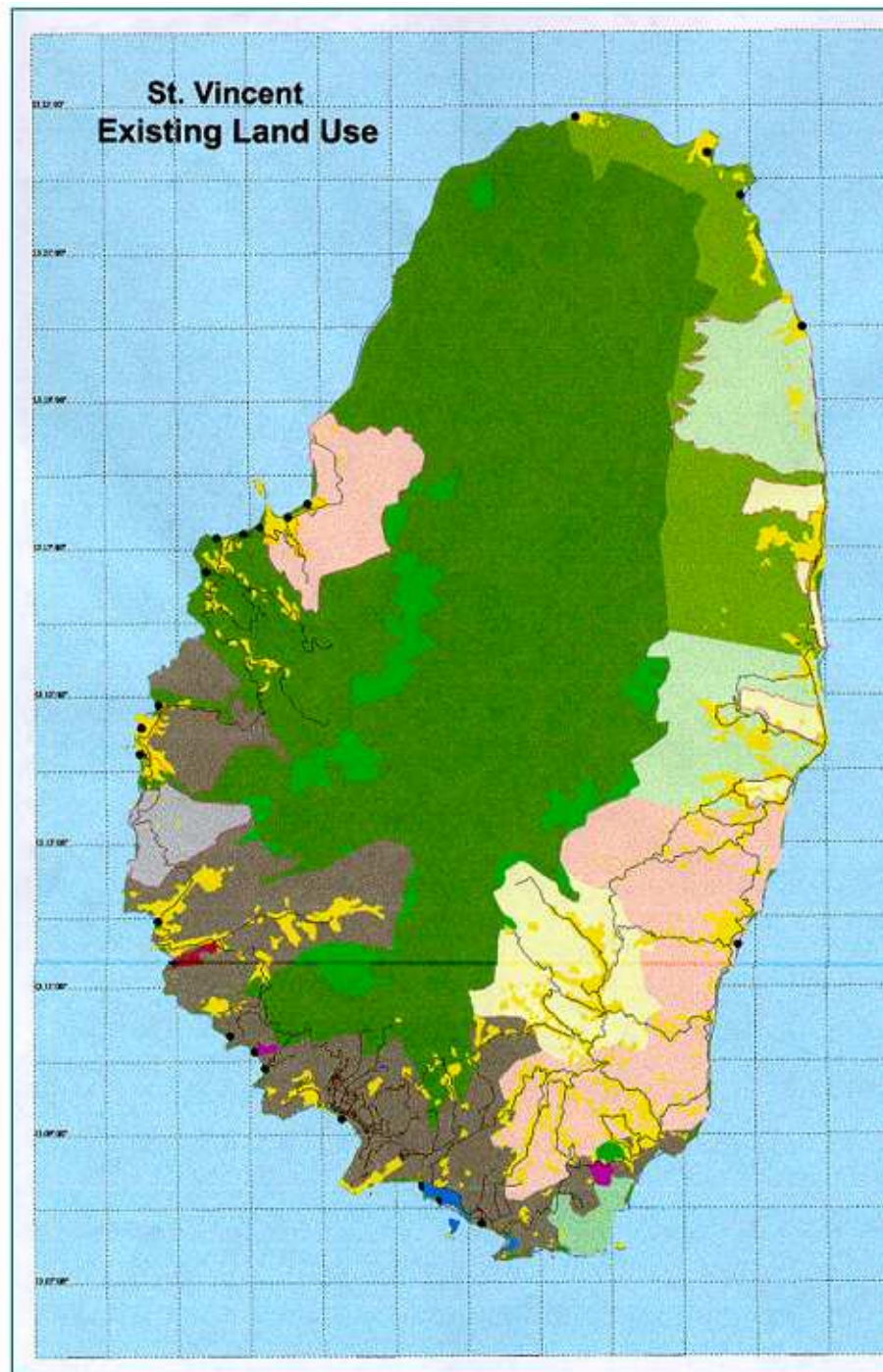

NATIONAL REPORT ST. VINCENT AND THE GRENADINES

*Third
International
Conference on
Small Island
Developing States -
National Report*

*Ministry of Health Wellness
and the Environment*

July 2013



ACRONYMS

ALBA	Bolivarian Alliance for the Americas
BPOA	Barbados Program of Action
CARICOM	Caribbean Community
CCCCC	Caribbean Community Climate Change Centre
CCI	Caribbean Challenge Initiative
CDB	Caribbean Development Bank
CDEMA	Caribbean Disaster Emergency Management Agency
CFCs	Chlorofluorocarbon
CITES	Convention against International Trade in Endangered Species
CPA	Country Poverty Assessment
CRFM	Caribbean Regional Fisheries Management
CSO	Civil Society Organization
CWSA	Central Water and Sewerage Authority
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
ECCB	Eastern Caribbean Central Bank
EEZ	Exclusive Economic Zone
GEF	Global Environmental Facility
GDP	Gross Domestic Product
HLDC	Housing and Land Development Organization
MDGs	Millennium Development Goals
MIC	Middle Income Countries
MSE	Micro and Small Enterprise
MSI	Mauritius Strategy for Implementation
NCCP	National Commission on Crime Prevention
NEMO	National Emergency Management Organization
NESDEC	National Economic and Social Development Council
NESDEP	National Economic and Social Development Plan
NGO	Non-Government Organization
OAS	Organization of American States
ODA	Official Development Assistance
OECS	Organization of East Caribbean States
PAHO	Pan-American Health Organization
POPs	Persistent Organic Pollutants
PRSP	Poverty Reduction Strategy Paper
PSIP	Public Sector Investment Programme
SD	Sustainable Development
SGD	St. Georges Declaration
SIDS	Small Island Developing States
SPACC	Special Project on Adaptation to Climate Change
SVG	St. Vincent and the Grenadines
UN	United Nations
UNCBD	United Nations Convention on Biological Diversity
UNCCD	United Nations Convention to Combat Desertification

UNFCCC
VINLEC

United Nations Convention on Climate Change
St. Vincent Electricity Services

1.0 Introduction

1.1 Summary of Preparation: St. Vincent and the Grenadines (SVG) as an active member of Caribbean Community (CARICOM) and the Organization of East Caribbean States (OECS), endeavors to fulfill all of the obligations and reporting requirements to these organization and the international community as it relates to conventions and treaties. This country also embraced the principles of Agenda 21 and the 14 point program of the Barbados Program of Action (BPOA). The preparation process leading to Rio+20 got off to a late start and consequently a national report was not prepared for that meeting.

This country embraced the call for a Small Island Developing States (SIDS) +20 meeting that is now scheduled for Samoa in 2014. In preparation for this meeting, St. Vincent and the Grenadines convened a stakeholder consultation on Wednesday June 12th, 2013. Twenty persons participated in the consultation. They represented fifteen (15) public sector entities, two (2) private sector persons, one person represented youths and three (3) persons represented civil society and Non-government Organizations (NGO).

The facilitating consultant presented a historic overview from Rio 1992 to Rio+20 in 2012 highlighting the plight and path of SIDS and St. Vincent and the Grenadines in particular. Recurring themes such as Sustainable Development (SD), poverty alleviation, partnerships and financing were examined in more detail. Following the presentation, each participant was invited to speak on the role of their respective organization in the implementation of the BPOA and Agenda 21 as vehicles to achieving Sustainable Development. The meeting weighed in on the individual contributions to provide a more nationalistic flavor rather than the sectorial view presented.

Prior to the consultation, the invitees were presented with a list of questions to be addressed. The questions were fashioned to provide the answers to the main messages in this report, namely, progress on the implementation of the BPOA; sustainable development under the subheadings of economic, environmental, social and cultural; issues and barriers to SD; gaps and constraints; new and emerging challenges; recommendations for SD in SVG.

The draft report was then reviewed by the participants and other relevant personnel not present at the consultation. The following is the result of this effort.

1.2 THE DEVELOPMENT CONTEXT: THE ST. VINCENT AND THE GRENADINES NATIONAL ECONOMIC AND SOCIAL DEVELOPMENT PLAN 2013 - 2025 has been elaborated around a specific set of strategic goals, objectives and targets so as to facilitate and guide the optimal improvement of the quality of life for all Vincentians.

The Development Plan is premised on the workings of an economy in which the private sector, the cooperative sector and the State have efficacious, complementary roles as part of a “mixed economy”. The practical policy signposts are determined by the sensible criteria

of efficiency, fairness, sustainability, and appropriateness in a small, vulnerable, multi-island economy. Accordingly, this Development Plan is conceived in a flexible, though focussed, way, but not possessed of the rigidities historically associated with such exercises in centrally-planned economies.

Underlying this Development Plan is a vision, philosophy, a strategic economic outlook, a good governance framework, and a quest to ennoble, further, in material and non-material respects, the Vincentian component of our Caribbean civilization¹.

Comparative social indicators show improvement in the living conditions of Vincentians. Poverty studies conducted under the Country Poverty Assessment 2008 (CPA) revealed that between 2007 and 2008 the Poverty Headcount Index was at 30.2% a reduction of 7.3% over the 1995/96 figure. Meanwhile a more favourable reduction was seen in the indigence level of 2.9% an impressive reduction of 22.8%.

Agriculture which for decades underpinned the economy has declined significantly over the last decade due to restrictive trade regimes. This has resulted in significant land use change. These changes are taking place amidst a conscious effort to protect biodiversity, reduce land degradation and greenhouse gas (GHG) emissions, obligations of the Rio conventions ratified by this country.

There is no formal sustainable development agenda in St. Vincent and the Grenadines but most of the elements spelt out in the Barbados Program of Action have been addressed to some measure in the country's development thrust in a sectorial manner as reflected by the Medium Term economic Strategy Paper (MESTP) and the National Economic and Social Development Plan (NESDP). The findings of one independent reviewer² show St. Vincent and the Grenadines as having achieved seven of the eight Millennium Development Goals (MDGs) being deficient only in Goal 8, Global Partnership for Development. However, the MDG monitoring unit based in the Statistical Department of the Government recorded only partial success for Goals 3, 4, 6 and 7. The challenge with goal number 7 is the weak data collection mechanism to facilitate tracking of the indicators. Tracking Goal number 8 has also proved challenging and there is often a big difference between partnership pronouncement and implementation.

1.3 Facing the future: St. Vincent and the Grenadines, like many other SIDS, has struggled to attract Foreign Direct Investment (FDI). The small size of the domestic markets, limited natural and human resources coupled with declining ODA, restrictive international markets and the vagaries of climate change have all contributed to a sluggish economic environment. Despite these challenges, the government of St. Vincent and the Grenadines

¹ Dr. *The Hon.* Ralph E. Gonsalves

Foreword - St. Vincent and the Grenadines National Economic and Social Development Plan 2013-2025

² Dr. Roslyn Ambrose; GHS Anniversary Lecture 2013.

maintains a proactive stance with an economy growing at an average of 0.8% per annum for the past three years. The government has rebalanced the state-market relationship in such a way that the private sector assumes a more pivotal role in national development. This development approach will be supported by the following broad principles:

- The implementation of prudent fiscal management;
- The pursuit of sustainable debt management strategies ;
- The improvement in public revenue measures;
- The strengthening of the legal and regulatory framework;
- The mobilization of resource and concessionary financing for social and economic development;
- The implementation of a targeted Public Sector Investment Program (PSIP) and the completion and implementation of the Poverty Reduction Strategy Paper (PRSP).

1.4 The Report: St. Vincent and the Grenadines did not prepare a specific Rio+20 report due to capacity constraints and the fact that the country was actively involved in the preparation of its 2013-2025 Development Plan which encapsulates the issues of Rio and the post 2015 UN Development Agenda. This report therefore reflects the philosophy and issues central to the 2013-2025 Development Plan with comments and iterations from the multi-stakeholder preparatory process that culminated with a consultation on June 12th 2013.

This report is divided into six sections. Section 1 is a snapshot of the country's current development standing while Section 2 takes a look at how the country got to this point. Section 3 speaks to the renewed commitment by government to achieve sustainable development through a Compaq with civil society and a continued search for reliable partnerships while Section 4 delineates the challenges to this effort [existing, new emerging]. The final two Sections highlight priorities for Sustainable Development (Section 5) and the main messages for the post 2015 period in Section 6.

2.0 Taking Stock

2.1 Implementation of BPOA and MSI: The fourteen (14) point Barbados Programme of Action and the additional elements outlined in the Mauritius Strategy for Implementation are reviewed in groups under the sustainable development pillars instead of as independent elements.

2.1.1 Economic Sustainability: During the period 2000 – 2010, the Government of St. Vincent and the Grenadines maintained a relatively prudent fiscal policy stance using *inter alia* the following policy instruments

- Economic stimuli in the form of tax reductions on the standard rate of company taxes from 40 percent in 2001 to 32.5 percent in 2009); reductions in similar number to the marginal rate of personal income tax; the increase in the personal tax threshold below which personal income tax is paid from \$12,000 in 2001 to \$18,000 in 2009; the reduction in taxes in the area of tourism to 30 percent;
- Economic stimuli through subsidies on agricultural inputs including fertiliser, to farmers. (Farmers also do not pay taxes on their farm incomes and receive subsidies on motor vehicles for use in relation to farming;
- Economic stimuli through subsidies and transfers of various kinds to the poor, the elderly, children, and expectant mothers;
- Economic stimuli through substantial wage and salary increases for various categories of workers and public employees;
- Economic stimuli through a focused public sector investment programme especially with grants, soft loans, and other affordable loans;
- Economic stimuli through the facilitation of private sector investment both domestic and foreign by way of fiscal incentives and other socio-economic policies

The continuous growth in revenue (in all of the years except 2009), accompanied by contained expenditure is a reflection of the success of these measures. For the 2011 fiscal year, the Central Government's fiscal position weakened compared to 2010. During the same period, the Financial Intermediation sector grew by an average annual rate of 2.4 percent while Tourism grew by 2.9 percent and Agriculture 0.5 percent despite the loss of the European market and the decline in banana sales. Overall, the economy remains stable with small fluctuations ending in a plus.

Agriculture continues to be critical to St. Vincent and the Grenadines as the country strives to ensure food security, maintain international trade and a sustainable livelihood for farmers. The Ministry sees an extension of the 'Education Revolution' into the farming community as a way to make Science and Technology work for farmers to manage and master the external trade standards that currently bedevils farmers. The decline in banana production significantly affected the economy although the number of persons earning a livelihood from agriculture has declined only marginally.

--Implementation of a EC\$33 million project funded by the EU under the Banana Accompanying Measures (BAM) is aimed at Modernizing the Agriculture Sector.

The **Fisheries** Division is using the Food and Agriculture Organization (FAO) code of conduct on responsible fishing in its work with fisher folks and civil society groups to enable compliance with fisheries regulations aimed at making fishing sustainable and adhering to the international agreed fishing practices.

The 2012 draft Fisheries and Aquaculture Policy and Action Plan takes on board all relevant obligations set by the Convention on Biological Diversity (CBD) and Convention on International Trade in Endangered Species (CITES). St. Vincent and the Grenadines partners with the Caribbean Regional Fisheries Management (CRFM) to manage regional fish stocks. Further protection and management of coastal and marine resources is provided under the 2012 National Parks, and Protected Area system Plan (2010-2014).

Illegal fishing still occurs in the national waters of St. Vincent and the Grenadines often calling the National Coast Guard into active duty.

Forest management continues to be a challenge in the face of increase demands for land for housing and agriculture. The Integrated Forest Management project with local funding from the Electricity and Water companies is showing the true value of forest. There is still more work to be done in valuing natural resources in SVG. To this end NGOs and civil society organizations have teamed up under the slogan “Everyone owns the Forest”.

The competitiveness of the **manufacturing** sector in St. Vincent and the Grenadines has been constrained by company size, finance, management and increased liberalization. Government’s response to this challenge is a constant review of the macroeconomic framework including the incentive regime in order to attract investment, improve the quality and expand the range of manufactured products in St. Vincent and the Grenadines.

The **Tourism** Sector declined by an average 2.9 percent per annum during the period 2001 - 2010. However, over the past five years there has been a small but steady increase in cruise ship arrivals but not a commensurate revenue increase. It is

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