participate in national social security programmes and compensation schemes.
- Establish a framework that will encourage the participation of the national fisherfolk organisation in planning for fisheries development.
- Promote efforts that will generate value-added fish products and utilise fish waste to produce value-added products.
- Develop and maintain infrastructure that facilitates proper fish handling, display and storage practices; waste disposal procedures; working conditions and sanitary and phyto-sanitary conditions.
- Increase the harvesting of additional species of fish by facilitating the expansion of deep sea fishing.
- Upgrade, equip, maintain and manage boatyard facilities to facilitate safe lifting, moving and timely repair of boats.
- Establish good governance practices and procedures for operating government facilities and delivering quality services to the stakeholders.
- Formulate and implement legislation, guidelines and standards in keeping with agreed policies for conservation, management and sustainable utilisation of the fisheries resources; protection of associated habitats and biodiversity; appropriate development of the fisheries sector; preventing, deterring and

eliminating IUU fishing; fish quality assurance and safety of vessels and crew at sea.

- Review and update fisheries policies, legislation, guidelines and standards.
- Introduce technologies that are economically viable and which do not degrade the habitat, adversely affect the environment, or prevent the resource from providing food, employment and social well-being for the users of the resources, both now and in the future.

5.3.4 MANUFACTURING AND INDUSTRIAL DEVELOPMENT

Over the medium term, the aim of Government is to further explore trade and investment options that will help to boost economic growth and development. Given the need to further diversify the domestic economy, the strategy will be to expand the level of domestic exports of goods, which at the end of 2012 was 6.8 per cent of GDP. Recognising that more must be done to improve our level of exports⁸, particular focus will be placed on enhancing competitiveness in those products for which Barbados has a comparative advantage such as rum. In addition, finding new products for export and enhancing existing ones while also improving the environment in which exporters operate, will be critical.

Taking advantage of the regional single market arrangement and the EPA to move domestic goods will be aggressively pursued. Government will work with the private sector to help facilitate this expansion. However, there are constraints which must be tackled urgently, which are - high transportation and production costs, unfair barriers to trade, limited financing, particularly for small to medium sized producers, and limited use of innovative technology. These issues must be addressed along with the strategies outlined below.

Objectives and Strategies

1. To enhance the competitiveness and profitability of Barbados' rum producers

Strategies

- Collaborate with stakeholders to build brand recognition.
- Promote strong inter-sectoral linkages of rum, tourism and agriculture.

2. To introduce at least eight (8) new or enhanced products for export

Strategies

- Work with clients to identify opportunities for development.
- Explore opportunities in selected areas: Barbados Blackbelly sheep leather and related products; botanicals; food and beverages.

⁸ The ratio of exports to GDP between 1981 and 1990 average 15.0 percent, between 1991 and 2000, 7.0 percent, and between 2003 and 2012 it stood at just 5.8 per cent of GDP.

- Launch a low-cost souvenir sales initiative.
3. To promote creativity and entrepreneurial attitudes in schools.

Strategies

- Work with stakeholders to promote entrepreneurship training from primary through to university level.
4. To start up at least twenty (20) new high-value businesses by 2020.

Strategies

- Facilitate the generation of new business ideas through high impact think tanks.
5. To disseminate strong and positive messages of local manufacturing and services sectors.

Strategies

- Create information and marketing tools in multimedia formats for use in local and international events.
 - Host signature events to promote manufacturing and services sectors as viable areas for trade and investment.
6. To expand the sale of craft products to locals and visitors.

Strategies

- Restructure and reposition Island Crafts Barbados Inc.
 - Leverage world heritage status to promote a line of new heritage products.
 - Introduce a common service facility and attractions to enhance the revenue earning capacity of the Pelican Craft Centre.
7. Expand the distribution of Barbadian goods in key export markets.

Strategies

- Develop a chain of Barbadian retail shops in Diaspora communities.

4.3.5 MICRO, SMALL AND MEDIUM SIZED ENTERPRISE DEVELOPMENT (MSME)

Objectives and Strategies

1. To develop a national policy framework to guide the development of the MSME sector.

Strategies

- Conduct research that will inform the development of a national policy.
 - Host a national consultation involving relevant stakeholders including the Ministries of Energy, Culture and Finance.
 - Contract a consultant to develop a national policy based on the findings of the research and the outcome of the stakeholders' meetings.
2. To create a MSME sector which is driven by information and communications technologies (ICT) and responsive to information.

Strategies

- Creation of an interactive website to provide pertinent information to the MSME sector.
 - Enhance the sector management database which allows MSMEs to access data and information.
3. To provide greater access to capital for persons desirous of starting a business and existing businesses which would otherwise find it challenging to source funding to improve the viability of their businesses.

Strategies

- Promote the Trade Receivables Liquidity Facility as an effective and efficient method of providing payment to small businesses for goods and services provided to Government.
 - Consult with the Central Bank to ensure that the criteria for accessing the Facility are not too stringent.
 - Provide financing to MSMEs through the National Micro Enterprise Programme.
4. To promote growth, innovation, productivity and revenue generation for small businesses through the establishment and implementation of a small business development centre.

Strategies

- Conduct a consultation with stakeholders to determine the appropriate model.
- Develop a system to determine MSME's capacity requirements.
- Promotion of the small business development centre.

4.3.6 CULTURAL INDUSTRIES AND SPORTS

Cultural Industries

Issues

The National Cultural policy is one that seeks to create a framework for the continued positive development of Barbadian culture, and for ensuring that Barbadians and their culture are central to overall national development. The current global economic crisis has created for Barbados one of its greatest challenges and it is therefore to culture, values and traditions, which the country must turn as it seeks to overcome the challenges. It is accepted that a well-developed cultural sector has not only the ability to capture the expressions of people's imagination with its products and services, but that it also offers opportunities for the sustainable diversification of our economy, and has the potential to generate meaningful employment for individuals and to provide opportunities for earning significant foreign exchange. The cultural industries therefore, must be seen as a tool and vehicle for positive social and economic development.

Global statistics confirm the vast economic potential of the cultural and creative industries and also highlight the fact that despite the cultural richness of the "developing" countries, the "developed" countries have, over the years, been the major beneficiaries of the vast wealth generated by these industries. It is therefore important that Government takes immediate steps to change the traditional view of culture as a 'soft' sector and that it be included in mainstream economic activity and as such, treated as a dynamic catalyst in the development of the diversified economy. In the development of the culture sector however, and in our negotiations in respect of international trade agreements, there are certain considerations that must not be ignored or overlooked.

First and foremost, Barbados must take every opportunity to acknowledge the unique nature of cultural goods and services, and to see them not merely as commodities, but as bearers of culture, vehicles of identity, values and meaning. Secondly, it is critical that particular attention be paid to the issue of Intellectual Property Rights, as these Rights will be the basis of the revenue-generating potential of the cultural industries.

The Cultural Industries Development Bill

The Cultural Industries Development Bill, which will shortly be laid in Parliament, sets out the incentives, concessions and a regulatory framework for the development of the cultural and creative industries, and is designed to stimulate economic activity in this significant emerging sector. The Bill draws attention to the many challenges which the sector faces, and these are primarily the absence of finance and investment, and the absence of adequate facilities.

Strategies for collaboration

The enactment of enabling legislation notwithstanding, if the development of the culture sector is to be sustainable and effective, there must be an inter-sectoral approach to the exercise. Many government agencies must work closely with the Ministry responsible for Culture to ensure that the local infrastructure is adequate. Some of the important areas for collaboration are as follows:

Culture and Education

The role of education is critical to the development of the creative imagination of our people, a creative imagination which is vital not only for artistic achievements, but for developing in our citizens the ability to solve problems and to be innovative in all areas of endeavour. The Ministry of Education must ensure that the curricula made available to our young people adequately prepares them for involvement in the cultural and creative industries, and sensitises them to the new and non-traditional areas of employment. Education should be a tool of empowerment for the individual.

Culture and Tourism

Greater collaboration between the Ministries of Culture and of Tourism will ensure that greater emphasis is placed on our culture and heritage in traditional tourism programmes, and that we capitalize on our cultural heritage in the marketing of Barbados overseas. Particular emphasis should be placed on the recently inscribed World Heritage Property. Increased collaboration would also assist with the provision of high quality and varied cultural activities so that Barbados can be promoted as a tourist destination which is truly a “cultural centre” in the region.

Sports

Objectives

The plan for sports has identified a range of actions which, when implemented, will contribute to the following objectives. These are to:

- Introduce at least 90 per cent of the programmes identified in the sporting excellence component of this plan
- Develop a sports industry which contributes at least 2.5 per cent to the national GDP and increase employment opportunities significantly over the planning period.
- Increase the level of participation in sports by 25%, as measured by the number of NSC-sponsored activities in the period.
- Facilitate a review, and where agreed, a rewriting of the constitution of more than 95 per cent of the local sporting organisations affiliated to the NSC, with ADR as the standard methodology for conflict resolution.
- Reduce the annual cost of maintenance per facility.
- Restructure the NSC and reduce the cost of transfers from the government

Strategies

The National Sports Council has identified a number of key strategies and programmes to be embarked on over the planning horizon to advance the growth and development of Barbados through sports. These strategies are outlined as follows.

- a) **Promotion of the Indigenous sport of Road Tennis** – This sport will be marketed and advertised as a bona fide fitness sport to the global sports.

- b) **Development of a High Performance Center** – crucial entity to develop the mental, physical and physiological development of young athletes into competitive professional athletes capable of competing effectively in the sports arena and being able to gain more sports scholarships.
- c) **Facilities Development and Maintenance** - With the stress on healthy lifestyles and overall fitness, and given the importance of sport in creating social and economic change, the NSC will continue its focus on developing and maintaining sports facilities for the general population in the various disciplines. Facilities development and maintenance will be a fundamental plank in the NSC's strategy. They are crucial also in the marketing of sport tourism and development initiatives. In addition to the provision and maintenance of facilities, the NSC will offer specific programmes unique to the various age levels in the society.
- d) **Restructuring of the National Sports Council** – Coaching, Technical, Marketing, Advertising, Human Resources and Strategic Planning and Development arms are vital for full sports industry and community gains.
- e) **Development of Local Sports Organizations** – National Associations will be developed to be run in a more strategic and professional/semi –professional manner. Linkages with other developed Sports Councils such as UK Sport, Cubadeportes and Jamaica/ Brazil Sports Councils will aid development.
- f) **Marketing of Sports Legends and Icons** – Barbados has a tremendous amount of Sports Legends where significant revenue and name recognition can accrue for the country through strategic marketing, advertising and promotional activities both nationally, regionally and internationally.
- g) **Establishment of a Sports Hall of Fame** - Such an initiative will not only serve to motivate emerging sportspersons, but will support efforts to develop a sports industry and has the potential to generate revenue for the Council and Barbados as a whole.
- h) **Increased Participation In Sport** – though creative initiatives and the promotion of physical education and select development squads for specific sports will help to increase participation.
- i) **Strategic Linkages to national, regional and international sports organizations.** – The building of this network in the technological, sports and related fields will help to vault Barbados as a major player in the global sports industry.
- j) **Increased Sport Tourism initiatives and linkages** - This plan envisages providing the NSC with the human resources necessary to work collaboratively with the Barbados Tourism Authority (BTA) and local sporting organisations to increase the economic returns from sports tourism. The plan anticipates a joint BTA/NSC initiative, in which the NSC identifies those sporting activities which are consistent with the island's sporting facilities and sporting heritage. Furthermore, the NSC will manage and organise a range of sporting tournaments

involving visitors, whilst developing and maintaining the facilities required for such tournaments.

- k) **Development of a Sports Industry** - The NSC will develop, in association with the appropriate economic planners, a model for measuring the impact of such events on the local economy and, in association with the appropriate national sporting body, will seek to attract economically viable international tournaments to the island.
- l) **Hosting of Major International Sporting Events** – Aggressive bidding for sports events will boost Barbados’ brand development.

4.3.7 FOREIGN AFFAIRS AND FOREIGN TRADE POLICY

Foreign Policy

International relations may be broadly characterized by a set of contending processes across the globe that embrace, on the one hand, rapid changes and power rivalries and, on the other, countervailing efforts to maintain stability and rules for orderly interaction and coexistence. Against such a backdrop, it is important to treat to the systemic or enduring issues while not neglecting current developments that could trigger long term effects. Therefore Barbados’ responses to current issues must be balanced with the ongoing need to participate in the regular processes of international relations that require the continuous defence of human rights, the equality of nations and other principles. In many, if not most cases, these said principles will provide a basis upon which to address crises and problems that may arise over the planning period.

Barbados will “inter alia”, continue the leadership roles that it has developed over time in matters related to human rights and the development agenda, small island developing states and small vulnerable economies (SVE’s), global environmental issues, sustainable management of the Caribbean Sea, reform of international financial institutions, and the multidimensional nature of security.

International Trade Policy

The trade policies which Barbados will pursue in the coming years to promote its economic development, will have to be fashioned within the context of its current and future obligations arising from multilateral, hemispheric, regional and bilateral trade agreements. Over the period 2013-2020 Barbados will continue to be actively involved in negotiations aimed at the progressive liberalisation of trade. It will also work to earn the maximum foreign exchange from the export of Barbados' goods and services and to fully and successfully integrate the Barbadian economy into the globalised world economy within the context of trade.

Objectives and Strategies

1. Building and/or Strengthening of the Avenues and the Capacities for Increased Exports and Investment

Strategies

- Promote beneficial bilateral trade arrangements with individual member states of CARICOM and with third countries which are consistent with our obligations under the Treaty of Chaguaramas. In this regard negotiations are ongoing with Canada towards the conclusion of a Trade and Development Agreement.
- Assume a critical role in the design of trade agreements which CARICOM will be negotiating with countries or groups of countries. This element will ensure that Barbados' concerns are taken into account in the development of regional positions.
- Build the capacity of the productive sectors to maximise their export potential. This element will involve the undertaking of the required research to assist in sectoral capacity building and the identification of potential markets.
- Place emphasis on the export of rum to Brazil and other key markets in Latin America.

2. Strengthening Regional Integration

Strategies

- Advance the regional integration process and sustained economic development through the full realization of the CSME. This program element will be pursued by ensuring that the necessary consultations are undertaken at the national level to inform Barbados' position on regional matters and by participation in the deliberations in the appropriate Councils of CARICOM. It will also see the pursuit of the CSME compatible legislation and regulations.
- Deepen our relations with CARIFORUM. This element will see that the necessary consultations are undertaken to prepare for, and participate in the deliberations at meetings of the CARICOM - Dominican Republic Joint Council and the CARIFORUM Council of Ministers.

3. Procuring Technical and Financial Assistance

Strategies

- Identify and attain increased technical and grant assistance. This element, especially in light of the current financial climate, will see the Ministry through its interaction with friendly developmental partners and through the negotiation of technical assistance in trade agreements seeking to assist the Government in executing its national development agenda, thus reducing the burden on the country's financial resources in this pursuit.
- Monitor the implementation of the ACP-EU Framework Agreement for continued economic co-operation among the two parties. This element will see Barbados playing an active role in the definition of the priority areas for assistance in the relationship between the European Community and CARIFORUM.

4. Advocacy and Defence of Trade and Commercial interests

Strategies

- Maintain Barbados' interests in all trade fora and relations. This programme element will ensure that our regional and international trading partners exercise the same high level of compliance as Barbados in trading arrangements. The Ministry will advocate the interests of local producers to ensure that they are not adversely affected by the action of our trading partners.
- Secure the competitive position of Barbados' rum in the United States market in the face of fiscal support provided to competitors in the United States Virgin Islands and Puerto Rico.
- Pursue the Small Vulnerable Economies agenda in the World Trade Organisation. This element will be pursued by ensuring that national consultations are undertaken to inform Barbados' position and through active participation in the deliberations at the multilateral level. This will ensure that an accommodation is made for the group of vulnerable members of the WTO which takes into account their size and level of development.

5. Fostering Excellent Relations with Stakeholders

Strategies

- Pursue continued consultations with the private sector and civil society in the formulation of Barbados' trade policy and sectoral development; this element recognizes that there must be a multi-stakeholder orientation towards the economic and social development of the country.
- Expand the delivery of information to stakeholders and the public on trade related issues and developments which will see the sharing of information on a timely basis in a format which is readily understood by all persons.

6. Fostering Excellent Relations with External Parties

Strategies

- Maintain Barbados' image as one which honours its commitments which will see every effort being made to ensure that Barbados adheres to its obligations under the various bilateral and multilateral treaties signed and enforced in Barbados, while at the same time ensuring that Barbados reaps maximum benefits from its involvement in these organizations.
- Honour financial commitments that will see the prompt payment of contributions to a number of regional and international organisations such as the CARICOM Secretariat, the Office of Trade Negotiations, the ACP Secretariat, Caribbean Export Development Agency, and the World Trade Organisation.
- Undertake work to ensure that Barbados is fully prepared and timely in the execution of temporary or permanent appointments in trade fora.

7. Continued implementation of the EPA.

Strategies

- Follow-up with various ministries and departments to facilitate the development and execution of appropriate programmes (legislative requirements, administrative arrangements, institutional strengthening etc.) that will satisfy EPA-related requirements.
- Develop ongoing liaison and cooperative working arrangements between staff of the EPA Unit and counterpart Economists and project officers in executing ministries and agencies.
- Maintain liaison with relevant agencies and industry umbrella groups to assist with the formulation of effective strategies and actions to access EPA-related resources and exploit identified opportunities.
- Assist public and private sector institutions in identifying EPA-related needs, detailing projects to address those needs, and prioritizing the areas to which support should first be targeted.
- Work with relevant public and private sector stakeholders to facilitate the establishment of a set of indicators and benchmarks which can be used to monitor to what extent the EPA is meeting established objectives and to recommend appropriate corrective measures.
- Establish indicators and benchmarks, as a first step, to putting in place an appropriate mechanism to undertake the actual monitoring. It is envisaged that the Unit will also be involved in this “operationalisation” of the monitoring process.
- Maintain an ongoing liaison with the CARICOM EPA Implementation Unit and continuous monitoring of EPA-related developments throughout the region.
- Organise a series of seminars, workshops, and round-table discussions to sensitise and inform stakeholders about EPA-related market access opportunities and how best to exploit them.
- Organise, in cooperation with other public or private sector institutions, consultations with and presentations to industry associations or groups of business persons - to discuss the EPA provisions and to underline possible opportunities.
- Intensify the ongoing programme of liaising with key stakeholders and assisting them in prioritising needs, particularly in the areas of institutional strengthening and supporting the private sector to become more export-oriented.
- Intensify efforts to inform public and private sector stakeholders as well as the general public about the EPA provisions and the opportunities for promoting Barbadian interests.

4.3.8 NON-TRADITIONAL SERVICES

The general perspective is that Barbados needs to become a high quality services economy punching above its weight internationally with an international reputation to match these standards. At the moment however, this is not viable and lots of hard work is needed to achieve this. Some of the challenges are - there is a lack of “services culture” in Barbados, despite its importance; prevalence of duplication among agencies in

Barbados which wastes resources; policy and strategy decisions that are not made on evidence and therefore agencies cannot plan effectively and a need for better monitoring and evaluation of activities to better understand effectiveness through strengthening of institutions such as the National Initiative for Services Excellence (NISE).

Some of the main objectives that are proposed over the medium term would be to increase the contribution to GDP of the service export sector, increase services export contribution to overall employment, create technology intensive jobs and international partnerships, greater diversification within the service sector beyond tourism and financial services to include new export sectors; and increased penetration and diversified service export offerings in existing market destinations and accessing new and emerging non-traditional markets.

Specifically, broad strategies that can be pursued are:

- Make Barbados a high quality services country by ensuring an international reputation for quality service provision in all sectors.
- Improve the number and quality of jobs in the services sector.
- Encourage “consumption” and “appreciation” of services nationally, which improves competitiveness of other sectors and improved provision and delivery of services throughout the economy in both private and public sectors.
- Create the environment to encourage innovation and exploration of export opportunities throughout the economy (including outside the priority sectors).
- Ensure the development of higher value services provision, such as alternative tourism services that increase average visitor spend or moving up value chains.

SPECIAL ADJUSTMENT AND REFORM INITIATIVES

5.4.1 COMPETITIVENESS, PRODUCTIVITY AND SERVICES EXCELLENCE

According to the World Bank, Barbados declined in the Doing Business rankings from 84 to 88 out of 185 countries and six out of ten competitiveness indicators deteriorated between 2012 and 2013. As a small island developing state, Barbados continues to embrace the challenges it faces with regard to driving competitiveness and productivity issues derived from regional integration, eroding trade preferences, increasing global trade liberalisation, and other adverse external and internal shocks. In addition to internal productivity and competitiveness issues such as the optimisation of resources and allocative efficiency, weak service excellence and external factors to a larger extent have contributed greatly to fragile growth and limited export diversification.

As a result, there is a need to review and evaluate existing policies, instruments and institutions that are in place to support the productive sectors. Also, there is a need to remove constraints to investments and trade if Barbados is to compete successfully, particularly given the new challenges. Barbados’ performance at the international level has been reassuring that at best, internal issues of competitiveness, productivity and service excellence have to be addressed.

COMPETITIVENESS OBJECTIVES

There will be a concerted effort to up the ante on the effectiveness of support to the productive sectors in the medium term, whether this support takes the form of financial or non-financial incentives. This process is expected to improve as the country implements the Inter-American Development Bank (IADB) funded, Barbados Competitiveness Programme, for which the leading objectives are as follows;

1. To strategically reposition the domestic economy so that Barbados can reap maximum benefits and those medium to long-term benefits from the inevitable upswing in global economic activity, whenever it occurs.
2. To improve the resilience of the Barbados economy to future boom-bust cycles by enhancing productivity and competitiveness and creating the conditions necessary for the increased levels of private investment and exports.

STRATEGIES

As a result, the main strategies in the medium term will aim at raising the level of competitiveness on the island through the execution of the following strategies;

1. Rationalise the incentive system and regulations to ensure a coherent framework to support business development;
2. Rationalise the institutional architecture of business development services (BDS) and introduce a framework for clustering initiatives;
3. Improve logistics and trade facilitation thereby lowering cost; and
4. Strengthen public-private dialogue to develop and implement a medium-term competitiveness strategy.

The programme, which will be implemented during the planning period and beyond, will have four strategic components. These are:

1. Ensure a coherent framework for business development through the development of tax policy analysis tools, and provide support in facilitating the approval process for domestic and international investment and the expansion of access to credit through the rationalisation of government-sponsored development funds.
2. Ensure a coherent Business Development Service (BDS) architecture for business development by improving BDS and innovation and the piloting of a cluster programme.
3. Improve trade logistics and trade facilitation and enhance access to infrastructure through - the modernization of trade logistics and trade facilitation by the implementation of a cargo examination facility and risk assessment mechanism, an electronic single window; transportation sector improvement; and the enhanced access to infrastructure through public private partnerships (PPPs).
4. Strengthen public-private dialogue on competitiveness by the design and strengthening of the commission on competitiveness and establish of a technical unit; and create a national competitiveness strategy and action plan.

Other Initiatives:

- Continue to accelerate public sector reform and identify critical areas for the initial impetus.
- Further empower the National Productivity Council to build out productivity measures for the public sector through the establishment of pilot programmes within selective departments.
- Establish service standards.
- Introduce service standards in private and public sector.
- Review and reform all institutions, legal and otherwise, which provide services to investors.
- Establish an electronic single window mechanism that represents a single point for data entry, processing and retrieval which should enhance processes of efficiency.
- Construct a central container examination facility and support upgrades to the technologies at the Customs and Excise Department, the sea Port and other relevant institutions

PRODUCTIVITY

CHALLENGES

Issue 1. Public Sector Reform

The scope of Public Sector Reform in Barbados is in-effectively defined. Efforts in this regard should be targeted at legislative reform (where required) and the implementation of new methodological approaches for improving public sector performance, accountability and efficiency.

If the adoption of productivity is assumed as a national initiative then it is incumbent that there should be renewed synergistic approaches among the Office of Public Sector Reform (OPSR), The Productivity Council and the National Initiative for Service Excellence. Under combined goals, objectives and efforts the organisations can pursue cultural change and the adoption of performance management practices across the entire Barbados Public Sector and other spheres of the economy. It is further recommended that the office responsible for the Performance Review Development System be subsumed into OPSR.

Goal

Cabinet approval to implement Performance Management methodologies in the Barbados Public Sector

Objectives

- To introduce measurement of labour productivity, financial prudence and efficiency by April 2014
- To improve public sector labour productivity and financial accountability in the Barbados Public Sector through inter-agency streamlining of annual workplans

- To decrease public sector financial wastage by twenty per cent (20%) within two (2) years

Strategies

- 1.1 Re-Adoption of Key Performance Indicators as tools of performance measurement in the Public Sector. This must be introduced in tandem with an accepted mechanism for monitoring and evaluating performance (at the level of the individual and organisation).
- 1.2 The professional collaboration of OPSR, PRDS, NISE, The Productivity Council as agencies operating under a single Strategic Plan. In other words each organisation would have Annual Operating Plans in pursuit of the same goals and objectives. It is proposed that OPSR and PRDS would assume responsibility for the legislative, framework and methodological changes in the Public Sector. NISE would assume responsibility for developing new strategies to promote a cultural approach for increased productivity. The Productivity Council would implement productivity methodologies at the firm, ministry/department and individual levels.
- 1.3 Structural Organisation Re-alignment in the Public Sector through the introduction mandatory strategic plans, revised job descriptions, the implementation of performance appraisals.
- 1.4 Remuneration in the Public Sector based on Labour Productivity increases. In other words, negotiate with the trade unions to institute a salary that is separated into a base-pay element supplemented by a pro-rated productivity bonus. Further strategies would seek to reduce absenteeism, re-introduce pay for performance as well as institutionalize promotion based on performance, qualifications and experience.
- 1.5 Performance Management adopted in every department.
- 1.6 Human Resource Management adopted in every department through revised legislation which decentralises some of the human resource functions and responsibilities from the Personnel Administration Department and operationalizes them at the level of the Ministry and department. This will increase agility, accountability, efficiency and management effectiveness.
- 1.7 Minimisation of Wastage - reduction of financial haemorrhaging through elimination of duplication of effort, and mandating activity-based budgeting. There is also scope for significant efficiency and financial gains to be achieved in the Public Sector if all departments re-design and/or improve their processes. In some cases this can be achieved through increases in the use of technology, greater capital accumulation or simply in the act of executing work functions 'smartly'.

Issue 2. Introduction of Performance Budgeting

Performance Budgeting is a Performance Management tool implemented in countries

with progressive Public Sectors focussing on expenditure control, value-for-money and measurable results. Examples of these countries include the United States of America, the United Kingdom, Canada, Singapore, Mauritius, and Australia. The obvious attempt of this tool is to re-structure and streamline operations thus making budgetary spend more transparent. These countries have created departments mandated with this strategic responsibility – approving strategic plans developed at the Ministerial (or department) level, monitoring the activities achieved under these plans, tracking the funds being spent in pursuit of the activities and matching the results being achieved (or service quality provided).

The recommendation is for The Productivity Council to lead the implementation of this initiative in the Public Sector.

Goal

The adoption of the Performance Budgeting tool across the entire Public Service of Barbados

Objective

- To establish a system-wide plan to disseminate and operationalize the tool in the Barbados Public Service

Strategies

- 2.1 Technical training conducted across the Public Sector by The Productivity Council and Training Administration Division.
- 2.2 Public Sector-wide adoption of the Performance Budgeting tool in the Public Sector (*A tool has been developed by The Productivity Council*)

Issue 3. Enforcement

The Financial Management and Audit Act is established on the statute books of Barbados. This legislation provides the legal framework and parameters through which Performance Budgeting and Performance Reporting are achieved in the Public Sector. The legislation requires Ministries and departments to develop business plans, identify multi-level performance indicators to measure the progress within these plans and to report on appropriated spend to the Ministry of Finance.

Goal

The enforcement of the Financial Management and Audit Act across the wider Public Sector in Barbados

Objective

- To work in collaboration with the Ministry of Finance during the annual preparation of the Annual Estimates by conducting training workshops on Performance Budgeting.

Strategies

3.1 For the Ministry of Finance to rigidly enforce the Financial Management and Audit by tying financial disbursement from the Treasury to receipt of Quarterly Performance Reports from Ministries and departments.

Issue 4. Adoption of National Productivity Indicators

Since its inception, The Productivity Council has produced national productivity statistics in its Macro-productivity Indicators Project. These statistics measure labour productivity and organisational efficiency in companies across the major sectors in Barbados.

Goal

The inclusion of data produced in the Macro-productivity Indicators Project (MPIP) into the official statistics of Barbados

Objectives

- To improve the dissemination platforms of MPIP data to a wider cross-section of the Barbados public
- To include MPIP data in the official statistics produced by the Barbados Statistics Service (BSS)

Strategy

4.1 Through discussions with the BSS, incorporate data from the Macro-productivity Indicators Project into the official national statistics of Barbados (*These statistics have been developed by The Productivity Council*).

Issue 5. Productivity –improvement Tax Credit

Goal

The development of a tax-rebate incentive for organisations showing evidence of increases in productivity

Objective

- To develop the framework for a Productivity Improvement Tax Credit to be included in the 2015 Annual Financial Statement and Budgetary proposals.

Strategy

5.1 Government previously accepted this organisation proposal to introduce a Productivity Innovation Tax Credit which was introduced under the Income Tax Act Section 65F Cap 73. The Productivity Council will similarly develop a

productivity improvement tax credit for government's review. Our recommendation is for the Ministry of Finance to favourably consider this proposal as well.

Issue 6. Ecommerce Platform for increased Productivity

Barbados introduced ecommerce legislation in the form of the Electronic Transactions Act *circa* 2001. Since then limited development, as far as company usage is concerned, has taken place. Companies have not capitalized on or found any real benefit as a result of the Act being introduced. This organisation, however, acknowledges that there is a productivity gain to be derived if more companies engaged e-commerce strategies into their operations. A study commissioned by the National Council for Science and Technology suggested that social networking and research were the primary activities conducted by internet users. A mere 26 per cent of respondents used the internet for business-related activities. On the other hand, many businesses considered the cost of telecommunication infrastructure prohibitive and over 40 per cent of them agreed that the information on their website was static. This represents a challenge which needs to be met frontally by policy-makers and businesses. Among other things, there is an opportunity to (i) access a global market via the internet, (ii) create leaner operations given that an internet-based business affords significant cost savings, and (iii) realize organisation and labour productivity as well as increased profitability.

Goal

The achievement of a higher level of national productivity through greater knowledge and adaptation of ecommerce and performance management related technology and solutions

Objectives

- To develop a plan for the implementation of an e-commerce platform in the microenterprise and small business sector
- To promote the use performance management technologies at the national level

Strategy

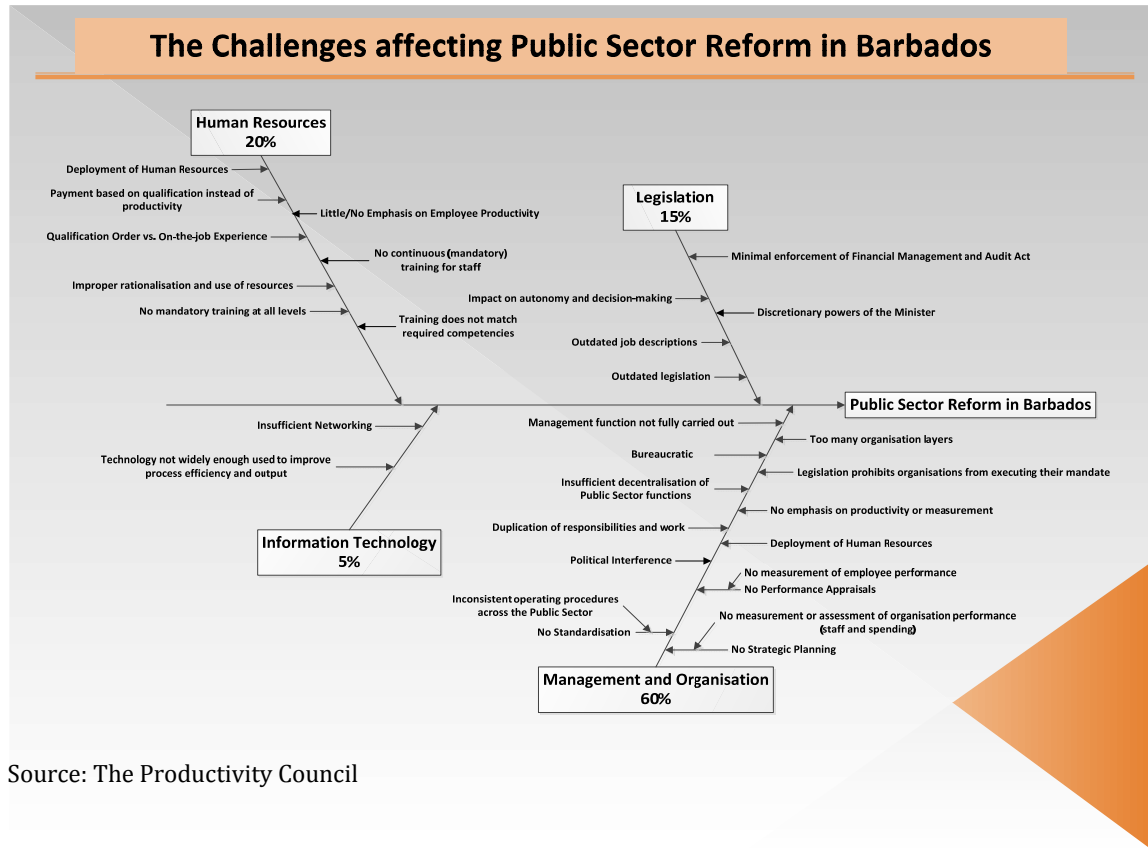
- 6.1 Access donor funding to develop and implement an evidence-based plan for greater ecommerce activity in the microenterprise and small business sector in Barbados

Issue 7. Development of Emerging Sectors

Barbados growth out of the global economic recession and its development into the future depends on government's decision to restructure the economy and to facilitate the emergence of new sectors in the economy. If the requisite areas of training and certification are in place, then the economy would generate new areas of employment and furthermore new areas of domestic economic activity and foreign exchange.

Recommendations

- 5.1 New Tourism Subsectors (Medical/Health Tourism; Sports Tourism; Cultural Tourism; Education Tourism; Business/Conference Tourism; International Business)
- 5.2 Agro-Processing
- 5.3 Automotive Manufacturing
- 5.4 Renewable Energy



SERVICES EXCELLENCE

In order for Barbados to effectively compete in the regional and global sphere, it will have to enhance its quality of service delivery. Enhanced service excellence is required now; more than ever before, if the country is to move up the value chain and into a highly competitive knowledge based service market. Therefore, the National Initiative for Service Excellence (NISE) is quintessential in enabling Barbados to maximise its exports of goods and services, and increase foreign exchange earnings through private sector led growth.

Issue

How does NISE effectively influence leaders, in all sectors, to play their critical roles in

attaining and sustaining a culture of service excellence.

Objective

Communication and Awareness: To clearly define the desired service excellence culture for Barbados, and to consistently communicate it nationally

Strategies

Research: Based on the premise that understanding the status quo is the first step towards change, NISE will continue to provide the nation with research, benchmarking and comparative analyses of service excellence. Studies such as the widely read National Customer Satisfaction Index (NCSI) will continue to be a sound information base and platform for service improvement, focusing and energizing organisations in their efforts to enhance service.

Targets

Service Excellence Training for Executives: Host various forms of Leadership programmes for the private and public sector leaders and sporting administrators

Issue

How does NISE remain on the leading edge of service excellence and ensure that the targeted change is accomplished at an accelerated rate

Objective

Research: To stimulate the development of a research and measurement culture within organisations in Barbados

Strategies

Leadership: The transformation required in organisations cannot be achieved without the visioning, commitment and example of effective leadership. NISE will continue to prepare leaders of organisations across all economic sectors for the task through leader to leader programmes and conferences; and study tours to recognised international centres of service excellence. Given Barbados' engagement in the Caricom Single Market and Economy, NISE will also provide regional leadership in service excellence by spearheading projects with partner regional institutions such as CARICOM, UWI, CROSQ and CTO.

Targets

Service Excellence Training for Middle Managers, Supervisors and Front Line Staff: Train front end and middle management across diverse spheres and launch a Best Practice Guide for Supervisors

Issue

How does NISE influence the development of policies and systems that will complement the drive towards service excellence

Objective

Standards: To ensure that that national occupational customer service standards are in effect throughout the working population

Strategies

Innovation: NISE is committed to working with its partners to stimulate and foster innovation, creativity and entrepreneurship within the society. NISE will continue to encourage organisations to pursue continuous improvement and to engage in process re-engineering. NISE has already implemented the “100 Improvements in 100 Days Programme” which takes a “bottom-up” approach to process improvement, unleashing the innovation and creativity of Barbadians at all levels in and outside of the workplace.

Targets

Consultancy Services: Work with TVET to get 50 candidates awarded the full NVQ level 2

Issue

How does NISE position itself in relation to other agencies and organisations with related mandates.

Objective

Education and Training: To contribute to the continued exposure of organisational leaders to world-class tools and international best practices, in order to support their role in the service excellence transformational process.

Strategies

Training and Development: NISE will continue to invest in robust, national measures like the NISE Employee Engagement Index (NEEX) which assists organisations in understanding the levels of and drivers of employee engagement. NISE will continue to keep Barbadian organisations in touch with cutting edge service knowledge and innovation through cost effective employee training and development programmes, supporting the national long-term objective of workforce behavioural and cultural change for sustainable service excellence.

Targets

Mystery Shopping: Increase the number of companies involved in the Mystery Shopping programmes from 3 to 10

Issue

How can NISE contribute to the further strengthening of the social partnership

Objective

Awards and Recognition: To continuously recognise, celebrate and reward, individual and organisational achievements of service excellence nationally

Strategies

Partnership with OPSR: The success of Barbados as a premium tourism destination, an entrepreneurial hub or even as an ideal place to live and work, hinges on service excellence in the public sector. NISE will continue to strengthen partnerships with the Office of Public Sector Reform to leverage synergies and opportunities for developing a more citizen centred public service.

Targets

Process Improvement: Launch the NISE Service Excellence Framework and an improvement project within the Public sector with the OPSR, Productivity Council, etc

Other Objective

Process Improvement: To influence the development of a culture of continuous process improvement

Target

Communication and Awareness: Host Courtesy Month and implement 100 Improvements in 100 Days Challenge for 100 Companies and 50 Churches

5.4.2 TRANSFORMATION TO A GREEN ECONOMY

As Barbados seeks to restructure its economy and to mitigate and adapt to the changing climate while in the search to maintain a sustainable environment, one of the premier emphases of the country has been to embrace the concept of a “Green Economy”. This concept encapsulates economic, social, and environmental issues in a way that ensures the sustainable development of the nation, with the public and private sector all playing a part. For Barbados, the vision of a Green Economy has been defined as becoming ***“the most environmentally advanced green country in Latin America and the Caribbean”***. Government’s approach to the growth and acceleration of the Barbados green economy embraces the following:

1. Upholding the national principles of sustainable development- quality of life, economic efficiency, conservation of resources, equity and participation- as articulated in the Barbados Sustainable Development Policy;

2. Setting significant national sustainable development goals and targets (energy efficiency, renewable energy generation, waste reduction, waste recovery, reduction for unaccounted for water, protected areas establishment and management, sustainable public procurement, local agriculture production, growth in the production of clean and environmentally preferred products, and the adoption of resource-efficient processes and technologies in industry, etc)
3. Instituting policies and programmes that will re-distribute economic benefits towards social empowerment programmes, catalyze new career pathways for Barbadian youth and catalyze and enable small-business start-ups to support the transition to a low-carbon and resource-efficient economy;
4. Commencing with the “low-hanging fruit” that will allow Government to achieve immediate employment and environmental gains, while advancing long-term strategies for the green economy transition.
5. Building on existing capacities and systems, both in the public and private sectors.
6. Integrating strategies into existing programmes (economic development, small-business assistance, tax incentives, workforce development, research and development), before launching new, independent projects;
7. Utilising Barbados’ international presence to develop cooperative platforms with development agencies and the international community in support of building a Resource-efficient Green Economy, and
8. Tracking progress in the move towards a green economy.

In the aftermath of the Green Economy Scoping Study the Government, over the medium term, will give particular attention to implementing the following measures:

1. Mainstream the “green economy” into innovative financial mechanisms such as the GEF Small Grants Programme.
2. Align the IADB country Strategy to support Barbados’ Green Economy investment ambitions.
3. Establish a resource efficiency and technology innovation programme to support uptake of eco-innovation measures and processes by the private sector.
4. Reform trade and tariffs to support trade in clean technologies and resource efficient products.
5. Analyse fiscal reform opportunities to support a shift towards more sustainable consumption patterns.
6. Promote use of economic instruments such as resource usage fees for heritage, community and marine/nature based tourism initiatives, use of green taxes to elicit behavioural change, and green considerations when regulating utilities and services including wastewater.
7. Assess national capacities to support implementation of the green economic roadmap.
8. Establish an appropriate umbrella governance mechanism to spearhead the implementation of the Green Economy policies.
9. Collaborate with the University of the West Indies Cave Hill Campus to mobilize strategic partners and resources towards the establishment of a Green Economic Policy institution for SIDS.
10. Establish and integrate environmental statistics into the national statistical system and producing green economy metrics.



Investments to support key growth areas

Several “Green Economy-focused” investments will be undertaken to support the country’s strategic growth areas including tourism, manufacturing, agriculture, etc). Those investments will include:

1. Establish a Waste to Energy Programme and completion of the Mangrove Pond Green Energy Complex and Beautification Programme (inclusive of a Landfill Gas to Energy, a Wind Energy Facility and a Mechanical Maintenance Facility);
2. Upgrade the infrastructure to support the triple goal of environmental enhancement, social well being and tourism development (Beach Facilities, Public Park Infrastructure, Beautification of the Major Highways, Storm Water Systems and Coastal Infrastructure protection);
3. Enable Nature Based Tourism through the establishment of Marine and Terrestrial Protected Areas;
4. Develop Heritage Tourism through the designation and operation of the Scotland District-Barbados National park as a World Heritage Site;
5. Promote the development and update of environmentally preferred products in the household and manufacturing sectors;
6. Develop of the Environment Services Sector;
7. Expedite the implementation of the Water and Sanitation Upgrade Project; and
8. Develop an integrated public transportation policy and investment programmes.

Sector-specific green growth strategies

Agriculture and Fisheries Sector

- Establish an overarching programme for strengthening agricultural cooperatives in Barbados.

- Implement an institutional strengthening and training programme for sustainable agricultural extension services.
- Execute an institutional strengthening programme for the Fisheries Division and harmonise the supporting legislative framework.
- Create and implement a sustainable business and financial model to support the development and management of marine protected areas as well as develop fiscal incentives and innovative financial mechanisms to promote the use of fish waste in agriculture.
- Undertake a feasibility study on creating a sustainable agriculture and fisheries micro-credit scheme, focusing on accessing clean and more efficient technologies.

Tourism Sector

- Expedite the establishment of the Barbados National Park and System of Protected Areas.
- Facilitate investment in marine protected areas - the recommendations of the Folkestone Redevelopment Programme should be reviewed and implemented.
- Focus policy and financial interventions to create sustainable agro-based and cultural-heritage tourism models.

Private Sector Support Strategies

1. Initiate and launch a Prime Minister's Corporate Social and Environmental Annual Award Scheme;
2. Support the Barbados Chamber of Commerce and Industry's (BCCI) effort to green its facilities;
3. Conduct a feasibility study and mobilize private sector resources for the establishment of the Resource Efficiency and Technology Innovation Centre (RETIC). It is proposed that the IDB's Competitiveness Programme be accessed for implementation support through its Cluster Facility.

Public Education and Citizen Engagement Strategies

1. Develop a national public education and information strategy to promote the Green Economy;
2. Refocus the Ministry of the Environment and Drainage's grant fund for NGOs towards Green Economy initiatives at the community level;
3. Create and implement constituency-wide environmental enhancement initiatives under the Government's Constituency Empowerment Councils.

Other Supporting Strategies

1. Ensure that the integrity of natural features, wildlife habitats, significant flora and fauna, and important landscape and seascape features and protected areas are maintained during the process of development through the implementation of the Physical Development Plan, National Park Plan and Coastal Zone Management Plan.
2. Undertake research, evaluation and dissemination of information on all matters of national environmental significance concerning the natural beauty of the island through protection of biota and landscapes as well as historic sites.
3. Support the mainstreaming of climate change, environmental and health considerations into the public budget process and procurement decisions.
4. Facilitate and promote the conservation management and use of our coastal zone.
5. Ensure effective conservation of the island's coastal and marine eco-systems and living resources, while improving their quality through the Fisheries Management Plan, Marine Pollution Control and Coastal Zone Management Plan.
6. Integrate environmental considerations into all aspects of national policy development through instituting a Strategic Environment Assessment and Environmental Impact Systems.
7. Promote sustainable land management practices as articulated in the Physical Development Plan, the Area Development Plan the Coastal Zone Management Plan, the National Park Plan, and the Environment and Natural Resources Management Plan.
8. Strengthen national systems to prevent, manage and control of all forms of pollution.
9. Ensure that appropriate development standards, through the Physical Development and Building Control systems are used to build resilience against the increasing intensity of natural hazards associated with the effects of climate change, as well as eliminating those practices which lead to global warming and sea-level rise.
10. Establish a programme of environmental education for schools as well as awareness programmes for the wider population.
11. Upgrade, diversify and protect Barbados' nature based tourism assets through the integration of environmental planning, architecture, and physical development, heritage conservation and green technologies into environmentally sensitive sites including Folkstone Park Marine Reserve, the National Botanical Garden and Carlisle Bay.
12. Support efforts to aggressively access, direct or otherwise, climate change funding from the various climate funds such as the Adaptation Fund and the soon to be established Green Climate Fund.
13. Mainstream disaster risk reduction and climate resilience in coastal infrastructure investments.

14. Utilise the Third Global Conference on Small Island Developing States to establish the Barbados technical Assistance Platform to Small Island Developing States;
15. Scale-up implementation of the Cabinet Approved GOB-UNEP Partnership for Building a Resource-Efficient Green Economy with emphasis on developing Resource Efficiency and Technology Innovation Platforms to support MSMEs.

5.4.3 LABOUR MARKET REFORM AND HUMAN RESOURCE DEVELOPMENT

LABOUR MARKET REFORM

One of the major economic challenges facing Barbados is the generation of employment opportunities to reduce the high levels of unemployment experienced primarily among the young and female segments of the workforce. Labour market reform refers to the range of economic, social and judicial measures and mechanisms that can affect labour market outcomes and behaviour. The medium term direction elaborates the following broad programme of action, which should be implemented in a coordinated manner, to arrive at a balanced mix of policies which mutually reinforce innovative and adaptive capacity and improve conditions for job creation and labour market reform:

1. Set macroeconomic policy such that it will both encourage growth and, in conjunction with good structural policies, make it sustainable.
2. Enhance the creation and diffusion of technological know-how by improving frameworks for its development.
3. Nurture an entrepreneurial climate by eliminating impediments to, and restrictions on, the creation and expansion of enterprises.
4. Strengthen the emphasis on active labour market policies and reinforce their effectiveness.
5. Improve labour force skills and competences through wide-ranging changes in education and training systems especially to embrace emerging sectors in the economy.
6. Support and encourage the creation of employment of acceptable quality by fostering a climate of harmonious industrial relations
7. Reform unemployment and related benefit systems and their interaction with the tax system such that the fundamental equity goals of the Barbadian society are achieved in ways that impinge far less on the efficient functioning of the national labour market system.

Specific Strategic Output Activity 2013-2020

1. Introduce into Parliament legislation covering Amendments to the Shops Act and to develop legislation regarding Minimum Wages Board, Sexual Harassment in the Workplace, Anti-Discrimination for the Workplace, Regulation of Employment agencies, Recognition and Registration of Trade Unions,

Information and Communication Technology enterprises, and the proclamation of the Safety and Health at Work (SHOP) Act.

2. Further strengthen the Labour Market Information System to allow for capabilities for manpower forecasting, labour market research, etc.
3. Continue the programme of assisting in employment generation by focusing on the external labour market in Canada and the United States of America (USA).
4. Develop training modules in order to develop a cadre of potential workers for the overseas employment programmes.
5. Continue assisting in the formulation and implementation of training policies for employment which will allow workers to prepare themselves better for performing in a world of continuous labour mobility and changing skills needs.
6. Continue to develop key linkages with various agencies in the interest of proper employment relations, securing employment opportunities, training and development.
7. Strengthen social dialogue and tripartism generally and through the Consultative 144 Committee.
8. Promote the global employment agenda and decent work as a follow-up to the Caribbean Employment Forum.
9. Develop a legislative framework which will facilitate the functioning of the Project Unit being set up to a register and investigate cases of discrimination against persons living with and affected by HIV/AIDS.
10. Execute the Inter-American Development Bank sponsored Labour Market Study.

HUMAN RESOURCE DEVELOPMENT (HRD)

The HRD Strategy stands on five pillars of strategic objectives.

- 1) An **effective enabling environment for human resource development** including the strengthening of the capacity of critical Ministries, especially Ministry of Education and Human Resource Development and Ministry of Labour, to develop, implement, monitor and evaluate sector policies and programmes in human resource and skills development;
- 2) An **improved internationally-recognised national qualifications framework** responsive to the dynamic requirements of the competitive and productive sectors, including mechanisms for the development of competency based certification.
- 3) A **demand-driven educational system** that incorporates systematic needs assessment mechanisms, includes appropriate strategic measures to meet the needs of marginalised youth, and ensures private-sector involvement in education and training provision.
- 4) A **rationalised knowledge management system** that incorporates information from multiple sources, enhances decision making capabilities, and improves access by all stakeholders.
- 5) **Enhanced research, innovation, entrepreneurship, and development capacity** including the development of a sustainable financing mechanism for education and training, to which the Government, employers and trainees would contribute.

Strategies

In order to achieve the specific strategic objectives of the Human Resource Development Strategy as included in the five pillars, a number of critical activities have been identified.

- **Establish an Enabling Environment for Human Resource Development:** The Government of Barbados will implement a broad-based human resource development strategy with significant emphasis on institutional strengthening, capacity building, effective coordination, and strategic institutional linkages.
- **Develop a National Qualifications Framework:** A national qualifications framework will be formulated to increase standardisation and quality assurance of educational programmes. Emphasis will be placed on the use of competence-based education and training, and the upgrade and expansion of educational facilities so that qualifications for matriculation and employment opportunities will now incorporate academic and occupational outcomes.
- **Build a Demand-Driven Educational system:** All employees in the public and private sectors will be provided with opportunities for continual professional development and educational opportunities that are in keeping with industry standards and are aimed at developing appropriate skills, competencies, and attitudes. Educator preparation will include technology integration across the curriculum, and the infusion of life skills, competency based teaching, and alternative assessment methods as critical aspects of the instructional methodology. Special attention will also be given to the expansion of second chance education and training for all categories of persons.
- **Build a Knowledge Management Systems:** A comprehensive national knowledge management system will be created to ensure effective knowledge management practices and procedures are followed in the public and private sectors. This system will be utilised to form the basis of decision-making and will include monitoring and evaluation mechanisms for constant review for improvement.
- **Develop a Research, Innovation, Entrepreneurship Capacity:** The Government of Barbados recognises the role that a new culture of enterprise, entrepreneurship, innovation, and research has to play in the national development thrust. Under the fifth pillar the Government of Barbados is promoting research, entrepreneurship and innovation education at the secondary and post-secondary levels with a view to increasing the number of small and medium size enterprises contributing to economic growth.

5.4.4 PUBLIC SECTOR AND INSTITUTIONAL REFORM

PUBLIC SECTOR REFORM

Citizens and businesses expect a modern Public Service that continues to improve and deliver services faster, better and more cost effectively. Therefore, innovation, flexibility and the delivery of streamlined services must be at the heart of a reformed Public Service. In this vein, the Government of Barbados will continue to build platforms to make it easier for citizens to access services and engage Government. The

reform of the Public Service is essential to ensure that it is customer focused, leaner, more efficient, better integrated and delivering maximum value for money.

Public Services are essential to the functioning of our economy and society. The aim of reform is to consolidate core competencies of the state to create market-oriented incentive mechanisms and generally improve the framework conditions of the private sector. The Office of Public Sector Reform (OPSR) provides assistance to ministries, departments and agencies in developing, implementing, maintaining and promoting public sector reform projects, programmes and related activities. Through reform, Government can create a Public Service which will be delivering flexible and responsive services to customers, embedded in a strong culture of innovation, change and managed risks across the Public Service.

Strategies

- Continue to be innovative in forging strategic partnerships with new and existing agencies
- Provide officers with the necessary technical expertise and exposure to international best practices
- Develop and strengthen the knowledge, skills and core competencies of the officers across the public sector
- Seek out regional and international strategic partners to improve the knowledge, skill and experience of the officers - create new regional and International strategic partnerships
- Network with other stakeholders involved in communication - establish strategic links with the media to promote the work and successes of the Office
- Restructure the Office of Public Sector Reform to change public perception
- Improve the management, retention and utilisation of information in Offices, promote the Office as a relevant and effective organization
- Promote efficiency, cost-savings and innovation, transforming of the level of service delivery within the public service
- Increase the utilization of strategic planning as a management tool in the Public Sector improving the effectiveness and efficiency of Government
- Network and forge strategic partnerships with key agencies
- Use Monitoring and Evaluation as a tool to improve service delivery, the allocation of resources and planning
- Improve the level of customer service in the Public Sector as well as the efficiency and effectiveness of public sector agencies

- Design and implement a Monitoring and Evaluation System for projects undertaken by the Office

INSTITUTIONAL REFORM

Over the planning period, Government will seek to rationalise the existing public/state-owned enterprises to generate greater efficiencies in the areas of human resources, technology, cost, productivity and service delivery.

Efforts will be made to optimize the organizational structure of Government. It is intended to increase the efficiency and effectiveness of the public sector by promoting leaner institutions, aligning organizational designs and functions, and improving accountability and transparency in decision-making.

5.4.5 BUSINESS FACILITATION

As a small developing state, dependent on foreign and local investment for our growth and development, Barbados has to design and implement good solutions to make administrative procedures swift and transparent. This must be done for creating companies, registering property, obtaining licenses, work permits and visas, paying taxes, etc. Smart laws and procedures, organizational schemes and eGovernment are all tools that will demonstrate efficiency. It is therefore essential to remove unnecessary burdens and disincentives to enterprise activities and to promote the application of existing, affordable solutions to reduce administrative barriers and improve administrative efficiency. Business facilitation could considerably accelerate the pace and reduce the cost of administrative reform in Barbados.

Business facilitation is a way of working with persons to help them achieve their business development objectives. Assistance is provided through the means of improving various systems through reform, processes and practices to assist businesses meet their objectives by providing them with effective processes and structures. In this vein, the Government of Barbados will continue to collaborate with the public and private sector to address the needs of the country and seek to identify solutions that will reap positive results going forward.

Strategies

- Upgrade the skills of already qualified professionals, especially in the areas of compliance and regulation.
- Appoint a National Industry Training Co-ordinator to address the issue of continuous business training for small enterprises
- Continue effort to bolster the performance of small businesses through capacity building and institutional strengthening programmes such as the Special Technical Assistance and other programmes
- Improve the facilitation of foreign direct investment flows into Barbados.
- Seek to remove any burdensome fiscal measures and institutional red tape so as to attract new investments.

- Amend the Companies Act and Securities Act, among others, to allow for more flexible product offerings
- Orient Barbados' overseas offices to be more actively involved in the promotion and facilitation of Barbados' export trade in goods and services.
- Establish an island-wide open wireless internet network which will encourage the business community, especially SMEs, to utilise information and communications technology (ICTs) for improving competitiveness and productivity.
- Make it more efficient for businesses to benefit from the various venture capital facilities by consolidating these facilities into one agency
- Intensify the marketing development programme to facilitate greater penetration into major markets such as USA, UK and Canada.
- Develop a policy for promoting the securitization of businesses.

5.4.6 PRICE AND COST STRUCTURE

The Barbados economy as a price taker continues to be faced with challenges from the internal and external environment that impact on the domestic costs and price levels. As such, it recognizes the need for a national policy coherence to increase international competitiveness, productivity and real economic growth, and at the same time, reduce the national fiscal deficit and public debt to improve the well being of Barbadians, particularly the poor and vulnerable. Over the medium term, a major objective of government will be to reduce the cost of living. Efforts to achieve such will be mixed, but will include intervention in the market to correct the failing of the market system. Government will also allow new players into the markets that will create greater competition and possibly lead to lower prices. The issue of lower energy prices via alternative forms of energy will form part of the medium term efforts.

Strategies

Food

- Establish a national food price policy to contain and reduce the price of food through greater collaboration with the social partnership mechanism
- Establish a central information system to review and analyse price movements to ensure a more effective policy response to rising food prices
- Exploit the opportunities to be derived from all international trading agreements (such as the European Union-African Caribbean and Pacific Economic Partnership Agreement (EU-ACP EPA) for goods and services which will have very little negative impact on domestic industries
- Facilitate and encourage the use of science, technology and innovation and research and development to increase domestic agricultural production
- Encourage and facilitate the business sector in importing from cheaper, non-traditional markets

- Implement genuine agricultural reforms in order to attain food sovereignty and food self-sufficiency
- Encourage the establishment of low cost enterprises and facilitate new and efficient market players
- More effective enforcement of the Miscellaneous Controls Regulation, particularly in relation to items price control by fixed mark-ups

Housing and Lands

- Continue to expand the sale of government owned land for low income housing
- Continue to forge strategic alliances with the private sector in order to create more low to middle-income residential construction solutions
- Promote low to middle-income housing designs and solutions through the use of technology and innovation
- Develop and implement a policy to control the prices of rent for domestic dwellings

Cost of production by lowering transaction costs, utility costs and dependence on fossil fuels

- Increase the local production of crude and supply of natural gas
- Promote and facilitate the utilisation of efficient and affordable alternative energy solutions by reducing dependence on fossil fuels
- Increase national energy security through enhanced access to renewable and alternative energy sources
- Establish natural gas systems across Barbados
- Continue to upgrade and enhance the Bridgetown Port in order to increase operational efficiencies to reduce transaction costs
- Establish a system of conducting efficiency audits of public utility suppliers to ascertain whether their claimed costs are fair and reasonable

Institutional and Regulatory Reform

- Strengthen the enforcement of consumer protection laws and consumer competition policy to ensure that consumers are protected from unfair trade practices
- Strengthen the Department of Commerce and Consumer Affairs to efficiently and effectively monitor and control prices
- Establish a price commission to oversee prices to ensure that prices are set in accordance with the National Pricing Policies agreed to by the Social Partnership
- Enhance national price, cost and quality competitiveness in the retail and distribution sector

Building and Strengthening Partnerships

- Establish new and develop existing cooperative consumer groups such as buyers clubs through the provision of technical support.
- Strengthen the capacity of the Social Partnership to devise, implement and enforce national price policies.
- Establish stronger partnerships with consumer advocacy groups at the national, regional and international level to effectively formulate cost and pricing strategies.
- Seek to establish linkages between the Ministry of Commerce and Trade and the appropriate price monitoring mechanism of the Social Partnership.

5.4.7 JUSTICE AND LEGISLATIVE REFORM

The Court System

It is proposed that Audio Digital Court Reporting be introduced in the Magistrates' Courts to facilitate audio and digital recording of cases thereby alleviating the need for Magistrates to write evidence. Each court can be equipped at a cost of \$108,849.00, and professional services at a cost of \$11,600.00. Further, it is proposed to provide two new courts during financial year 2013-2014 and two others during 2014-2015.

The current calendar of cases for trial in the High Court shows a constant listing of about 300 cases per year. A decisive step was taken from September 2010 to have a third High Court set up for the disposal of criminal cases. However, the delays for defence preparation and provision of facilities are still having an impact on the disposal of cases. During the medium term, work will continue on improving the effectiveness of the system through the implementation of a number of initiatives to reduce delays in criminal courts and move major criminal cases through the justice system faster and more effectively. These will include, among others:

- The setting up of a Criminal Division of the High Court.
- The consolidation of parallel proceedings where criminal trials are stayed or delayed to await the outcome of constitutional challenges
- The need for the pre-sentencing report in every case to be reviewed since the process of sentencing has become protracted and delayed.
- The making of provisions for the admissibility of witness statements with oral evidence given only where cross examination is needed.
- Giving consideration to the abolishment of preliminary enquiries which are a major cause of the delays which are currently being experienced in the court system.
- The establishment of a National Prosecution Service.

5.4.8 BUILDING CLIMATE CHANGE AND ECONOMIC RESILIENCE.

Small Island Middle Income Developing states (SIDS) such as Barbados are highly vulnerable to natural disasters and external economic shocks as evident from the on-going global downturn. In particular, these small economies must confront other challenges, chief among which is climate change, now seen as posing the greatest threat to their survival. The results of the continued warming of the planet are more frequent and intense natural disasters. These disasters respect no boundaries, they devastate wide areas, impact all sectors of economic activity, and endanger every community. They inflict deep and lasting damage on the poor who are least able to withstand their onslaught. While global financial crises, food and fuel crises, and the consequences of natural disasters may seem to be unrelated, they are all shocks applied to the complex systems that interlink social, economic and environmental factors.

Natural disasters impacts on our economic resilience by delivering shocks to the aggregate supply curve, resulting in a decline in real output and employment. This supply shock is transmitted to the real sector through a number of channels. In the external sector, natural disasters usually lead to a sharp deterioration in the trade balance. Import bills rise for food, raw materials and reconstruction materials, while exports tend to decline due to the destruction of productive capacity and market infrastructure or the reallocation of labour to disaster relief and rehabilitation. These shocks then affects the fiscal sector in terms of placing upward pressure on government expenditure and eroding revenue bases. The monetary and financial sector can also experience declining saving and investment in the process.

Climate change is more rapid now, than was envisaged just a decade ago. Recent findings by the *“Turn Down Heat Report”*, of the World Bank, 2012, suggest that the rate and magnitude of changes in the climate and the subsequent impacts will severely test our ability to adapt if we delay actions to reduce emissions and build resilience. Climate change in the Barbadian context threatens our sectors and areas such as; tourism, agriculture, manufacturing, water, health risks through vector borne diseases, productivity, competitiveness and invariably or economic growth and development potentials.

The central challenge for Barbados therefore as a Small Middle Income Developing Country, is how to build and strengthen our resilience to climate change and other economic and natural disaster related shock.

Strategies

For policymakers in Barbados, resilience building and climate change adaptation and mitigation strategies to overlapping shocks over the planning horizon 2013- 2020 include:

- Developing a holistic approach that tackles interlinked vulnerabilities rather than each one in turn. This requires new, more sophisticated tools for decision-making that change attitudes towards risks and uncertainty, well before shocks hit.
- Taking bolder actions, through partnerships between governments, the private sector and local communities, as well as collective actions at the regional and international levels.

- Investing in both prevention and preparedness, which is more effective, and less costly than recovery efforts.
- Updating building codes and retrofitting unsafe buildings.
- Coordinating regional economic policies.
- Devising a regional framework for common norms on social protection
- Supporting the poor and disadvantaged, who have fewer resources or buffers against climate change and other shocks.
- Accelerating efforts to build a green economy through promoting green and blue growth initiatives.
- Tackling interlinked policy, technology and finance challenges.
- Forging greater partnerships with regional and international development and financial entities to provide resources and help build capacity to carry out climate adaptation and mitigation actions.
- Taking action by building better north-south-south linkages with knowledgeable partners in building resilience against climate change.
- Enhancing technical assistance, grant funding and concessional financing from development partners, multilateral development banks and other agencies.

5.4.9 CARICOM SINGLE MARKET AND ECONOMY (CSME)

The CARICOM Single Market and Economy is one dimension of the CARICOM regional integration programme. The key elements of a Single Market and Economy are:

- Free movement of goods and services
- Right of establishment
- A common external tariff
- Free circulation
- Free movement of capital
- A common trade policy
- Free movement of labour
- Other measures such as harmonisation of laws;
- Economic, fiscal and monetary measures

The CSME offers Barbados an enlarged and favourable market in which to sell its goods and services. It also provides a framework for the enhancement of volume, range and competitiveness of its goods and services and creates expanded opportunities for Barbadian labour. Furthermore, the CSME through enhanced external co-ordination, provides Barbados with greater bargaining power when negotiating at the bilateral, hemispheric and the international level.

Challenges

Seven years have passed since the launch of the CSME in 2006, but significant challenges faced Member States in the amendment of legislation and introduction of

effective procedures and processes to enable a fully functioning Single Market and Economy. All Member States cite limited drafting capacity in their Offices of Attorneys-General and technical skills to amend existing policies and procedures to effect decisions of the Conference and provisions of the revised Treaty. These challenges are compounded by resistance to change at the level of implementation. Changing economic and political views towards integration have also plagued the regional economic integration programme.

The CSME is intended to be a vehicle for the mobilisation of resources across the Community. It is the means to moving skills, capital, goods, services and establishment across twelve borders. But this movement has been rather limited. Some consider this to be a result of limited public education; limited interest in private sector trade; fear of unfamiliar markets; and reliance on traditional markets such as EU and USA.

While a lot of attention has been focussed on the Movement of Persons, this is only one factor in the achievement of the CSME. However the development of all of the productive sectors is crucial to the success of the CSME, so success in agriculture, energy, tourism manufacturing etc and the provision of all of the supporting structures, as well as the development of our human resources and social sectors are equally important.

One of the main challenges confronting national CSME implementation centres on communication – lack of knowledge, misunderstandings and misgivings of the process. Much of this can be dispelled by education and sharing of information across Ministries. Effective national consultations and inter-ministry communication would early identify areas of difficulty, delay or non-compliance with Treaty provisions by Barbados or another Member State. The provision of accurate and timely information to the Ministry of Foreign Affairs and Foreign Trade would allow for interventions at the appropriate levels. As Ministries participate in CARICOM activities the sharing of decisions would facilitate a national response and intervention in the regional programme. If this does not occur, Barbados will be unable to make an effective strategic response to issues as they arise at the regional level.

Strategic Responses are to:

- Embark on a new phase of vigorous public education and building awareness of the CSME in Barbados and the opportunities presented by the integration process. National authorities will need to be more engaged and export-oriented in relation to both goods and services. The private sector (including small businesses) must be encouraged to engage. Inward investment must be encouraged and facilitated. The introduction of electronic processes and online applications would ease the conduct of business across borders and reduce the delays in business facilitation.
- Also, further embark on a sustained public education programme together with effective oversight by Permanent Secretaries and Heads of Departments, to ensure good Inter-Ministerial links. The facilitation of Business at the regional level – including tourism and travel – related services – is central to economic development. The investment of capital and skills in Suriname and Guyana to

exploit mineral and agricultural resources would redound to the advancement of Barbados and the wider Caribbean Community.

- Establish a new national CSME management team to give the necessary impetus to Establishment and Exports of Goods and Services to CARICOM markets. As indicated above, national Implementation of the CSME not only relates to Movement of Skills to Barbados but the Export of Services, Skills and Goods across the borders of the Community.
- Persuading citizens to take advantage of the opportunities within the CSME. Indeed, the full exploitation of the rights and opportunities presented by the CSME is critical if we are to ensure that there is mutual benefit, and thus all Member States, including Barbados.
- Take the lead in promoting the broadening, deepening and acceleration of the CSME.
- Prepare citizens and businesses in Barbados to function in the CSME arrangement through, among other things, the provision of information and the introduction of the appropriate domestic legislation.
- Enhance the production of Barbadian enterprises so as to allow them to become more viable and competitive.
- Encourage Barbadian businesses to spearhead Pan-CARICOM investment and production initiatives.
- Exploit to the fullest the regional market and Economy for the export of services and the employment of Barbadian labour.
- Utilise the CSME to facilitate Barbados' integration into the global economy.

5.5 INFRASTRUCTURAL DEVELOPMENT AND MODERNISATION

National Objective

To upgrade and modernise Barbados' infrastructure

Overview

Prospects for economic growth and development are maximised if the nation has a comprehensive network of high-quality economic, physical and social infrastructure. Improvements in Barbados' infrastructure are essential to achieving the economic and social development of the nation. Infrastructure supports trade, investment, tourism, agriculture, international business and financial services, and the green economy.

5.5.1 TRANSPORT MANAGEMENT

Objective

To develop an efficient transport system and infrastructure

Overview

Investment in the transport infrastructure, that is, roads, air and water has a direct impact on linking production to markets and the generation of tourism expenditure. Improved transportation reduces associated costs, leading to the creation of better marketing networks. High quality and availability of transport facilities provide social benefits through improved access to social services such as education and health. Transport infrastructure in Barbados is characterized by a developed road network, limited holding capacity at the cruise terminal and inefficient cargo operations at the airport.

Road Transport

Overview

Barbados, which has one of the most comprehensive road networks of all the countries in the Caribbean, continues to be plagued by the effects of a rapid change in traffic patterns over the last ten years. An increase in the number of road accidents, increased cost and associated costs for road repairs and high levels of traffic congestion in and around the island's town centres, have been the resultant effects of the significant increase in the number of motor vehicles on the roads over the last decade. Indirectly, productivity through the loss of man-hours and the general ambience have all been affected by these changes. Emphasis must therefore be placed on improving traffic management and the flow of traffic, as well as improving the quality of the road network and the aesthetics associated with travel.

Strategies

The Ministry of Transport and Works will continue to improve the design of roads and related infrastructure to meet society's changing needs and rising expectations. There will be a focus on institutional strengthening and process re-engineering to maximise the effectiveness of the application to our finite resources. In addition, the Ministry of Transport, Works and International Transport will continue to develop a more reliable public transport system that will encourage greater use of mass transport systems to alleviate traffic congestion. It will also facilitate access for business and social purposes.

To this end, the Ministry of Public Works and Transport will continue to undertake a number of specific initiatives over the planning period. These are to:

- Continue to carry out improvements to dangerous junctions to enhance visibility thereby eliminating accidents and possible fatalities to the following junctions:
 - a) Windsor- Christ Church;
 - b) Turnpike – St. George;
 - c) St. David's- Christ Church;
 - d) Prince Road- St. Michael; and
 - e) Groves- St. George
- Establish the Building Standards Authority.
- Pursue the development of a permanent multi-modal site along the ABC

- Highway.
- Encourage the use of low emission vehicles by using emission test metres on vehicles on inspection as well as on the road.
 - Continue with the refurbishment of government buildings.
 - Carry out the implementation of projects related to the construction of terminals at:
 - a) Sea view; and
 - b) Fairchild Street
 - Undertake the upgrade of a number of corridors to improve traffic safety.
 - Continue with the construction of sidewalks especially in strategic areas; e.g. schools in Bridgetown.
 - Repair and strengthen culverts and bridges island wide.
 - Amend the Highway Act to take into consideration increased traffic and improve the supervision of the construction and repair of highways and street works.
 - Improve productivity through the use of new technology as it relates to licensing and registration of vehicles.
 - Undertake the upgrade of the Ronald Mapp Highway to four (4) lanes as well as the investigation of an alternate route from Mile and Quarter to St. Lucy Parish Church.

Cruise Transport

Objective

To become the hub for the Southern Caribbean and increase average visitor spending

Overview

Cruise transport generates significant foreign expenditures to the Barbadian economy. It has a significant economic impact on businesses and the society as a whole.

Strategies

- Reclamation of land along Trevor's Way;
- Construction of additional new cruise ship piers;
- Development of a homeport terminal;
- Expansion of the ground transport mobilization area;
- Development of a Marine Experience Facility; and
- Construction of a Rum Museum

Challenge

Obtaining the necessary approvals in order to complete the project

Target

The expansion of the cruise terminal should commence in June 2013 and is to be completed in 24 to 36 months.

5.5.2 ENERGY REFORM AND SOLID WASTE MANAGEMENT

Objective

To ensure an efficient and reliable energy sector

Overview

During the period 2001 to 2010, the average fuel import bill stood at \$391.5 million and for 2008 alone, this reached an unprecedented \$728 million. Given the current pattern, Barbados now has to cope with an ever volatile energy market which has placed an increased level of strain on foreign resources. The high fuel import bill during the last ten (10) years has accounted for 5 per cent of GDP and 10 per cent of its total imports bill. As a consequence, increases in energy costs will have a significant impact on prices, and by extension, the cost of doing business, competitiveness, as well as the cost of living in Barbados.

Energy is a critical input into economic activity of Barbados, and consequently it has a significant impact on the country's ability to compete and pay for its way in the world. Hence any attempt to lower energy costs can be viewed as a positive benefit. However, it is not enough to simply lower energy costs but Barbados must also retain the benefit from reduced energy costs. One successful attempt in Barbados where energy costs were lowered and simultaneously the benefits of lowering such costs were retained, was the Solar Water Heating Industry. The Solar Water Heating Industry Model has resulted in the retention of the benefits largely because the high quality systems are not simply imported but produced in Barbados at a competitive cost, and consequently there is reduced transfer of resources from Barbados. The development direction of the country has fully embraced the transition to the Green Economy that fully embraces Renewable Energy (RE) and Energy Efficiency (EE) technologies. It will also embrace energy conservation strategies.

Renewable Energy

Strategies

- Review and upgrade the renewable energy rider agreement with the island's lone energy producer for effective access and utilisation by the public.
- Utilise the potential for renewable energy with particular emphasis on solar, wind and bio-fuel applications.
- Prepare social, economic, technical and environmental evaluations and assessments that would indicate the best methods to produce bio-energy and power through cogeneration, in order to substitute part of the imports of gasoline and provide power to the grid.
- Utilise the technical/scientific capacities to produce reliable feedstock to achieve a competitive bio-energy industry.
- Examine the feasibility in executing the project for blending ethanol and gasoline.
- Examine the feasibility of solar powered electric vehicles and if feasible, implement a programme to introduce such vehicles, starting with government fleets.

- Extend the Smart Energy Fund and financial instruments to promote renewable energy take up.
- Introduce the required curriculum offering in secondary and tertiary institutions to enable Barbadians to enter into this sector smoothly.

Solar and Bio-fuel Industry

The Government of Barbados has stated its intention to adopt and deploy strategies to transition to the full and efficient use of RE and EE technologies. It has been recommended that there be the development and establishment of a Solar and Bio-fuels Industry. Given the importance of this initiative to Barbados' future growth and development, it is expected that over the planning period greater effort will be made to build out this industry with the Government seeking to put in place an enabling environment that addresses issues of funding, capacity building and fiscal and other incentives. Seen as an infant industry, it will be necessary for Government to initially support this new industry with the prospects that the private sector will be the main driver of what is really a commercial activity.

Energy Conservation Strategies

- Develop and implement a long-term public education and awareness strategy for sustainable energy policies.
- Implement building standards and incentives to encourage conservation of energy.
- Prepare an energy audit format and procedures to standardize energy audits in Barbados.
- Perform energy efficiency surveys, audits and retrofits for public buildings.
- Provide guidelines energy efficiency surveys, audits and retrofits for the residential sector and small and medium sized enterprises.
- Develop an incentive scheme to ensure that the use of energy efficient equipment will be developed and implemented.
- Design a Smart Energy Fund and financial instruments to promote energy efficiency.
- Strengthen the government energy conservation unit through capacity building and training.

Solid Waste Management

Objective

To reduce the solid waste levels and generate energy

Overview

With an increasing population and acceleration in economic prosperity, the issue of solid waste and its management will be important if Barbados is to reduce the potential for environmental degradation and diseases associated with poor waste management. What is required is a dependable and efficient solid waste management system, which seeks to provide a comprehensive public awareness and education programme on recycling and other good environmental practices; involve the private sector as a partner in solid waste management; reduce the quantity and toxicity of solid

waste on the island; and the development of green energy.

Strategies

- Constructing a Leachate Treatment Facility;
- Constructing a Building for Administrative purpose;
- Implementing the Mangrove Pond Green Energy and Beautification Programme;
- Development of a Landfill Gas Facility, Landfill Cover, Solar Power Facility;
- Development of a Wind Power Facility;
- Construction of a Waste to Energy facility; and
- Construction of an Equipment Maintenance facility.

Challenges

- High construction costs; and
- The requirement of Power Purchase Agreements
- Meeting the requirements of the Town Planning Department

Target

- The infrastructure development timelines span 2013 to 2017 for the various projects.

5.5.3 WATER

Objective

To maintain a safe and reliable water supply

Overview

Irrigation and water development is key to the development of the Barbadian Economy due to its direct linkages throughout the entire economic system. The water infrastructure assets have been aging and are in need of upgrading and extension. The Barbados Water Authority is in the process of becoming more efficient in its operations so as to provide the necessary amount of water required for the country to function effectively. Barbados is a water scarce country, and the government has the task of ensuring that an adequate and reliable water supply is provided for its social and economic needs and the Barbados Water Authority will embark on a number of strategies in order to guarantee that the supply for water meets the demand for water now and in the future.

Strategies

- Installation of three new transmission mains to transfer water to Christ Church Dome and St. Philip.
- Development of new ground water sources in St. Philip while also developing a distribution network to take water to this parish.
- Upgrade of wastewater treatment levels to allow for the reuse of treated wastewater including the desalination of brackish/sea water.

- Mains Replacement and upgrade water mains and install and replace water meters.
- Install and upgrade District Metered Areas and permanent leakage detection facilities.
- Replace pumps and electrical equipment while reviewing reservoir structures.
- Undertake Pumping Station Upgrades which includes the installation of SCADA at such stations, also reservoirs and in distribution system.
- Install alternative/renewable energy systems.
- Design and Construct a reverse osmosis treatment plant at the Belle and a water treatment plant at Ashton Hall.
- Implementation of turbidity control and treatment systems at Bowmanston.
- Redesign and construct a West Coast Sewage treatment and collection system during the planning period.
- Rehabilitate the existing Bridgetown sewage collection system.
- Design and construct a Septage Handling Facility at Graeme Hall.
- Complete construction of a new Water Authority headquarters building.

Challenges

- Industrial Relations, (protracted Union negotiations), financing, land ownership issues, regulatory approvals and other legal issues
- Service disruptions
- Uncertainty in finding adequate quantities of fresh water
- Financing and public acceptance of treated wastewater, disruption of traffic and business activity
- Financing energy costs
- Limited man power
- Lack of security at some facilities
- Effluent disposal, augmentation of supply shortfall
- Business disruptions and utility conflicts
- Contractual issues

Targets

- The installation of the three new transmission mains to transfer water to Christ Church Dome and St. Philip should be completed during the period 2013-2014
- The development of new ground water sources in St. Philip should be completed by 2014
- Developing the distribution network to distribute water from the new ground sources in St. Philip is to be completed by 2014
- Upgrade of wastewater treatment levels to allow for reuse of treated wastewater should be completed during 2014-2020
- Desalination of brackish/sea water in order to increase the supply of water is to be completed during 2015-2018
- Mains Replacement and upgrade programme should implemented over the period 2013- 2016 and continuing
- Installation and upgrade of District Metered Areas and permanent leakage detection facilities to be implemented by 2018
- Replacement of pumps and electrical equipment should completed over the period 2014 to 2016 and continuing

- Review reservoir structure and capacity and repair and replace as needed to be completed by 2018
- Improve access roads to BWA facilities to be implemented by 2018
- Pumping Station Upgrades to be completed by 2018
- Installation of SCADA at pumping stations, reservoirs and in distribution system to be executed by 2016
- Installation of GPS tracking devices on BWA vehicles to be executed by 2015
- Installation of alternative/renewable energy systems to be completed by 2020
- Design and Construction of R.O. Treatment Plant at Belle P.S. to be completed by 2016
- Implementation of turbidity control and treatment systems at Bowmanston to be executed by 2016
- Design and Construction of water treatment plant at Ashton Hall to be built by 2020
- Design and construction of disinfection, chlorine dosing and contact tanks at appropriate points in water supply system to be completed by 2018
- Sewering of Pine and Wildey areas to be executed by 2017
- Sewering of Belle area to be executed over the period 2017 to 2020
- Redesign and construction of West Coast Sewage treatment and collection system to be developed over the period 2014 to 2020
- Rehabilitation of existing Bridgetown sewage collection system to be executed over the period 2013 and beyond
- Design and construction of Septage Handling Facility at Graeme Hall to be completed over the period 2014-2016
- Installation of Fencing, lighting and electronic surveillance equipment to be implemented by 2020
- Upgrade of hydro-meteorological and salinity monitoring and data collection networks to be completed by 2015
- Construction of new H.Q. building to be completed by 2015

5.4.4 TOWN PLANNING

Objective

To ensure the orderly and progressive development of land in both urban and rural areas

Overview

Land and people (human resources) constitute our two (2) main natural resources. The use of land is perhaps the most basic of all environmental issues. Sound land use is fundamental both to preserving stable ecosystems and ensuring that development is orderly and planned. Unplanned development can have serious economic, social and environmental impacts on our island. The built environment directly affects habitat, ecosystems, endangered species and water quality through consumption, fragmentation and the replacement of natural cover with impervious surfaces. Therefore, land use patterns, transportation infrastructure and building orientation and design are critically important to the development process. While development brings numerous social benefits, they also come at a cost to the natural environment and communities. The two major direct environmental impacts of

development are (1) habitat loss and fragmentation, and (2) the degradation of water resources and water quality.

In Barbados, because of the heavy reliance on groundwater, development has to be carried out in a manner which will not result in the pollution of the water resources. Habitat loss and fragmentation are critical components of biodiversity. Land, therefore, has to be utilised in a sustainable manner. Over the medium term, the broad objective will be to ensure the orderly and progressive development of land in both urban and rural areas through the use of modern planning techniques, in order to attain sustainable and harmonious development.

Strategies

- Amend the Physical Development Plan
- To ensure that the tourism development is linked to the overall development planning process
- Develop best practices (strategic assessments, environmental impact assessments, and scoping studies) for future infrastructural development to ensure that the environment is not degraded
- Incorporating climate change considerations in physical, social and economic planning
- Safeguard arable agricultural land
- Measuring and Documenting selected listed buildings within the World Heritage Property
- Mapping the land uses within the World Heritage Property
- Review and amend the planning legislation
- To implement the relevant components under the Barbados Competitiveness Program
- Explore the feasibility of increased high rise development
- Prepare detailed land use and community plans for areas under pressure and/land use changes
- Fast track the completion of initial site reports for new applications
- Improve the efficiency of processing applications
- Continue training all technical personnel in the use of Arc-View
- Continue the upgrading of the Town and Country Development Planning Office (TCDPO)
- Upgrade and redesign the GIS program
- Redesign the internal Development Application Management System
- Updating the TCP webpage
- Issue certificates of compliance more efficiently
- Issue building starts certificates more efficiently
- Continue to scan and archive formal applications
- Implement the recommendations of the Institutional Strengthening report

Challenges

- Slow legislative process
- The lack of suitable computer hardware and software
- Limited human resources

- Knowledge gaps
- Financial resources
- Receiving the relevant information to efficiently process applications in a timely manner

Targets

- To ensure that a minimum of 30,000 acres of land is retained for arable agricultural production
- To measure and document a minimum of twenty (20) buildings per year over the next five (5) years within the World Heritage Property
- Complete initial site reports for new applications within five (5) weeks from the receipt of the application
- To process at least seventy five (75) per cent of the applications within one hundred and twenty (120) days
- To issue certificates of compliance within a twenty eight (28) day period from the acceptance of the request
- The remaining strategies will be implemented over the period 2013 to 2020

5.5.5 HOUSING AND LANDS

Objective

To provide affordable housing solutions for low to middle income class

Overview

Barbados has overtime undergone significant demographic changes reflected in a growing population, a longer lifespan of residents, improved health care and quality of life, better educational opportunities and the concomitant gravitation towards higher quality jobs and wages. The overall economy has seen significant progress with the result of increased employment and wealth, even though in more recent times the on-going recession has reversed some of these gains. Nonetheless, demand for housing and land, particularly for the lower to middle-income earners, continue to be buoyant. The Government is acutely aware of the demand and will seek to address this and other associated challenges over the planning period.

Strategies

- Pre-development sale of lots to applicants.
- Re-financing the General Workers Loan Scheme.
- Separation of repayment funds from the NHC's general funds so that the money revolves.
- Provision of grants to vulnerable persons to carry out minor home repairs and to assist first time home owners with mortgage closing costs.
- Development of two graduation policies.
- Provision of lots at approximately 5000 square feet at a cost of \$15 per square foot.
- Utilisation of suitable marginal plantation lands owned by the Crown and/or its

- agencies for housing development by the NHC.
- Utilisation of innovative technologies and materials to decrease construction costs.
- Introduction of a suite of incentives for the private sector to assist in the stimulation of housing development including the establishment of Building Societies.
- Registering of land in Registration Districts for which persons do not currently have title deeds and have Certificates of Title issued.

Challenges

Meeting any conditions applied by the Town and Country Planning Department and obtaining the certificate of compliance by the end of the five year payment period in order to convey lots to the clients.

- Selection of land to ensure lowest development cost in developments earmarked for sale to low income earners.
- The set sale prices does not usually take development or land acquisition costs into consideration and therefore convey a subsidy to the purchaser regardless of need
- Sourcing funds at low interest rates for on-lending to clients at favourable rates
- Sourcing of grant funds
- Reach of the programmes is limited by amount of funds available
- The NHC needs to ensure that it supplies the amount of housing solutions to meet the demand from those persons who volunteer to graduate from rental to ownership
- Careful and regular monitoring of the rental units is required to ensure that rents are reviewed as necessary
- Enforcement of eviction process for persons who are in arrears
- Tenants can now own units after twenty years rental for only the cost of legal fees and this may be a dis-incentive to move
- New lands have to be identified
- Barbadians are slow to accept alternatives to traditional building methods and materials
- Developing a creative marketing strategy to educate the public about any new products or systems
- The Ministry of Housing, Lands and Rural Development would not be directly responsible for the introduction of the various incentives
- Obtaining evidence in support of the legal right to occupation of the land
- Determination of the actual area of occupation

Targets

- Acquisition of 65 acres of land by the Ministry of Housing, Lands and Rural Development over the planning period
- Vesting of 12 - 13 acres of land in the NHC each year for 5 years
- Sale of 100 lots at a maximum of 3500 square feet each year for 5 years.
- Sourcing of \$5 million in seed capital
- Separation of repayment funds from the NHC's general funds so that the money revolves as intended to be completed by 2017
- Source \$4.5 million by financial year 2014/15
- Disbursement of 450 grants in 5 years
- Cabinet approval for graduation policies by 2015
- Implementation of policies to take place 6 months after the approval has taken place
- Acquisition of 25 acres of land
- Vesting of 5 acres of land in the NHC each year for 5 years
- Sale of 50 lots per year for 5 years
- Identification of all suitable lands by 2015
- All starter homes constructed for the NHC must utilise 65 per cent new or innovative materials. This programme will commence in 2015 and extent into the future
- Creation of an enabling environment for the establishment of Building Societies by 2016
- Registration of 50 lots per year

5.5.6 DISASTER MANAGEMENT

Objective

To improve disaster management

Overview

Barbados must ensure that its people and physical infrastructure are well protected against natural and man-made hazards. Therefore, it is necessary to maintain and improve a comprehensive disaster management system.

Strategies

- Update the National Multi- Hazard Disaster Management Plan.
- Develop a modern disaster management system with an appropriate legislative and technological framework.
- Develop a Hazard mitigation policy and improve on the early warning system.
- Enhance the response capacity at the national and community levels.
- Develop and enforce a comprehensive National Building Code.
- Improve and maintain a National Emergency Operation Centre.
- Promote regional and hemispheric cooperation to deal with the impact of hurricanes and severe weather systems and other hazard events.

- Encourage and facilitate universal home insurance coverage.
- Reform the community preparedness programme and improve the national mass alert system.
- Expand the portfolio of the Caribbean Catastrophe Risk Insurance Facility.
- Continue the disaster management mainstreaming into key sectors programme.
- Develop Tsunami warning protocols.
- Improve the public awareness and public information system.
- Strengthen human resources.
- Enhance the legislation which governs disaster management.
- Implement a Coastal Risk Assessment and Management Programme.
- Improve the resilience of the national coastal infrastructure.
- Strengthen the policy, regulatory environments and institutional capacity of the Coastal Zone Management Unit (CZMU).

Challenges

- Lack of technically skilled persons
- High staff turn over rate
- The legislation does not reflect the roles and responsibilities of all the national emergency management system stakeholders
- Lack of appropriate infrastructure for a national emergency management centre
- Lack of financing
- Limited human resources
- The public's attitude to disaster preparedness and disaster management
- Land Acquisition
- Slow Cabinet Approval
- Slow Town Planning Approval

Targets

- Hazard mitigation policy developed by 2015
- 100 per cent conformity to the National Building Code by 2020
- Annual revision of the comprehensive National Multi-hazard Disaster Management Plan
- Implement all the projects related to coastal zone management by 2020

5.5.7 INNOVATION, SCIENCE AND TECHNOLOGY

Objective

To develop the science and information economy

Overview

It is globally recognised that innovation, science and technology is key to the success of a country's economic and social development. As major advances in science and technology continue to take place in developed countries, developing countries like Barbados must find ways to identify, adapt, and effectively use science and technology

achievements of industrialised nations to develop our own unique technologies. We must do this by addressing issues such as – building capacity for local scientists, improving science and technology infrastructure and the popularisation of science and technology. These issues and challenges must be tackled if Barbados is to create the conditions that will enable science, technology and innovation to contribute to our economic growth and social progress.

Strategies

- Provide a guide for the involvement of government Science and Technology (S&T) departments in Science, Technology and Innovation (STI) activities that focuses on national priorities.
- Highlight the important of STI to national development efforts.
- Identify the role of the various sectors in STI promotion.
- Increase the amount that the public and private sector spends on R&D
- Establish priority areas for R&D.
- Use Science and Technology as a vehicle to reduce the level of unemployment particularly among the youth.
- Increase the level of venture creation and success rate of technology based start-ups.
- Increase the quantity and quality of value-added technology based enterprises
- Establish a STI fund.
- Provide tax incentives for R&D.
- Establish an advisory committee to review project proposals for funding.

Education for Sustainable Development and Enhancement of National Innovation

Continue to take advantage of strategic institutional linkages and partnerships within the public and across the private sectors to realize the goal of contributing to the development of a highly productive, competitive and innovative people.

Strategies

- Facilitate the review and enhancement of the national curriculum to promote innovation across the primary and secondary schools.
- Formulate a national science, technology and innovation policy and strategy with a view to enhancing Barbados' capacity in innovation ranking in the Global Competitiveness Report.
- Implement a national initiative to promote and foster a culture of innovation in partnership with key stakeholders.
- Develop a Science, Technology and Innovation initiative which would seek to establish Innovation Incubation Centers across secondary schools and post-secondary institutions.
- Expand Science and Technology Clubs across the primary schools.
- Establish a permanent national science, technology and innovation centre.
- Establish mechanisms to promote science, research and development as key drivers of innovation to support economic growth and national development.

Telecommunications

Overview

The telecommunications sector plays an important role in economic growth and poverty reduction. Effective information dissemination and communication systems are critical for private sector development and service delivery. It benefits companies and the general public by providing direct and fast access to information.

Strategies

- Improved efficiency in local Internet traffic management;
- Early warning and mitigation of impending cyber attacks and improved cyber security in the public and private sectors;
- Improved legislation which speaks to amending the Privacy & Data Protection Act, the Computer Misuse Act; and the Telecommunications Act B282.

Some of the key strategies/initiatives to be undertaken over the planning horizon would be:

- Establishing an (IXP) Internet Exchange Point;
- Establishing a Computer Incident Response Team in Barbados; and
- Revision of Telecommunications Regulations.

Challenges

- Appropriate infrastructure
- Cyber Attacks
- Funding required through ITU

Targets

- Retrofit of the building to successfully establish the Internet Exchange Point should be completed by 2013
- The Establishment of a Computer Incident Response Team to be completed during the period 2013 to 2016
- The amendment to the various Acts to be completed by 2013

5.6 PUBLIC SECTOR AND PRIVATE SECTOR INVESTMENT

5.6.1 PUBLIC SECTOR INVESTMENT PROGRAMME

Objective

To accelerate the project implementation process

OVERVIEW

The Public Sector Investment Programme (PSIP) is critical to the management of the economy of Barbados in that economic growth and development is stimulated when projects within the PSIP are implemented. Such activity represents capital investment and expenditure which can have a multiplier effect on the economy. This is particularly

so when foreign exchange flows are received from the multilateral lending agencies as a result of disbursements for loans contracted with these agencies. Such foreign exchange-flows help boost Barbados' international reserves. The international reserves allow Barbados to purchase the goods and services that it requires from the rest of the world as well as to service and amortise its external debt. Indeed, investment in the PSIP can lead to an increase in output, exports, economic growth, business activity, employment and national debt. Such investment impacts on the fiscal deficit, the external account and national income.

The funding and implementation of projects therefore creates a set of macroeconomic relationships between the PSIP and the variables within the economic system. Consequently, a high performance in the implementation of the PSIP greatly assists the management of the economy especially at a time of arguably the deepest, prolonged and most devastating global recession ever. Perhaps, more important than any of the foregoing is the confidence and competitive edge which a successfully managed and well implemented PSIP can foster in a small, very open middle income economy.

Unfortunately, the smooth implementation of the PSIP has been largely undermined by a diverse set of problems and issues which have developed over a period of time but which have come into sharp focus as a result of the economic recession. Some of these problems are internal to Barbados while others are external and have been generated by the International Financial Institutions which provide project funding to Barbados. An examination of these problems is considered necessary and therefore an outline is provided below.

Challenges

Project Units

Most loan agreements with International Financial Institution's (IFIs) require the establishment of a Project Executing Unit (PEU). This unit has to be established, properly staffed by the Ministry of the Civil Service and located somewhere. The positions in the Project Execution Units are not permanent and therefore do not always attract the best possible candidates. It is not easy to recruit suitable persons for PEUs given the required knowledge, skills and experience that are essential to high performance on the job. Unlike other disciplines, project management is very hands on and despite one's qualifications require a steep learning curve mostly on the job.

Town and Country Planning Approvals

Approval from the Town and Country Planning Development Office is necessary for Infrastructural projects requiring the use of land. In addition, approval is also required for scientific studies such as, Environmental Impact Analysis, Social Impact Analysis, Geotechnical surveys and scoping studies; all of which require lengthy periods of time, but are indeed essential to the successful outcome of the project and are required by the IFIs. The time it takes to complete these studies in order to receive compliance from the Town and Country Planning Development Office can vary between six months to one year.

Land Acquisition and Land Ownership

One of the most difficult problems associated with project implementation of infrastructural projects is that of land acquisition. Because of the numerous processes identified in the provisions of the legislation it can take a very long time to be completed. The relevant Ministry has to go through all the different sections of the legislation in order to process the acquisition. Depending on the position of the vendor with respect to the price offered for the land the whole process can be a protracted one even if the method of private treaty is applied. Associated with the issue of land acquisition is that of land ownership which can present a separate problem altogether when it is not clear who has the title deeds to the land. Determination of title may require a decision by the law courts which could take several months depending on the complexity of the case.

Procurement

The procurement process is critical to the implementation of all projects. Before consultants are hired, goods, works and services provided; the procurement process has to be undertaken. According to the type of procurement and the rules and regulations of the relevant institution, be it IFI or Government, if not carefully followed can slow the implementation process considerably. Indeed, in the event of any mis-procurement procedures the process will have to be restarted all over again. Many project managers are not familiar with the procurement rules and procedures of the institutions concerned. Depending on the situation, it may be necessary to follow the procurement rules of a particular institution in order to speed up the process of implementation.

An integral part of the procurement process is that of the Tenders Committee in particular the Special Tenders Committee which has its own rules which are governed by the Financial Management and Audit (Financial) Rules, 2011.

Contract and Legislation Approval

This is one of the most difficult problems in project implementation. In Barbados, all contracts within the public sector have to be approved by the Office of the Solicitor General. The approval process takes considerable time since the Solicitor General's Chambers has, in addition to project related contracts, all other contracts and Memoranda of Understanding which the Government of Barbados has entered into for analysis and approval. Overtime, the Office has had its challenges with inadequate staffing, moving to different locations and recruiting suitable officers. Closely associated with contracts are changes in legislation which are required for projects to proceed. The implementation of some projects sometimes requires a change in legislation which necessitate that a particular piece of legislation changes.

Requirements of the International Financial Institutions

All IFIs require procurement plans, annual (periodic) operating plans, Financing Plans, mid-term reports, evaluation reports, project completion reports and other tools for the management and control of the projects funded under their portfolio. The extent

of detail required by these plans can be a burden to the PEUs especially if the Project Coordinators are somewhat inexperienced.

Monitoring and Evaluation (M & E)

IFI funded as well as locally funded projects have to undergo monitoring and evaluation. Consequently, steering committees, evaluation committees, technical committees and other specialised committees have to be established and do constitute part of the special and general conditions of loan contracts that have been negotiated and signed by the Government of Barbados and the IFIs. In the event that these meetings do not occur on a regular basis for whatever reasons only slows the implementation. Even when regular meetings are convened, there is still the task of preparation and study of documents, the writing of reports which then has to be submitted and approved in order to move the process of implementation to the next level. Needless to say, M & E takes valuable time.

Loan Negotiation

This involves several processes and procedures which include the Cabinet, the Solicitor General's Office, Ministry of Finance, Investment Division, Line Ministries, Accountant General, the Central Bank and of course, the IFIs. After all adjustments in texts of agreements are satisfactorily agreed to, then there is the signature of the Agreement itself by both parties. The entire process can take between six and twelve weeks. Again, agreements have to be submitted to the Solicitor General's Chambers first for permission to negotiate and second for the approval of what has been negotiated.

Project Design

The problem with many of our projects which are mainly funded externally is that the design of some of these projects do not account for the limited absorptive capacity of Barbados, its institutional structure, and its culture and therefore the country's ability to implement the project successfully in the time frame specified within the agreement. Generally speaking, Barbados usually has very little input in the design of a project funded by the IDB. Therefore the project may have some components and requirements that draw on the institutional and human capital resources of the country which may not be available. On the other hand, some demands may not take into account the culture of the country.

Slow Decision Making

Perhaps more important than any of the foregoing, is the slow and painful pace at which critical decisions within the Public Service of Barbados are made. This problem severely hampers project implementation and can place the project funds at risk if funded by an external agency. The problem occurs both at the technical as well as at the level of the political directorate. There are several instances in which this problem has taken place.

Strategies

- Accelerate the process between the conceptualisation and implementation stages of projects
- Undertake a comprehensive review of the structure and procedures of the Public Sector Investment Programme
- Reduce transaction/administration cost, commitment fees and other costs
- Develop full time project execution units
- Greater focus placed on results-based management of the PSIP
- Engage in greater dialogue with development partners, project executing agencies and other strategic partners such as the Solicitor General's Office and the procurement agencies
- Establish a procurement project unit
- Establish a dedicated section of the Solicitor General's Office to focus on **contracts related to projects only**
- Develop an electronic M&E system to enable the Investment Division to better monitor and evaluate the performance of projects
- Increase human resource capacity
- Outsource scientific studies
- Assign project design and negotiation to the Investment Division with inclusion of representatives from the Solicitor General's Office and senior officers from the relevant line ministries
- Review project design specifically project scope, against the institutional capability of the country during the conceptualisation phase of the project
- Ensure that the conditions precedent prior to first disbursement can be fulfilled within the period specified
- Develop a more effective project review system
- Review and revisit the management and decision making process and architecture within the Barbados Public Service with respect to project implementation

PSIP Programme

Overall projects and programmes to be carried forward into the medium term are as follows:

- Skills for the Future Programme
- Modernisation of the Barbados National Procurement System
- Support to the SEFB-GEF Pilot Project
- Sustainable Energy Investment Programme- Energy Smart Fund
- Agricultural Health and Food Control Programme
- Modernisation of the Barbados Statistical Service
- Modernisation of the Barbados National Standards System
- Barbados Competitiveness Programme
- Strengthening of the Service Delivery Capacity of the Ministry of Agriculture
- Coastal Risk Assessment and Management Programme
- Housing and Neighbourhood Upgrade
- Water Sanitation Systems Upgrade
- Education Sector Enhancement Programme II
- Urban Rehabilitation Programme

- Establishment of the Financial Services Commission
- Accompanying measures for Sugar Protocol
- Second HIV/AIDS Prevention and Control Project
- The development of a new Civil Aviation Department
- Relocation of residents affected by the Airport Expansion Project
- Urban High Rise Programme
- New school meals centre project
- Alternative Secondary Education Facility at Erdiston
- The Government Industrial School (GIS) refurbishment programme
- Waste to Energy project
- Development of the Tourism Master Plan 2012-2021
- The Cruise Pier Project

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External Financing of the PSIP

Disbursements Report for FY- April 1, 2012 to March 31, 2013

Project	Investment Type	Funding Agency	Total Project Cost	Loan/Grant Amount	Project Dates: 1. Agreement Signed 2. Completion Date	Disbursed during FY 2012/13
Funded by the Inter-American Development Bank (IDB)						
Skills for the Future Programme	Loan	IDB	US \$20.506 m	US \$20.0 m	Signed: November 2, 2012 Completion Date: November 2, 2016	US \$0.00
Modernisation of Barbados National Procurement System	Loan	IDB	US \$5.95 m	US \$5.0 m	Signed: April 1, 2009 Completion date: March 21, 2014	US \$614,157.54
Support to the SEFB - GEF Pilot Projects	Grant	World Bank thru IDB	US \$1.0 m	US \$1.0 m	Signed: September 17, 2010 Completion date: April 10, 2013	US \$104,091.60
Coastal Risk Assessment and Management Program	Loan	IDB	US \$42.0 m	US \$30.0 m	Signed: February 7, 2011 Completion date: February 7, 2016	US \$0.00
Modernisation of the Barbados Statistical Service	Loan	IDB	US \$6.25 m	US \$5.0 m	Signed: December 11, 2008 Completion date: December 11, 2013	US \$1,249,180.67
Modernisation of the Barbados National Standards System	Loan	IDB	US \$6.75 m	US \$5.0 m	Signed: July 25, 2008 Completion date: July 25, 2014	US \$117,254.51
Barbados Competitiveness Programme	Loan	IDB	US \$11.8 m	US \$10.0 m	Signed: March 21, 2010 Completion date: March 20, 2014	US \$1,055,527.46
Strengthening of the Service Delivery Capacity of the Ministry of Agriculture	Technical Cooperation/ Grant	IDB	US \$0.37 m	US \$0.35 m	Signed: June 22, 2011 Completion date: Sep 22, 2013	US \$0.00
Housing and Neighbourhood Upgrading Programme	Loan	IDB	US \$40.0 m	US \$30.0 m	Signed: April 8, 2008 Completion date: April 7, 2013	US \$777,248.73
Water and Sanitation Systems Upgrade Programme	Loan	IDB	US \$53.0 m	US \$50.0 m	Signed: Mar 21, 2010 Completion date: Mar 21, 2014	US \$1,603,711.54
Agricultural Health and Food Control Programme	Loan	IDB	US \$28.0 m	US \$20.0 m	Signed: March 21, 2010 Completion date: March 21, 2014	US \$156,143.00
Sustainable Energy Investment Programme - Energy Smart Fund	Loan	IDB	US \$10.0 m	US \$10.0 m	Signed: February 7, 2011 Completion date: February 7, 2016	US \$106,846.54

Project	Investment Type	Funding Agency	Total Project Cost	Loan/Grant Amount	Project Dates: 1. Agreement Signed 2. Completion Date	Disbursed during FY 2012/13
Funded by the Caribbean Development Bank (CDB)						
Feasibility Study - River Plantation Drainage and Irrigation System	Loan	CDB	US \$0.3 m	US \$0.25 m	Signed: June 27, 2012 Completion date: December 31, 2012	US \$0.00
Education Sector Enhancement Programme II	Loan	CDB	US \$58.793 m	US \$35.0 m	Signed: April 3, 2012 Completion date: December 31, 2018	US \$203, 149.56
Urban Rehabilitation Programme	Loan	CDB	US \$49.1 m	US \$25.23 m	Originally signed: May 4, 2001 Amended : June 29, 2012 Completion date: December 31, 2013	US \$3,412,800.63
Establishment of the Financial Services Commission of Barbados	Technical Assistance / Loan	CDB	US \$4.125 m	US \$3.5 m	Signed: June 15, 2009 Completion date: March 31, 2014	US \$278, 011.54
Low Income Housing Programme	Loan	CDB	US \$47.968 m	US \$36.0 m	Signed: March 28, 2012 Completion date: March 31, 2017	US \$231,044.14
Barbados Water Supply Network Rehabilitation and Upgrade Study	Technical Cooperation/ Loan	CDB	US \$1.264 m	US \$1.062 m	Signed: January 3, 2013 Completion date: September 3, 2013	US \$0.00
Harrison's Cave Redevelopment Project	Loan	CDB	US \$42.424 m	US \$29.716 m	Signed: February 14, 2007 Completion date: December 31, 2013	US \$1, 289, 789.76

Project	Investment Type	Funding Agency	Total Project Cost	Loan/Grant Amount	Project Dates: 1. Agreement Signed 2. Completion Date	Disbursed during FY 2012/13
<u>Funded by the European Union (EU)</u>						
Accompanying Measures for Sugar Protocol Countries- 10th EDF	Grant	EU	N/A	€14.77 m	Signed: January 2011 Completion date: December 2016	€10.67 m
<u>Funded by the International Bank for Reconstruction and Development (IBRD)</u>						
Second HIV/AIDS Prevention and Control Project	Loan	IBRD	US \$35.0 m	US \$35.0 m	Signed: September 28, 2008 Completion date: November 30, 2013	US \$3.69 m

5.6.2 PRIVATE SECTOR INVESTMENTS

The Private Sector has the potential to lead the resurgence of the economy to growth as activities within this sector are less likely to aggravate the deficit and debt. Indeed, a thriving private sector can be a repository for excess jobs which may arise out of any adjustment made in order to tackle the current challenges. The private sector will be undertaking the following projects to assist in reducing cost and increasing productivity:

- The development of biogas digester capability for two reasons, the generation of energy and the provision of fertiliser for use in crop cultivation.
- The use of solar initiatives to harness energy for agricultural businesses and also to provide energy to associated processing operations.
- The development of waste management programmes in the livestock sector designed to reduce the dependency on imported fertilisers and also to increase farm revenues from the products produced.
- The utilisation of wind energy for the purpose of providing energy and also where possible to provide an alternative revenue base for agricultural enterprises.
- The development of water harvesting devices for the purpose of increasing or augmenting existing water resources.
- A Biodigester and Natural Wastewater Treatment Plant (Crane Resorts).

CHAPTER 6

HUMAN AND SOCIAL DEVELOPMENT

6.1 OVERVIEW

Economic Development necessitates a rise in human development and social development. In the context of Barbados, human and social development initiatives are intended to ensure that all Barbadians enjoy healthy lifestyles, have full access to high quality and meaningful education and health services, and are able to fully engage and be active in their communities. What will continue to be of paramount importance is that specific measures are included to ensure that those who face challenges and barriers impeding their access to health and adequate social services, or their full and consistent engagement in productive activities within their communities, can overcome these. The Government of Barbados has identified the following social areas as part of its human development profile:

1. Poverty Reduction
2. Education and Training
3. Health Care
4. Gender
5. Population
6. Youth Development
7. The Elderly
8. Physically Challenged
9. Law and Order
10. Community Development
11. Economic Empowerment

6.1.1 POVERTY REDUCTION

The Government intends to build a social services system across the whole island that promotes independence, by supporting people to achieve their potential; strengthen families and households, by supporting parental responsibility; improving the life chances of children in need, including children in care; and tackles inequality and promotes inclusion. The Government will therefore continue to develop: evidence-based policymaking; tackle inconsistencies in services, and improve workforce training and capacity. It will utilise a four-pronged approach in the execution of its mandate namely:

- The Identification/Assessment of vulnerable (who are they and what their needs are).
- The Stabilisation of such persons (where the immediate need is addressed).
- Their Enablement (where the skills to survive are imparted).
- Their Empowerment (where persons are imbued with the capacity to succeed and excel in this society).

This four-pronged approach will allow social sector agencies to actively support,

and, where appropriate, lead action, to address priority social issues, including but not limited to: Affordability (including food, transport, housing, child care); Family wellness, (including children, youth and seniors); the alleviation/eradication of poverty and the empowerment of individuals, communities and constituencies.

Main Strategies

- Greater investment to promote growth especially in the agricultural and manufacturing sectors; such investment should include investment in science and technology.
- Greater production diversification especially within the services sector which can enhance the foreign exchange base of the country (e.g, creative sector).
- Implementation of the human resources development strategy and national training plan to complement initiatives in the productive sectors.
- Establish measures to cushion the economy and society from the adverse effects of external shocks (social insurance mechanism).
- Develop and introduce adult and continuing education programmes in various communities supported by programmes for enhancing economic opportunities in entrepreneurial activities.
- Evaluate and monitor the range of poverty initiatives, institutions and programmes to establish effectiveness and efficiency.
- Develop a program of gender training through the country to educate persons on gender relationships and roles.
- Provide greater access to housing, health care and education, especially for the poor and vulnerable.

6.1.2 EDUCATION AND TRAINING

Education continues to be the engine of economic and social development through the investment in human capital. Even though the percentage of the national budget allocated to education has been declining in recent years, education remains a top priority for government. This is reflected in the government's commitment to socially balanced policies with an emphasis on building a caring and productive society through education. The Ministry of Education, Science, Technology and Innovation will place particular emphasis on institutional strengthening and capacity building to become more effective, efficient and responsive to the development of citizens as a vital component of improving national productivity and competitiveness of the labour force. The METI will also take advantage of strategic institutional linkages and partnerships within the public and private sectors to realize its goal of contributing to the development of a highly productive, competitive and innovative people.

Several key issues and challenges have been considered by the METI during the process of compiling the respective initiatives for inclusion in the medium term growth and development strategy. To meet these challenges, three broad objectives have been set for the education sector, these are - improve the overall quality of delivery of education and training with an emphasis on science, technology and innovation training; to implement a series of initiatives to facilitate the development of a workforce

that is knowledgeable, highly productive and competitive; and to improve the overall internal efficiency across the education sector with a view to achieving greater returns on the investment in education and training.

To achieve the stated broad objectives of the METI, the following initiatives will be executed over the medium term.

Strategies

- Pursue funding, through various sources such as the Caribbean Investment Facility, to have a feasibility study conducted on the “Greening of Public Schools” with an emphasis on the use of alternative energy sources.
- Partner with the Barbados Community College and the Samuel Jackman Prescod Polytechnic to explore the development of programmes to assist the country in providing adequate training in the areas of energy efficiency, green energy and alternative energy solutions to ensure that the human capacity with the requisite skills and knowledge are available to service the emergence of new jobs in this area.
- Support the development of courses for entrepreneurs and business persons to take advantage of the incentives which the government has pledged in this area.
- Continue to pursue the institutionalisation of articulation agreements between UWI and the other tertiary institutions with the primary aim of ensuring that all Barbadian students, especially fully matriculated students, complete their programmes within the stipulated period.
- Embark on “An Employer-driven Training System” pilot study that will aim to better align the supply of training with market demand.
- Introduce “A Ganar Programme” designed for youth 16-24 years old that will enhance the life skills and employability opportunities for participants.
- Establish a Multi-purpose Centre for Technical and Vocational Education and Training.
- Embark on a comprehensive development programme which aims to facilitate the enhancement of the quality of basic education in Barbados through the development of more effective schools, particularly at the primary level.
- Reform of the curriculum and assessment practices across public schools with particular emphasis being placed on improving the learning outcomes of students leaving primary and secondary schools.

Other Initiatives/Strategies

- Pursue initiatives to enhance the integration of ICT in the teaching and learning environment in all schools.
- Facilitate the review and enhancement of the national curriculum to promote science, technology and innovation across the primary and secondary schools.

- Embark on a programme to institutionalize a teacher effectiveness strategy for the improvement of teacher preparation and training, enhance school leadership, and improve teaching practice and teacher evaluation.

6.1.3 HEALTH CARE

The protection of the health of the population is central to ensuring a satisfactory level of national productivity. The Ministry of Health places emphasis on a reform agenda that is based on the fact that Barbados has the oldest population in the Caribbean and continues to experience health care challenges because of lifestyle related diseases. The Ministry of Health remains committed to ensuring that health care is available and accessible to all in Barbados. In this regard, the following policies will be pursued over the medium term:

Strategies

Health Systems Development

- Prepare a policy and implementation strategy for the reorganisation of the Ministry of Health based on the Institutional Assessment and Expenditure Review Report on the Ministry of Health and any other relevant studies.
- Commission health services through the use of service level agreements and contracts that shall facilitate the delivery of customer focused care through private and public collaborative initiatives.
- Implement programmes in support of cost containment initiatives and financing mechanisms for sustainability to enhance the delivery of health services.
- Develop policies to re-orientate health services from an institutional based care model towards a health promotion based model of care in the community.
- Continue to facilitate the continuous quality improvement programme in all health establishments.
- Continue to develop a modern health information system, involving the public and private health sector in support of evidence based decision making and research.
- Strengthen the monitoring and evaluation capacity of the Ministry of Health.
- Improve the capacity of the health system to train, manage and measure the competency of health professionals.
- Improve policies, plans and procedures for the management of human resources, as well as a supporting environment.
- Introduce policies for the development of specialisation in nursing, and other health professions, including training, remuneration and career development opportunities.

Institutional Health Services-QEH

- Improve patient centered care and quality to focus on clinical services, management systems and risk management.
- Improve operations with a focus on preventative maintenance programmes, plant downtime minimisation and service quality standards.

- Strengthen corporate services with an emphasis on research and health information systems for decision making, health financing and health care costs.

Family Health

- Reorganise family health services based on the renewal of the primary health care strategy, to improve quality of life.
- Strengthen rehabilitation services to address issues of equitable provision and improve accessibility.
- Establish a strategy for the care of the elderly addressing policy formulation and coordination of service delivery, institutional care, management structure, community and home care, rehabilitation and interagency collaboration.

Food, Nutrition and Physical Activity

- Seek opportunities for nutrition and physical interventions focusing primarily on health promotion and disease prevention. To be done by:
 - Strengthening nutrition promotion and educational programmes;
 - Improving nutritional monitoring systems; and
 - Improving food security measures.

Non -Communicable Diseases

- Strengthen the management of chronic non communicable diseases such as heart disease, strokes, cancer, diabetes mellitus and hypertension;
- Strengthen the linkages with the NGO community and faith based organizations to facilitate the management of NCDs;
- Expand health education and strengthen the delivery of care in the polyclinics to create efficiencies, reduce hospitalization and reduce cost in the long term.
- Build capacity for data collection and analysis.

Mental Health

- Strengthen management systems for efficient and effective mental health services.
- Strengthen mental health services in primary care setting and programmes for children and adolescents;
- Promote advocacy for the elimination of stigma and discrimination;

Communicable Diseases

- Strengthen Immunisation control programmes.
- Enhance the clinical management of vector borne diseases;
- Strengthen surveillance systems for communicable diseases and to ensure wholesome food is available to consumers.
- Strengthen integrated vector control programmes.

- Strengthen the international health systems surveillance, through the implementation of the International Health Regulations requirements.

HIV/AIDS

- Ensure universal access through comprehensive treatment, including anti-retroviral therapy for all persons living with HIV.
- Improve access to STI services and strengthen HIV and STI prevention initiatives with particular focus on behaviour change communication.
- Reduce vulnerability, HIV stigma and discrimination and remove structural barriers to accessing services.

Environmental Health

- Promote sustainable environmental health practices through health education.
- Ensure standards of health within communities, through the enforcement of the health services regulations.
- Promote environmental health programmes through collaboration with communities.

6.1.4 GENDER

A critical notion in the development of a gender policy is that it envisions a society which is based on equity and equality. Once this is achieved then the desires of creating a more stable and cohesive society becomes a reality. While great strides have been made in Barbados, gender inequality remains a challenge. However, the Government of Barbados recognizes that long-term sustainable development will only be possible when women and men enjoy equal opportunity to rise to their potential. The promotion of gender equality is empowering for all as it allows for both men and women to take part fully in social and economic life and leads to a win-win situation.

Issues/Challenges

Crime and violence has serious implications for the development and growth of any society. In Barbados, there is evidence to suggest that the majority of crime and violence is perpetuated by males. Additionally, Barbados continues to be plagued by the large number of incidences of gender based violence and domestic violence. There are great social and economic costs associated with these scourges.

Likewise, employment is one of those fundamental rights to which most citizens aspire. A lack of employment among persons has implications for their self-esteem and is detrimental to the quest for a cohesive and stable society. Barbados also finds itself grappling with the challenges of non-communicable diseases and the on-going fight to combat the prevalence of HIV/AIDS. These diseases have implications for our health budget. The health status and related issues for both men and women derive to a large extent, from gender constructs.

Objectives

- To bring gender to the forefront of national policy and legislation
- To facilitate the formulation and implementation of a National Policy on Gender in keeping with global developments and the current policies of government to realize equality and equity for women and men
- To advise Government Agencies and Non-Governmental Organisations on matters of concern to and affecting women and men
- To develop the capacity of the Bureau of Gender Affairs to inform and coordinate policy dialogue on gender issues
- To pursue research/policy studies and advocacy issues with particular emphasis on studies that focus on issues affecting gender equality in the society
- To facilitate the institutional and programmatic support for NGOs focused on gender sensitization, gender training and gender mainstreaming
- To promote and facilitate social change at the community level as well as contribute to national development
- To expand the gender awareness and analysis training to build capacity within government departments
- To eliminate violence and abuse as a means of control or influence in intimate partner relationships

Strategies

- Create a gender policy on crime and violence that will challenge existing notions of masculinity rather than placing emphasis on socioeconomic or demographic factors for causes of crime and violence
- Create a gender policy on domestic violence to address the power relations between males and females while recognizing that a critical component of the attempt to eradicate gender based and domestic violence lies in the compilation of data to inform appropriate strategies
- Reduce the sexual division of labor which limits a large number of women to primarily service jobs - equal participation of both male and female in all forms of employment and guarantee equal pay for equal work
- Utilize a strong educational component to create awareness and sensitize both males and females to their vulnerabilities of contracting these diseases, with the ultimate aim of bringing about behaviour change
- Create a virtual space to provide important information on violence against women and a safe place for victims and survivors of violence
- Establish a fund to assist female victims of domestic violence
- Undertake gender analysis of the activities of government departments to determine their impact on the pursuit of MDG 3, society and the achievement of national goals

- Advocate for the disaggregation by sex of statistical data to facilitate the comprehensive analysis of information in order to provide accurate and up to date reports on gender and development.
- Re-establish the Inter-ministerial Committees with the use of focal points from government agencies
- Advocate for change in the domestic violence legislation
- Inclusion of males in the fight against domestic violence

Targets

- Informed and proactive responses to policy formulation initiatives on particular social issues from a gender perspective.
- More equitable national development through the maximization of utilization of human resource capacities
- Enhanced gender analysis skills for a cadre of public officers in the form of Gender Focal points working within the Gender Management System
- Reduction in the incidence of the lifestyle diseases by influencing changes in behavior
- Reduction in the cost of services and health care
- Disaggregating by sex of all data collected by government departments and agencies

6.1.5 POPULATION

As a small island developing state that is approximately 166 square miles, Barbados has an estimated population of 277,000 which makes it one of the most densely populated countries in the world. Females account for approximately 51.5 per cent of the population while males account for the remaining 48.5 per cent. The issues of an ageing population and family planning continue to be major considerations as rapid population ageing and the steady increase in human longevity represent one of the greatest social, economic and political transformations in the world today. Maintaining the population growth rate at a level capable of supporting and sustaining economic growth and social development is indispensable. Therefore, strong population management structures and processes are needed.

STRATEGIES

- Establish a national institution with the mandate for population issues
- Strengthen capacity of relevant stakeholders to integrate population issues into development planning processes
- Strengthen partnerships among stakeholders including the private sector to promote family planning

- Ensure access to relevant policy documents, guidelines and targets for population programmes
- Develop a coordinated and integrated advocacy plan
- Improve availability and expand access to quality family planning information and services
- Create awareness on the importance of investing in family planning
- Strengthen capacities for research, monitoring and evaluation
- Strengthen the capacity of relevant institutions to collect, analyze and disseminate population data
- Create programmes and activities that address emerging population issues such as urbanization, migration, the aged, youth and the physically challenged
- Promote effective child survival and development
- Strengthen the policy, legal and institutional frameworks for child survival, development, protection and participation
- Strengthen the family and community to provide adequate support to older persons
- Improve income security and enhanced social welfare for older persons
- Ensure adequate attention to gender variations in ageing
- Strengthen research, information gathering and processing and co-ordination and management of data on older persons
- Strengthen the capacity to formulate, implement, monitor and evaluate policies on ageing
- Improve the funding of programmes for older persons to ensure sustainability of policy implementation

6.1.6 YOUTH DEVELOPMENT

Reports indicate that there was a sense of hopelessness, despair and powerlessness among the youth. Evidence suggested that young people were being systematically marginalized from the mainstream of society, and most of the official responses were reactionary attempts to contain and control them. The most pressing challenges faced by the youth include drug abuse, unemployment, health, crime and violence. Additional mention must be made of the prevalence of gangs among youth in Barbados. In an attempt to alleviate these issues, the Government of Barbados will seek to identify solutions to address the needs of the youth through a number of strategies that will be driven by the following objectives:

Objectives

- To increase employment among youth by supporting and empowering young people to become more entrepreneurial around existing traditional and emerging sectors
- To create extra-curricular institutions and programmes to complement and advance what is being provided in formal educational settings.

Employment

Strategy

- Expand the Garden Project in 80 percent/95 per cent of primary and secondary schools
- establish a youth in agriculture project by December 2013

Strategy – Youth Policy

- develop a youth employment policy
- Facilitate the establishment of working groups by December 2013
- Facilitate the development of components for employment creation
- utilise current labour market information systems as a means to developing our youth policy by October 2013
- Monitor and evaluate achievements of employment created on an annual basis

Strategy - Financing

- Improve financing for self-employed workers and entrepreneurs by partnering with credit unions, other lending agencies and investors and creating non-traditional sources of financing.

Strategy – Support Services

- Strengthen support services for entrepreneurs by partnering with a network of facilitators to create alliances to develop businesses by December 2013

Strategy – Innovation Centres

- pilot the creation of innovation centres through the establishment of partnerships with various stakeholders to create incubators and strengthening the internal capacity of the participating organisations by December 2013

Strategy – Incentives for Entrepreneurs

- develop incentives for entrepreneurs to hire experienced people to work in their projects by December 2013
- facilitate the development of a register of trained, skilled and experienced persons available for recruitment
- sensitise entrepreneurs and potential workers to the value of utilising skilled experience to build capacity in their businesses (ongoing)

Education

Strategy – Formal and Non-Formal Activities

- provide opportunities for young people to develop and express themselves creatively through a wide and interesting range of formal and non-formal activities. These include: the facilitation of 80 young persons in a 1 year developmental training programme (annually); a tutoring in CXC programme; and a World of Work Programme (ongoing)

Strategy – Cultural Industries

- provide specialised training in the cultural industries to develop career opportunities by training persons in the performing and visual arts (Annually)

Strategy – Vocational Training

- expand the opportunities for unattached youth to develop into skilled workers available to the workforce through specific vocational training based on labour market requirements (Annually)

Strategy - Entrepreneurship

- integrate entrepreneurship education, creativity and innovation training in the curriculum of primary, secondary, tertiary institutions and rehabilitative agencies
- advocate for the inclusion of entrepreneurship, creativity and innovation training in the curricula of learning institutions (ongoing)
- facilitate entrepreneurship training in all primary, secondary and tertiary institutions and rehabilitative agencies by September 2015
- facilitate national business lab training and business plan competition for secondary and tertiary students by September 2014
- expose young potential entrepreneurs to basic entrepreneurship and creativity and innovation and business management training annually
- facilitate 80 persons in personal development and basic and intermediate business management training (ongoing)
- facilitate 30 young persons to create self-employment through entrepreneurship as a result of training annually
- expose young people aged 13 – 17 to entrepreneurship education, creativity, innovation and business management training through a Camp Enterprise Programme annually
- facilitate 760 young people per year in personal development, entrepreneurship and basic and business management training through Camp Enterprise, National Camps Programme and at the community level

Strategy - Apprenticeship

- establish apprenticeship systems and private-public sector partnerships for professional training and mentorship of young entrepreneurs through the facilitation of 70 persons in attachment programmes with the private sector and entrepreneurs on an annual basis

Targets – Garden Project

- Sensitisation to knowledge of agriculture and agribusiness
- Increase production of local agricultural produce
- 5 per cent reduction by the year 2015 in the food import bill

- Establishment of agriculture co-ops in primary and secondary schools
- A cadre of trained persons in cutting-edge farming techniques and associated disciplines
- Increased employment and diverse career streams in and as a result of agriculture
- Participation rate of 75 per cent - 80 per cent of schools
- By 2015 there will be approximately 50-60 young persons (aged 16-29) involved in a special youth and agriculture programme

Targets – Youth Policy

- Cohesive policy to address employment challenges with a focus on entrepreneurship
- Common understanding of employment issues
- Toolkit for mainstreaming employment creation
- Strong linkage between social and economic policy
- Improved disaggregated sectoral information on employment trends and opportunities
- By 2015 a cohesive youth employment policy will be developed
- Toolkit developed by 2014
- By 2015 provide a report of youth employment trends and rates by sector and the contribution to economic growth

Targets - Financing

- A pool of dedicated funds for start-up and expansion of businesses
- 20-30 businesses will be referred to this pool of funding
- 70%-80 per cent success rate of persons accessing funding

Targets – Support Services

- Provide mentoring, accounting and marketing services, technical assistance and specialised training
- 100 per cent facilitated by mentors
- 30-40 businesses assisted with accounting and marketing services per year
- 10-15 businesses provided with technical and specialised training per year

Targets – Innovation Centres

- Innovation centres at SJPP, BCC and UWI
- innovation centres created by 2015
- 15 high-growth businesses developed

Targets – Incentives for Entrepreneurs

- Youth Entrepreneurship Scheme (YES) register of skilled experienced persons

- 1 YES register by 2014

Targets – Formal and Non-Formal Activities

- 80 BDF certified trained persons in First Aid and Water Safety, Fire Prevention and Safety annually
- 40 persons participating in CXC programme annually
- 80 persons participating in the public and private sector programme annually
- 80 per cent - 90 per cent success rate of completion of BYS developmental training programme
- 10 per cent of persons gaining employment within the BDF
- 64 per cent -70 per cent success rate in CXC programme
- 25 per cent of persons gaining employment as a result of the Job Attachment Programme
- 16 per cent gaining other employment
- 35 per cent gaining entry into education and training institution
- 24 per cent in continuous monitoring and support programme

Targets – Cultural Industries

- 90 persons trained in dance, drama, voice and stage management per year
- 30 person trained in digital media per year
- 80 per cent completion rate
- 60 per cent go onto further training
- 40 per cent access the workforce

Targets – Vocational Training

- 500 persons trained in specific disciplines
- 80 per cent completion rate
- 40 per cent go onto further training
- 20 per cent access the workforce
- 10 per cent to the YES programme
- 30 per cent continuous monitoring and support

Targets - Entrepreneurship

- Integrated curricula at institutions by 2015
- Trained facilitators to deliver curricula at primary, secondary and tertiary institutions and rehabilitative agencies by 2020
- Trained students in personal development and entrepreneurship

- Trained students in the practical methodology of enterprise creation
- revised curricula
- Implementation of entrepreneurship curriculum in 29 secondary schools, 94 primary schools, 8 special schools and 6 tertiary institutions
- 262 trained facilitators
- 3668 trained students
- 105 innovative projects that have potential to become viable business ventures
- 80 trained persons in personal development and basic business management
- 40 trained persons in intermediate business management
- 25 trained persons in advanced business management
- 30 businesses started and registered
- 42 businesses formalised and expanded
- 760 young persons in trained personal development, entrepreneurship and business management per year
- 24 trained facilitators at the community level
- 100 per cent rate of success of the training programme

Targets - Apprenticeship

- 70 young entrepreneurs participating in programme
- 90 per cent rate of success of the apprenticeship programme

6.1.7 THE ELDERLY

Despite their social and economic contributions to society, many older persons all over the world face continued discrimination and, abuse. This underscores the need for governments, civil society and the general public to work together to end these destructive practices and invest in older people. All sectors of our economy will need to work together to respond to the challenges the elderly face in our society. The Government of Barbados will continue to play an important role in addressing these challenges in a comprehensive, collaborative and inclusive manner for the benefit of present and future Barbadians. Some of the main objectives will be to - improve the quality of care for all elderly persons in Barbados; provide home care services, family support and recreational activities; assist in the development of the relevant legislative framework on elderly issues; and improve the Residential Care facilities and programmes that provide both emotional and instrumental care and support. To achieve these objectives, the following strategies are to be implemented:

Strategies

- Create special units/programs in the community and long-term care homes for seniors.

- Maintain and expand services to help seniors stay at home as long as possible.
- Encourage and support the non-profit sector in developing and operating group based community eldercare services.
- Strengthen existing adult day services programs and promote their quality.
- Develop and promote meaningful work and volunteer civic engagement programs with built-in training and incentives.
- Strengthen ways by which older adults can learn of opportunities for volunteering and learning - Keep seniors active through volunteerism and participation in classes at senior centers, community centers, etc.
- Assure adequate oversight and protection of residents in long-term care settings
- Promote citizen education about planning for aging as knowledge is power. - Educate the public about aging issues through media, conferences.
- Encourage and support ongoing advocacy to demonstrate the importance of aging-related programs and services.
- Establish a strategy for the care of the elderly addressing policy formulation and coordination of service delivery, institutional care, management structure, community and home care, rehabilitation and interagency collaboration.
- Establish a legal human rights framework for the treatment of older persons within the guidelines set at the hemispheric and international levels.
- Conduct research, and collect relevant data on health related matters pertaining to older persons, especially as it relates to Alzheimer's and non-communicable diseases.
- Encourage and facilitate retirement preparation programmes in the public and private sectors.
- Develop a centenarian registry and a National Recognition Programme for Older Persons.
- Strengthen recreational activities programmes in the pursuit of "active ageing" and promote intergenerational activities

6.1.8 PHYSICALLY CHALLENGED

From birth to pre-school; early childhood; the primary and secondary school years; leaving school and the transition to further training; the world of work and all that adult life involves are all key life stages for all people. However, even though each stage brings its own opportunities and difficulties, for people with disabilities, the lack of support, choice and services mean there are even fewer opportunities and more difficulties. Barbados has a proud history of promoting the well-being of its citizens; this includes assuring strong anti-discrimination protections and supporting opportunities for skill development and advancement for all. The Government of Barbados remains committed to enhancing the inclusion of persons with disabilities in all aspects of society. This commitment includes engaging persons with disabilities within the following objectives – creating a supportive environment that promotes equal opportunities; empowering persons with disabilities and their organizations; and

providing a framework for the planning of programmes, services and activities. The accompanying strategies to be pursued will be:

Strategies

- Prepare and implement a plan of action with respect to the Policy on Disability to facilitate the ratification of the Convention on the Rights of Persons with Disabilities.
- Upgrade the Disaster management plan, the National Disaster relief plan and the Evacuation of Vulnerable Persons plan.
- Facilitate equal opportunities for persons with disabilities in the area of employment and education in partnership with all stakeholders.
- Ensure that the hiring process effectively identifies qualified applicants with disabilities by training and supporting managers and others involved in the interview and hiring process.
- Establish Agency commitment for hiring, recruiting and retention of individuals with disabilities.
- Embark upon public awareness programmes to inform the society about the needs and rights of Persons with Disabilities - educate the workforce on special programs for individuals with disabilities and seek to increase the knowledge and awareness of all employees regarding disability.
- Increase the provision of mobility aids/assistive devices and technological equipment for Persons with Disabilities to assist them to increase their level of independence and ability to become self-supporting.
- Advocate for measures to ensure that Persons with Disabilities have ready physical access to their houses, to public buildings and public facilities and to means of transportation, both public and private.
- Support provisions to create accessible and suitable housing for persons with disabilities.
- Ensure that educational programmes, facilities and resources are put in place to allow the participation of Persons with Disabilities in all aspects of community life.
- Undertake studies focusing on issues which affect the lives of Persons with Disabilities and their families - encourage and support these research efforts with a view to establishing a comprehensive data bank on Persons with Disabilities.

6.1.9 LAW AND ORDER

An important factor in improving the quality of life in Barbados is to reduce the incidence of crime and the fear of crime within its citizens. While evidence shows that Barbados has one of the lowest crime rates in the World, the perennial problem of drugs and crime involving the use of firearms has increased. A key factor in these increases is the incidence of robberies and burglary which have been largely drug-related and also

linked to the precious metal trade. As a framework going forward for the reform of the criminal justice system, it is the view that Government must help the public it serves to live in civil peace and harmony by continuing its efforts to ensure that the justice system is fair, effective and timely.

While recognising the various factors surrounding crime and justice such as the breakdown in extended families, informal social control and marginalisation of sectors of the community, the solutions to these issues must be holistic and driven by a national effort. More emphasis must be placed on prevention, coupled with strategic law enforcement strategies, with the view of having an efficient, modern, effective, fair and timely criminal justice system. The following strategies highlights some of the main initiatives which the government will seek to pursue over the planning horizon.

Strategies

- Implement Crime Prevention Programmes

There is increasing recognition of the need to implement crime prevention programmes that focus on social development and complement law enforcement. Crime reduction strategies currently being employed include - the intensification of community policing projects; safety awareness programmes; youth programmes including Helping Young Persons Excel (HYPE) and the Restructured Drug Abuse Resistance Education (DARE) Programme.

The National Task Force on Crime Prevention is currently involved in crime prevention activities with the overall goal of reducing crime and deviance in schools and communities. Examples of such activities include dispute resolution and conflict mediation programmes and the crime stopper programme. However, more of these projects need to be implemented to respond to youth crimes. Research has shown that these types of projects are very effective in reducing violent crimes and diverting the youth away from involvement in the criminal justice system.

- Increase the Staff Complement of the Police Force

In addition to the challenges of crime reduction and prevention, the Police Department faces the challenge of ensuring and detecting crime and responding to threats to national security and public safety. The filling of over one hundred vacancies in the Police Force has been acknowledged publicly as an ongoing challenge for the Department. Steps have been taken in the past to generate interest among potential recruits. The Department is currently focused on the further implementation of a high profile recruitment and retention strategy aimed at filling these vacant posts in the service.

- Implement and Use New Technology

It is incumbent upon the Registration Department to put in place reliable information technology services that facilitate the systems that support the administration of justice and streamline the Department's operations. The aim is to fully exploit the use of information technology to transform the department in the 21st

century even as it seeks to achieve efficiencies in the processing of cases for trial and improved delivery of services to stakeholders and members of the public. Of utmost concern to the Department is the development of a strategy to deal with issues and challenges of implementing and using new technology. There is also need for updated guidance and training with respect to the use of such technology.

6.1.10 COMMUNITY DEVELOPMENT

The issues that impact on community progress and the achievement of desired goals fall under the broad categories of Social, Economic, Psychological/Cultural, Biological and Environmental and may be combinations of some or all of these. This impact is often manifested in the social problems like substance abuse; crime and violence; the spread of HIV/AIDS; child abuse and others as well as in the poor results of many of the attempted policies and solutions. Issues identified include:

1. Inadequate facilities for community engagement such as entertainment, recreation, training, micro business as well as for the care and support for the elderly, children, the disabled, the homeless and victims of abuse and violence.
2. Unsatisfactory management, use of or access to the exiting community facilities such as sports pavilions, community centres school halls etc.
3. Inadequate numbers of suitably qualified persons formally engaged across communities to appropriately assess the issues and respond, lead as well as evaluate the treatment of these issues.
4. absence of effective partnerships across organisations (Governmental and others)
5. Fragmentation of related services and the poor communication among service providers.
6. Imbalanced distribution of government resources (financial and human) for the relevant services.
7. Degenerating moral standards and diminishing respect for traditional values. (This may be associated somewhat to a level cultural penetration, e.g. through immigration.)

Objectives

1. To provide adequate facilities for community engagement (entertainment, recreation, training, micro businesses as well as for the care and support of the elderly, children, the disabled, the homeless and victims of crime or disaster) that are satisfactorily managed and cater to all constituencies.
2. To provide regulations for satisfactory use and management of all community facilities (pavilions, schools community centres etc.)
3. To identify and recruit suitably qualified persons to provide the services needed in leadership, coordination, management and evaluation of intervention strategies relevant to resolving these issues.

4. To establish effective partnerships across all sectors (Government, Civil Society and community) for achieving the desired results by maximising use of various skills, expertise and approaches.
5. To establish a network of all related services to increase community awareness of the services available (e.g. through strategically placed Citizen's Advice Bureaus), avoid unnecessary duplication and maximise use of all resources.
6. To encourage a collective responsibility and political will for responsible action towards the desired social change (e.g. engendered through the media of skill building, recreational and cultural activity and a renewed focus on spirituality and moral training especially during infancy and childhood - birth to adolescence)

Strategies for addressing some of these issues:

- The establishment of a working group comprising representatives from the relevant Government Ministries/other agencies to formulate new regulations for effective use of community facilities, followed immediately by implementation **by 2014**
- Careful needs assessment conducted and community facilities upgraded or constructed and made available to fulfil the required needs/demands for community progress **by 2018**
- New policy implemented for the sustained collaboration among all related services and coordinated by a special secretariat comprising representatives from all relevant sectors **by 2014**
- Intense and highly specialised training programmes for an increased number of professionals and Para-professionals in all levels of community work. This should be accompanied by the involvement of Social Workers in all community building initiatives

6.1.11 ECONOMIC EMPOWERMENT

Objectives

The primary objective of this policy is to provide general guidelines which will ensure that Barbadians and in particular, economic actors or entrepreneurs have access to opportunities to participate effectively in economic activities in all sectors of the economy. In this regard, sector policies will give preferential treatment to nationals where necessary so as to enhance their bargaining position and opportunities.

The best entry points for this initiative into public policy are identified in the areas of procurement, financing, formation of partnerships and joint ventures, and skills development.

Strategies

Procurement of Goods and Services

As stated in the 2008 DLP Manifesto⁹, “Honour a previous commitment to ensure at least 40 per cent of all government’s procurement requests for good and services are reserved for sourcing from small and medium sized enterprises”. In respect of the intended procurement of goods and services, the goal is such that a minimum of 40 per cent of the total amount of these purchases should be conducted through approved small and medium sized enterprises (SMEs). The strategies going forward will be to;

1. seek to create a supplier development programme that ensures that SMEs fall within the regular structure of supply to the government’s various entities
2. ensure that SMEs are created where there is a short fall of supply and are able to meet the requirements of purchasers in the public sector.
3. compile (in association with other departments) a national list or database pertaining to businesses and their structure to clearly demarcate business category, sector and activity status. In this way, experienced and inexperienced suppliers will be identified and where appropriate added to the database.
4. have special purpose vehicles, which will be the procurement of goods and services that are valued at a predetermined value and below, in favour of small and medium sized business.
5. Sub-divide certain contracts into smaller components so as to make the entry point for small and medium sized businesses more readily accessible.
6. Establish a central procurement body which will actively manage and control all procurement of goods and services

Financing

1. The main aim in respect of the provision of finance should be to increase funding to SMEs. A later commitment value (of available funds and targeted SMEs) should be stated. The financing of this process is strategically important for the economy, as the programme emanating from the policy should have a credible financing component in order to succeed. Preference will be given to SME’s that are actively managing and controlling the company in an approved manner.
2. To find the most appropriate way to support, FUND ACCESS, Enterprise Growth Fund Limited (EGFL) or the Small Business Fund (or an amalgamation of these funds), or any other fund such that they are not limited to providing the necessary assistance but also helping to establish strong networks with other role-players, whilst simultaneously facilitating activity on behalf of SMEs.
3. The Ministry of Finance may also enter into joint funding initiatives with alternate investors in order to leverage costs and assist SMEs.

⁹ The DLP Manifesto 2008

Formation of partnerships and joint ventures

The main objective in this regard is to find institutional and infrastructural value adding partners who share views on the Economic Empowerment Plan (EEP) and who will be able to contribute or facilitate meaningfully in the partnership or joint venture.

The plan recognises that an EEP strategy will not be effective if it acts alone without the support of the private sector. Strategic partnerships will therefore need to be established between groupings, such as

1. The private sector
2. Trade Unions
3. NGOs and CBOs
4. A strategic partner in the social sector

Strategic Intervention Principles

The EEP will be the extended framework to the existing procurement policy. Despite the high priority and focus on the EEP, all transactions should still be ethical and procedurally correct in terms of the relevant policies and procedures. The following strategies will be pursued in this regard:

1. An EEP Council will be created to develop a list of suppliers from historically disadvantaged communities by category to be revised annually.
2. Such suppliers may be allocated contracts on a roster basis without going to public tender, that is, on tenders below BDS\$100 000.
3. Tenders will not be restricted to those on the list should tenders go public, as any other supplier may respond to the tenders.
4. Access to procurement activities for businesses from historically disadvantaged communities and SMEs will be facilitated.
5. A policy of giving recognition to large businesses that support businesses from historically disadvantaged communities and implement acceptable policies.
6. Assistance to potential suppliers in creating and expanding their capacity to supply.
7. In pursuit of creating opportunities for businesses from historically disadvantaged communities, the EEP Council will consider paying price premiums within specified parameters to qualified suppliers.
8. Payment terms may be structured in such a way that they address the cash flow shortcomings of companies concerned.

