



COMMONWEALTH OF DOMINICA

Third Medium-Term Growth and Social Protection Strategy (GSPS)

**Redoubling the effort towards
a Sustainable Development Pathway**

2012 – 2014

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Growth and Social Protection Strategy (GSPS)

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a Sustainable Development Pathway**

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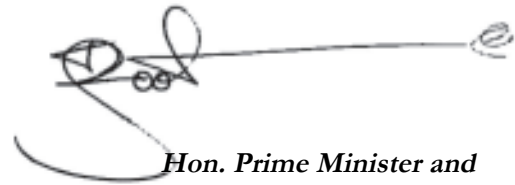
Preface

The Government of the Commonwealth of Dominica remains committed to the pursuit of economic growth and improved quality of life for all Dominicans. The continued revision of the Growth and Social Protection Strategy (GSPS) reinforces Government's dedication to providing social protection interventions while encouraging pro-poor economic growth and sustained development at a national level.

This second revision of the Medium Term Review of the GSPS involved broad consultations with public, private and civil sectors. This approach reflects Government's commitment to engage all sectors in the development process. This GSPS, as with previous editions, promotes sustained economic growth as the main route to poverty reduction.

Since the last revision of the GSPS in 2008, Dominica has faced external economic shocks as a result of the ongoing global challenges as well as natural disasters. As Government endeavours to respond to these challenges, it is still necessary to maintain prudent fiscal management.

The Government of the Commonwealth of Dominica remains ever more committed to the implementation of the GSPS. We also wish to express our appreciation to the donor community who has supported, through technical and financial assistance, relevant projects over the years in our quest for sustainable economic growth and continued poverty reduction.



***Hon. Prime Minister and
Minister for Finance
Commonwealth of Dominica***

THIRD MEDIUM-TERM GROWTH AND SOCIAL PROTECTION STRATEGY (GSPS)

1 INTRODUCTION

1.1 PURPOSE AND SCOPE OF THE GSPS

The Commonwealth of Dominica's Growth and Social Protection Strategy (GSPS) articulates a broad medium-term strategic framework for growth and poverty reduction over the next three years. Priorities set in this document make poverty reduction the focus of the Government's economic and social policy. The Government regards the pursuit of sustained strong economic growth to be the main route to poverty reduction.

The GSPS is not a development plan nor is it an operational plan. It provides the overarching frame that informs the macro-economic framework, sector strategies and plans, the structural reform agenda, the annual public investment programmes and the annual budgets, as well as social protection and poverty reduction interventions. The Government's policies and programmes will seek to ensure that opportunities are available to all, and the benefits from growth are shared across the society as widely as possible.

The first edition of the GSPS was published in April 2006. The Government had stated its intention to update the Strategy on a regular basis so that the document would be in the nature of a 'rolling plan' that takes account of changing circumstances and is thus of continuing relevance and usefulness. An updated version was published in 2008. This third edition of the GSPS is not intended to be a complete re-write of the original, although certain sections have been significantly altered, and the document as a whole avails itself of updated information and statistics.

This GSPS benefitted from an extensive consultative process involving the full array of Government ministries and agencies, representatives of the business community and civil society as well as Dominica's regional and international development partners. This was a deliberate decision on the part of the Government to seek inputs into and comments on the draft strategy document and to secure buy-in to the resulting GSPS.

Economic growth in Dominica was curtailed in the early years of the decade by a conjuncture of unfavourable developments, particularly with respect to trade, but there have been longstanding underlying weaknesses in the economy, in particular its overriding dependence on the banana industry. The slow pace of economic diversification exacerbated the economy's vulnerability to economic shocks. Inadequate fiscal management led to unsustainable debt levels. This last, which had imperilled prospects for investment and growth, was addressed successfully by a programme of economic stabilisation that began in 2003. This included fiscal adjustment and debt restructuring as well as measures of structural or administrative reform. This programme was supported by an IMF Poverty Reduction and Growth Facility arrangement, and a World Bank Economic Recovery Support Operation. It was also supported by Caribbean countries and institutions as well as other bilateral development partners.

Having stabilised the fiscal situation and having made progress towards placing the country on a sustainable debt and growth profile, the challenge was to build on these gains and place the economy on a path towards sustainable growth, with a view to reducing poverty in Dominica and improving quality of life. That there has been some success along these lines is clear from the country's growth performance and the reduction in poverty numbers

over the past decade. Well-known exogenous circumstances have served to constrain the country's ability, (as has been the case in every Caribbean country), to sustain rates of growth and in particular to meet the three per cent growth target and the three per cent primary fiscal balance target over the past two years.

The GSPS represents Government's strategy for pursuing growth and poverty reduction going forward and for doing this in a comprehensive manner, with its three-fold focus on:

- Fiscal policy and administrative reform, including creating an enabling environment for private enterprise and investment attraction;
- Sectoral strategies for growth; and
- Strategies for poverty reduction and social protection.

The Government intends to continue to conduct a fiscal policy that is prudent and conducive to growth, based on expenditure restraint, administrative modernisation and reform, and careful management of the public debt. Administrative reforms aim at a more modern and efficient public service that promotes and is supportive of private sector development. Substantial improvements in the enabling environment for private enterprise, by a combination of institutional, fiscal, legislative, regulatory and administrative improvements are critical to achieving the GSPS objectives.

In spite of the continuing uncertainty in the external economic environment, Government is retaining its economic growth target at three per cent per annum over the medium term. Increased levels of activity are expected in all sectors, and in particular in tourism, agriculture, manufacturing and energy. Improving export performance is critical for growth and increasing international competitiveness is a major challenge if Dominica is to succeed in the global economic environment. Eco-tourism, agro-industries, niche-focused agriculture, and water are natural resource-based industries in which Dominica enjoys some competitive advantage. These have to be made to provide employment and income-growth opportunities.

Government recognises that private investment has a major role in mobilising and realising the country's potential and will continue to facilitate this. The private sector has a role in generating growth and reducing poverty. It is a vital part of the development solution. Dominica is a market-oriented, free-enterprise economy, with the public sector performing a supporting role, such as setting rules and regulations, maintaining law and order, providing basic infrastructure and ensuring an enabling environment within which business can prosper.

Government expects the private sector to be entrepreneurial and innovative; to take advantage of the opportunities that present themselves in regional and multilateral trade agreements such as the OECS Economic Union, the CARICOM Single Market, the EU-ACP Economic Partnership Agreement and bilateral agreements that result from Government's foreign policy activism. Government expects the private sector organisations to be the voice of the business community on trade and investment issues and for discussing private sector concerns, and to collaborate with the Government on tackling issues of national importance. Hence, Government will seek to encourage the formation of an umbrella private sector organisation in the expectation that this would facilitate a more structured relationship with the business community, with a view to improved communication and discussion of national issues as they affect that community.

The roles of the public and private sectors are inevitably complementary and Government has been working on enhancing the enabling environment for business and investment attraction. Increasing the attractiveness of the economy to investors requires reducing costs, increasing the reliability of transportation and energy, and increasing the productivity of the labour force, as well as a more focused effort at investment attraction. Infrastructural

development is critical and may well be Dominica's binding development constraint. There will also need to be an improved focus on education and training, including upgrading technical, management and entrepreneurial skills and in particular the skill sets needed for agriculture and tourism.

In terms of the role of Government, the circumstances of Dominica call for Government to be rather more 'entrepreneurial' than received orthodoxy may suggest. Indeed, the public sector has been the main driver of growth in the economy, representing close to 20 per cent of GDP in 2009 and 2010. Its impact is felt directly in sectors such as construction and agriculture. Thus, in addition to working towards a significant enhancement of the climate for doing business in Dominica and for attracting private investment; Government has undertaken to identify, develop, and implement viable programmes and projects that may be necessary for sustained development. As part of its investment strategy, Government will support appropriate public-private arrangements that will facilitate the implementation of critical investments.¹

Even with higher levels of economic growth, targeted and well-managed social protection programmes will continue to be needed. Expert reviews found that Dominica has an adequate array of social protection instruments. Government is committed to improving the targeting, management, and administration of its social programmes and providing the framework for better coordination among the relevant programmes and agencies.

It is the Government's hope that the GSPS will serve its purpose of providing an overarching and strategic perspective on the management of Dominica's economy into the medium term, a perspective that is informed by fiscal and debt parameters and considerations of prudential national economic management. Its development challenges notwithstanding, Government remains committed to:

Leveraging all of the human, natural and financial resources available to the country, in order to realise the vision for Dominica as a place characterised by economic success and by the much-enhanced quality of life of its people, through their own empowerment, and through policies of Government geared to facilitating an environment within which private enterprise can flourish.

Government is fully committed to pursuing this vision for our country. It is committed to pursuing the improvement of the investment environment and meeting its growth target through a redoubling of effort in its main economic sectors.

1.2 DOMINICA'S MEDIUM-TERM CHALLENGES

The challenges facing Dominica are those related to attaining growth in the economy that is pro-poor, which will generate jobs and reduce poverty, and improve the quality of life for Dominicans. Largely, this means creating jobs that will activate the unemployed in the rural areas, where poverty is most pronounced.

The challenges are economic, social, political and environmental. Some of them emanate from external forces beyond Dominica's control, such as the continuing effects of trade liberalisation and globalisation. In addition to these, the global financial and economic crisis that reared its head in 2008 and its ramifications, continue to affect most parts of the globe, certainly including the Caribbean. Dominica, like other Caribbean countries, suffered reductions in remittances and visitor arrivals and suffered setbacks in foreign direct investment inflows. Further,

¹ Government will be seeking technical assistance to prepare a framework to guide its engagement in public-private partnerships.

the rehabilitation that became necessary in the aftermath of tropical weather systems has resulted in an increase in the value of the public sector investment which is to be funded with loans. The required response to the disasters and the impact of the global economic environment has affected the ability of the country to meet its fiscal target.

It will be a considerable challenge attaining these levels in the context of the continuing global difficulties and the projected decline in the inflows of grants, which have served to maintain a level of buoyancy in the economy in recent years by facilitating counter-cyclical public spending on physical infrastructure.

Inevitably, the challenge of generating increased growth rests heavily on the performance of the agriculture sector, especially non-banana crops. A more focused, concerted and organised effort of will, planning and organising is called for and is not beyond the capacity of the Government to bring about.

Similarly, the tourism sector will face the challenge of increasing visitor numbers and visitor spending and will need to work closely with the Government towards product preservation and enhancement. The implementation of the Tourism Master Plan, (or any future variant of it), will need to demonstrate a stronger determination to organising for the execution of selected aspects of the plan that go beyond those that fall within the mandate of the *Discover Dominica* Authority. As with agriculture, so with the tourism: more must be done.

A major challenge that Dominica faces, coming as relatively late as it has into the tourism business, is the attraction of investment into the hotel sector, and probably into the construction of boutique-type hotels in particular. Government's effort to secure development-partner funding for the construction of a fifty-room hotel in the North of the island will not only add to the country's hotel plant but will also hopefully have the effect of increasing the island's attractiveness for purposes of tourism investment.

The challenge remains of realising the income- and employment-generating potential of its 'natural' industries – water, energy and the environment. Efforts to develop the export potential of bulk water appear to be set back by the inadequacy of receiving and storage facilities in identified markets; and where licenses have been given to the private sector, these have failed to bear fruit. One wants to believe that the critical global importance of the 'new oil' can be sufficiently appreciated to the point of targeting potential foreign investors who may be in a position to assist in realising the potential for national development that this resource may hold.

In one sense, the environment issue merges with the challenge facing the tourism sector in terms of the kinds of actions that can be taken to make for greater attraction of investment that among other things, would take advantage of the country's environmental attributes.

Considerable progress is being made in geothermal. The challenge here is to ensure continued effective management of the processes that will lead to the successful completion of the entire project and in turn to realisation of an efficacious and beneficial outcome.

It may be that the manufacturing (including agro-processing) sector needs to be additionally supported. Its contribution to growth, earnings and employment is significant. There may be room for reviewing and improving the package of support that is available to the sector. The corresponding packages available to operators in the industry in some countries suggest that more may be done in Dominica to increase entrants to the sector, make for the greater viability of exiting manufacturers, and allow all companies to contribute further to development of the country.

Much is hanging on the success of the new *National Export Strategy*. Dominica's very small population itself is a challenge. It makes a bigger virtue of organising for production for export. Therein lies the challenge of making the NES a success. One virtue in its intentions and planned operations is the potential for productive and beneficial linkage with the productive sectors, especially agriculture.

In the social sectors the main challenges would appear to be two: (a) health sector issues – chronic non-communicable diseases as the main cause of death on the island; and the need to bring about further reductions in rate of infant mortality; and (b) the challenge of sustaining into the medium-term and beyond the relatively high rate of Government's social spending. Indeed adoption of efficient systems of targeting and delivery of social services, social protection and poverty reduction programmes remains an issue to be addressed.² The gains made in reducing poverty will only be sustained through achieving success with these imperatives.

These forces make it imperative to put Dominica's comparative advantages to better use and improve its human capital through education and training, thereby making for a more productive labour force and a more competitive economy.

There is the challenge of crafting mechanisms to take maximum advantage of the prime resources that are potentially available in the Diaspora and to provide avenues for members of the Diaspora to contribute in ways that go beyond family oriented remittances.

Dominica's economic management has been characterised by smart and prudential fiscal policy over the past few years and this will continue into the medium-term. This will include the execution and effectiveness of the public investment programme.

1.3 DOMINICA'S QUEST FOR GROWTH

The pursuit of economic growth is the single most important route to poverty reduction and improved quality of life. Yet the quest for economic growth is not simple, straightforward or one-dimensional. Indeed the quest for economic growth has been described as 'elusive'.³ That the process towards the attainment of economic growth has been difficult is brought out in the available evidence on the growth performance of the countries of the Caribbean and the member states of the OECS in particular; (see Table 1).

Table 1
Growth Rates of selected OECS Countries, 2000-2010⁴
(Percentages)

Country	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Annual average
Antigua/Barbuda	(4.4)	2.6	5.7	3.2	7.6	12.8	7.2	1.5	(10.4)	(8.9)	1.7
Dominica	0.5	(2.3)	6.2	0.8	(1.7)	3.7	3.9	7.8	(0.8)	0.7	1.9
Grenada	(1.1)	3.3	8.6	0.1	12.5	(4.4)	6.3	1.7	(5.7)	(1.3)	2.0
St Kitts/Nevis	5.6	1.3	(3.6)	3.8	9.2	3.5	5.0	4.0	(5.6)	(2.7)	2.1
St Lucia	(4.1)	(1.8)	4.8	6.0	(2.6)	7.4	1.5	5.8	(1.3)	4.4	2.0
St Vin /G	1.5	6.1	7.2	4.6	3.0	6.0	3.1	(0.6)	(2.3)	(1.8)	2.7

² A National Beneficiary Identification System (and Central Beneficiary Registry) prepared with the assistance of the World Bank was intended to improve efficiency of delivery in these areas and was put through a trial phase. Government has suspended the use of the system pending its refinement.

Over the past decade, the growth performance of the OECS countries has been generally erratic. It has fluctuated over the years, dependent as it has generally been, on the vicissitudes of the availability of grant or other funding, (e.g. in a post-disaster situation), or other fortuitous circumstance. Every one of the countries experienced periods of negative growth during the last decade. All but two of them experienced negative growth in the last years of the decade, in the main due to the lagged ramifications of the global financial crisis and the generally challenging external economic environment, as the declines in tourism receipts, foreign direct investment and migrant remittances told. The average rates of growth between 2001 and 2010 were at the low end, ranging from 2.7 per cent in St. Vincent and the Grenadines to 1.7 per cent in Antigua and Barbuda.

The growth performance of the OECS countries during the first decade of the 2000's was lower than the average of 4.1 per cent achieved during the period 1980-2003 so that the pattern has been one of decline. Indeed a World Bank study finds that "growth in the OECS has been slowing down since the early 1990's, and this slowdown is associated with a decline in productivity growth and a contraction in private investment".⁵

Clearly the development challenge facing Dominica and the other member countries of the OECS is to accelerate growth. However as the World Bank study says: "*This challenge to accelerate growth in the OECS is not a newly recognised one. There have been a host of studies, reports, and strategies prepared for the sub-region by the governments, other stakeholders, development partners and academia, addressing various aspects of the issue. As such ... it is not the knowledge of 'what to do', but rather the 'how to do it' which is lacking.*"

Dominica's growth experience over the 30-year period between 1981 and 2010 reflects a combination of favourable external commodity market conditions, the effects of *force majeure* events, consequences of national economic management and other circumstances. The 1980's were generally good years for the country's dominant banana industry although even then there were some years of low growth. The 1990's were generally years of low growth, except for the 5 per cent growth in 1998 due largely to a strong recovery in soap exports and exports by the then new toothpaste plant.

The turn of the decade of the 2000's saw the continued secular decline of the banana industry. This and other circumstances precipitated the economy of Dominica into perhaps its worst economic crisis of modern times, requiring strong measures of economic stabilisation and recovery that eventually produced a return to economic growth in 2003. This positive growth performance continued up to 2008 after which, like, (and to a lesser extent than), other countries of the OECS and wider Caribbean, negative growth was experienced in 2009.

The country registered positive growth in 2010 and an annual average over the decade of 2 per cent; but there is no question that the economy remains at a crossroads as it grapples with the consuming challenge of sustaining growth, keeping poverty levels on a downward trajectory and improving living standards of the population.

Unquestionably, the country has to pursue economic growth, keep its strategies and policies under critical review and ensure that they are well aligned with best practices, with appropriate adaptations to ensure compatibility with local conditions. Suggestions and prescriptions for the pursuit of economic growth among developing countries have been many; indeed so have been attempts at the avoidance of precise prescriptions.

³ William Easterly, *The Elusive Quest for Growth*, 1999.

⁴ Source: ECCB / National Statistics Offices. (GDP figures used in the text are those that were available as at end October 2011.)

⁵ World Bank, OECS: *Towards a New Agenda for Growth*, 2005.

2. IN SEARCH OF DOMINICA'S BINDING CONSTRAINT

Growth efforts in Dominica have focused on agriculture, tourism, physical infrastructure, human resource development and other supporting or complementary sectors. In looking ahead strategically and with an eye to the most efficient use of the country's national capacity, one is attracted to the growth diagnostics approach advocated by Dani Rodrik and others.⁶ Much of Rodrik's work is concerned with the questions:

1. What do we know about 'growth accelerations' and how do we achieve them?
2. What keeps growth low?
3. Which is the binding constraint on economic growth?

His growth diagnostics approach asserts, *inter alia*, that:

1. "Historically nothing has worked better than economic growth in enabling societies to improve the life chances of their members, including those at the very bottom."
2. Government has a positive role to play in stimulating economic development.
3. Appropriate growth policies are always context specific.
4. We need growth acceleration: "an increase in an economy's per capita GDP growth of 2 percentage points or more (relative to the previous five years) that is sustained over at least eight years", (ruling out post-crisis recoveries).
5. "Growth accelerations are feasible with minimum institutional change. The deeper and more extensive institutional reforms needed for long-term convergence take time to implement and mature. And they may not be the most effective to raise growth at the outset because they do not directly target the most immediate constraints and opportunities facing the economy..."
6. "The question to be asked is: 'whether the problem at hand constitutes a truly binding constraint on economic growth, and whether the long list of institutional reforms on offer is well targeted at the economy's present needs'. We need to spend time on examining and making choices on "which constraints to attack first and what kinds of reforms to spend political capital on".

The question, "what keeps growth low in Dominica", will elicit a variety of responses, but it is a question that needs to be put on the table if we are to get anywhere close to agreeing on the correct strategy for the country. We need to engage in discussion of the country's binding constraints, or perhaps the single 'most binding' constraint.

On the next page we present the schematic proffered by the growth diagnostics model presented as a 'decision tree'. The idea is that "moving down the decision tree is tantamount to discarding candidates for the most binding constraint on growth"; and the point is that it is this constraint, once identified, that deserves the most attention from policymakers.

⁶ Dani Rodrik, *One Economics, Many Recipes*, Princeton University Press, 2007.

We define the development problem to be low levels of private investment. In other words, that the country's consuming economic and social objective is to realise a higher level of private investment; and that attracting higher levels of inward investment thus becomes the major imperative of the time.

Wading down the branches of the decision tree, we eliminate *high cost of finance* as a bigger issue than *low return to economic activity*. Moving down the right side of the page, we in turn eliminate *low appropriability* as the binding constraint, since it is not considered that investors have difficulty in appropriating their earnings. *Low social returns* may act as a brake on growth through *poor geography*, *low human capital* or *poor infrastructure*. While clearly all of these are important in the overall growth equation, one veers to the conclusion that, on the basis of the Rodrik's decision tree the growth diagnostics for Dominica point to *underdeveloped infrastructure* as having been the binding constraint on growth over the years.

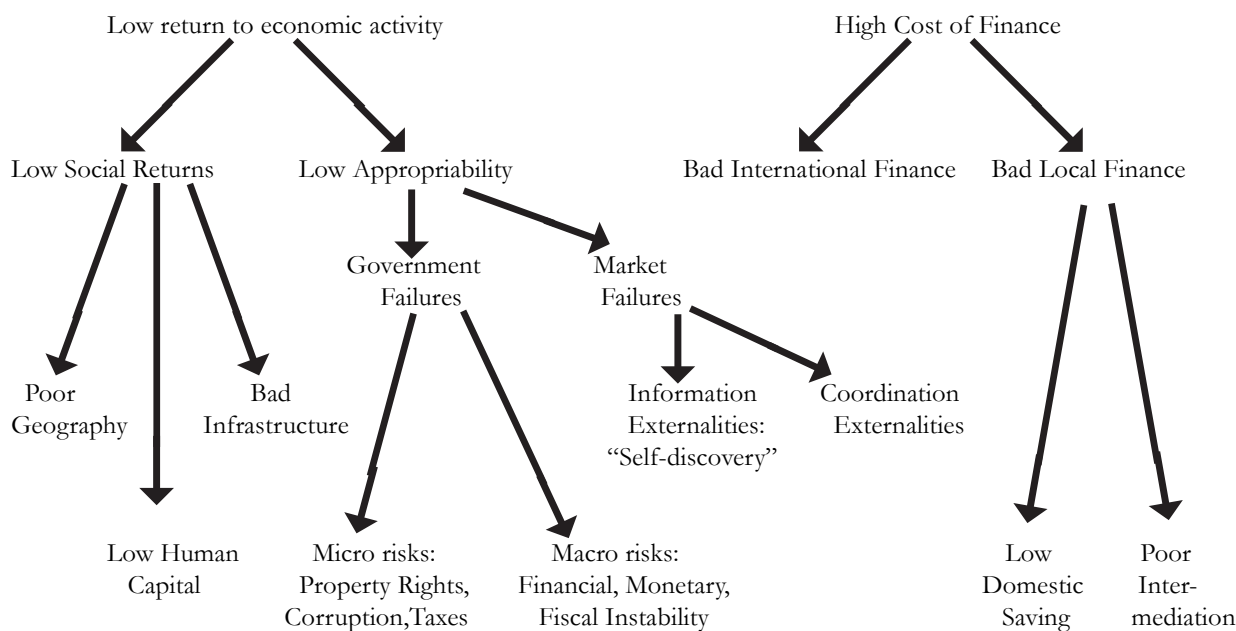
It helps to seek to identify the binding constraint in this way. In so doing we are enabled to answer a few questions: what keeps growth low; where should we focus our resources?

Viewed from this perspective, we can conclude that the infrastructure-enhancement priorities of the Government of Dominica as evidenced in recent years have been well informed. In setting out the strategy for growth and poverty reduction therefore we will begin with a look at Government's infrastructural priorities.

Indeed all sectors of the economy, including the cross-cutting sectoral areas, will have a role in supporting and complementing the island's growth thrust and ensuring that the effort and resources put into dealing with the identified binding constraint are made to pay off. The sectorally-focused growth strategies will have to be underpinned by continuing vigilance over the country's macro-economic management, and the GSPS emphasises the importance of ensuring fiscal sustainability as an essential part of the package of strategies to be implemented into the medium-term.

Growth Diagnostics Decision Tree

Problem: Low Levels of Private Investment and Entrepreneurship



3. DIMENSIONS AND DETERMINANTS OF POVERTY

3.1 POVERTY INDICATORS

In 2008/09, a Country Poverty Assessment (CPA) was conducted, making it the third major such assessment to be conducted since 1995 for Dominica. The study incorporated four major components namely:

1. A National Survey of Living Conditions, (SLC) & Household Budget Survey (HBS);
2. A Participatory Poverty Assessment (PPA);
3. Institutional Analysis (IA); and
4. A Macro Social and Economic Assessment.

The *poverty line* represents a minimum budget that a household should spend, over a defined period, if it is to meet its basic food and non-food requirements. The poverty line for Dominica was estimated to be EC\$6,230.00 per annum per adult; or EC\$17.00 per day per adult.

The concept of *indigence* is premised on the notion that every individual must satisfy certain basic nutritional requirements for survival. A basket of goods is selected in such a way as to maximise one's nutrient intake at the lowest possible cost. The market cost of the selected basket is then derived and the monetary value of purchasing the selected basket of basic food calculated. Households unable to meet the cost of obtaining this basket of food items are categorised as *critically* poor, or *indigent*. This amount was calculated as EC\$ 6.67 per day (EC\$ 2,435 per annum), and is the estimated indigence or food poverty line for an adult (equivalent) in Dominica.⁷

The *vulnerability line*, set at 25% above the poverty line was estimated at EC\$7,788.00 per annum per adult; or EC\$21.00 per day per adult. The vulnerability indicator (not calculated in the earlier study), was put at 11.5 per cent. It seeks to indicate the percentage of the population who, while not 'poor' may be at risk of falling into poverty should any adverse economic circumstance befall them. Calculation of a vulnerability indicator is a welcome addition to the armory of information that policy makers have at their disposal.

That the poverty situation has improved is clearly brought out in the 2008/09 CPA report. The indigence rate fell from 10% in 2002/2003 to 3.1%. The poverty rate fell from 39% in 2002/2003 to 28.8%. Correspondingly unemployment was estimated at the time of the survey at 14% compared with over 20% in 2002. In 2002/03, the poor were 29 percent of households; in 2008/09, 22.8 percent. These findings are most significant for Dominica. At the time of the 2002/03 CPA, the country was in the throes of the fallout from the collapse of the banana industry and a significant element of the unemployed consisted of displaced banana farmers. The broader economic context was one of negative growth and poor fiscal health, including a public debt that was unsustainable. The numbers show that economic growth and fiscal health have been restored, and it can now be said that poverty and living conditions have improved concomitantly.

The 2009 poverty assessment reports impressive progress towards attainment of the MDGs in a number of areas: the incidence of indigence; universal primary and secondary education for both males and females; universal access to primary health care and increased provision of housing and improved housing conditions. The social indicators under the eight goals reflect the country's dedication to social protection in support of the Government's human and social development goals. The information on MDG goal attainment is summarised at Table 2.

⁷ The indigence, poverty and vulnerability amounts used in the new CPA were all based on a revised food basket using current food prices.

Table 2: Attainment of Millennium Development Goals (MDGs) in Dominica

<i>Goal</i>	<i>Indicator</i>	<i>Status</i>
Goal 1.	Eradicate extreme poverty and hunger. <ul style="list-style-type: none"> Halve the proportion of people living on less than US\$1 a day and halving malnutrition. 	On track. Likely to be achieved.
Goal 2.	Achieve Universal Primary Education. <ul style="list-style-type: none"> Ensure that all children are able to complete primary education. 	Achieved.
Goal 3.	Promote gender equality and empower women. <ul style="list-style-type: none"> Eliminate gender disparity in primary and secondary schooling no later than 2015 	On track. Likely to be achieved.
Goal 4.	Reduce child mortality. <ul style="list-style-type: none"> Cut the under-five death rate by three quarters. 	On track. Likely to be achieved.
Goal 5.	Improve maternal health. <ul style="list-style-type: none"> Reduce the maternal mortality rate by three quarters. 	On track. Likely to be achieved.
Goal 6.	Combat HIV/AIDS, malaria and other diseases. <ul style="list-style-type: none"> Halt and begin to reverse HIV/AIDS and other diseases. 	Can be achieved if some adjustments are made.
Goal 7.	Ensure environmental sustainability. <ul style="list-style-type: none"> Cut by half the proportion of people without sustainable access to safe drinking water and sanitation. 	On track. Likely to be achieved.
Goal 8.	Develop a global partnership for development. <ul style="list-style-type: none"> Reform aid and trade with special treatment for the poorest countries. 	Insufficient information

Goal 1: Eradicate extreme hunger and poverty

The 2009 CPA recorded a decrease in indigence (extreme poverty) from 10% in 2003 to 3% in 2009. This reflected a more than 50% drop in the indigence rate. The MDG indicator calls for halving the proportion of people living on less than US\$1 per day.

Goal 2: Achieve Universal Primary Education

As reported in the 2008 GSPS, this goal has been achieved. The enrollment rate currently stands at 99 percent.

Goal 3: Promote gender equality and women empowerment

From the data gathered, there appears to be no gender disparity between boys and girls in secondary schools. In fact, the participation rate for boys is higher; however there is a high drop-out rate for boys and the Education Trust Fund is counteracting this situation by providing incentives for boys to stay in school.

Goal 4: Reduce Child Mortality

Considerable progress has been made towards the goal of reducing the under-five death rate by three quarters. The country is on-track towards attaining this goal and the target is likely to be achieved.

Goal 5: Improve Maternal Health

The maternal mortality rate currently stands at 2.2 deaths per 1,000 live births. This shows a significant decrease from the previous year, when 105.93 deaths per 1,000 live births were recorded.

Goal 6: Combat HIV/AIDS, Malaria and Other Diseases

Through the National HIV/AIDS Response Programme, Dominica has seen a reduction in the number of new cases. A study by CAREC/CDC in 2003 reported that the prevalence rate stood at 0.75%. There have been no mother-to-child infections since 2001. From 2004 to 2009, 89% of HIV/AIDS patients were successfully discharged from hospitalisation as a result of the provision of free anti-retroviral treatment. Only 8% deaths were recorded for the same period.

Goal 7: Ensure Environmental Sustainability

Dominica has recorded 96% coverage of water availability to households; while the remaining 4% accounts for construction of new homes. The 2009 CPA recorded that 84% of households have access to sanitary toilet facilities. The Government's Housing Revolution Programme positively influenced this outcome in the long-term.

Goal 8: Develop a global partnership for Development

Dominica is a member of the OECS, CARICOM, the ACP Grouping and other global agreements such as the WTO. Through its membership in regional groupings and bilateral arrangements it participates fully in processes towards a global partnership for development.

3.2 POVERTY INCIDENCE AND CHARACTERISTICS

The National Survey of Living Conditions (SLC) questionnaire was administered to a systematic, stratified random sample of 877 households representing 2,673 individuals, throughout Dominica. The Participatory Poverty Assessment (PPA) was conducted in 12 poorer communities, and relied largely on qualitative data. The 12 communities included 9 rural, 1 urban and 2 sub-urban areas.

The communities included were:

- Bellevue Chopin
- Carib Territory
- Dubique
- Fabre/Fond St Jean
- Gutter/ Tarish Pit
- Penville
- Petite Soufriere/San Sauveur/Good Hope
- Roseau
- Salisbury
- Silver Lake
- Soufriere/Scotts Head/Gallion
- Woodford Hill

The Institutional Assessment (IA) was conducted on 49 institutions involved in the effective delivery of social protection services in Dominica. These were divided into four main areas based on the services they provided, namely – developmental, preventive, remedial and supportive.

At 47.2 per cent, the geographical incidence of poverty in 2008/09 was found to be the highest in the parish of St. Joseph, while the St. John parish recorded the lowest incidence of poverty at 10.23 %. Table 3 shows the distribution of poverty by parish in 2009.

Table 3: Poverty Headcount by Parish

Parish of Residence	Poverty Headcount (%)
City of Roseau	12.8
Rest of St. George	16.3
St. John	10.2
St. Peter	23.7
St. Joseph	47.2
St. Paul	32.6
St. Luke	17.5
St. Mark	27.3
St. Patrick	42.7
St. David	40.4
St. Andrew	38.1
Total	28.8

The poor can be found in both rural and urban communities. Difficulties in the rural economy have prompted many to re-locate to the urban communities in the west of the island. The poor tended to have more children and there was little gender difference among the poor. Poor households were larger than those of the better-off. The poor were more likely to be unemployed and to live in wooden houses without flush toilet facilities.

The ‘survival strategies’ adopted by the poor in the years leading up to the 2008/09 CPA can be presumed to be the same as reported on in the 2003 CPA and can be summarised as follows:

- Seeking employment overseas or in the capital city;
- Undertaking multiple jobs that are usually menial, poorly paid and insecure;
- Increased reliance on support from family members living in Dominica and overseas;
- Reliance on support from Government, NGOs, churches, neighbours and friends;
- Adoption of strategies to reduce expenditure — use of public utilities such as telephones, standpipes and baths; subsistence food production; and home remedies; and
- Engaging in illegal activities such as drug peddling, gambling and stealing.

There was also evidence, especially in rural areas, of households having to cut down on basic expenditures, (including utility connections), and use up their savings, leaving them vulnerable to the need for emergency financial support.

There were nonetheless certain features about the poverty situation in Dominica that were described in the earlier CPA as encouraging. While the later CPA does not address these in the same manner, it can be presumed, (consistent with the overall outcomes of the new CPA and the results of those factors that were specifically examined), that if the situation has changed at all, it would have changed for the better. Among these features were:

- Over two thirds of poor households had at least one person working.
- Primary school attendance was high among the entire population, while about three-quarters of 15-19 year-old children from poor households attended secondary school.
- The health situation among the poor was generally good, with low levels of infant mortality, low birth weights, infectious diseases and malnutrition, while life expectancy was high.
- Piped water and electricity were available to the great majority of the poor and non-poor populations. Ownership rates for assets such as refrigerators, TVs and telephones approached or exceeded 50% among poor households.

- While the incidence of poverty was substantially higher in rural areas, rural households did have more opportunity than urban households to grow their own food and were more likely to live in closer-knit, more cohesive communities that provided a high degree of mutual support.
- A large proportion of poor and non-poor households benefitted from income received from family members resident in Dominica and overseas. Non-income support for many needy families was also high — many elderly and single parents with children lived in extended families.

The primary causes of poverty in Dominica are unemployment and under-employment due to slow economic growth since the mid-1990s and contraction of the economy in subsequent years. That this situation had been building up for some time is apparent from the 1996 Poverty Assessment that identified the same poverty-related issues and characteristics as the later studies.

For persons living below the poverty line but above the indigence line, economic factors are dominant. For the indigent and for the elderly living on their own, social factors, especially sickness and disability remain the major causes of their situation. The analysis has also revealed other factors that contribute to the level of poverty that were also identified in the previous CPA:

- The detrimental impact of migration on family life;
- Increasing pressures on women who need to obtain employment while shouldering their child-rearing duties;
- The ‘abandonment’ of some elderly persons to fend for themselves;
- Increasing pressures on men, some of whom, unable to cope with their inability to provide for their families, resorted to flight, crime, alcohol, drugs and violence;
- Teenage pregnancy.

On a positive note, whilst the conditions of the indigent were sub-standard by all criteria, attitudes among the relatively poor were more optimistic. They spoke of good infrastructure, housing and the natural environment, adequate supplies of food, excellent access to health and education, and a long-standing tradition of well integrated, self-supporting communities. Many strongly decried the idea that they were poor, indicating a clear lack of correlation, in this instance, between income poverty and well-being.

However, there is the ever-present threat of destructive hurricanes and the impacts of past such events are still remembered. Losses included a large part of the housing stock (David, 1979), the banana crop (Hugo, 1989), coastal infrastructure (Lenny, 1999) and agricultural output and infrastructure (Dean, 2007). The nature of the economic situation means that any hurricane occurring in the near future is likely to further stretch Government’s resources and bring additional hardship to many.

Poverty as a socio-economic issue is multi-dimensional. The CPA emphasised the need to find sensitive intervention strategies to deal with the various dimensions of poverty. Five such dimensions can be identified in the areas of health; gender; the environment; agriculture; education; and crime.

Health

The PPA brings out the fact that health concerns were focused around one’s inability to afford doctor’s fees or purchase medication. The Government has attempted to remedy this situation by providing free medical services at the hospital to children under eighteen and adults over sixty.

There is also among the poor a high incidence of communicable and non-communicable diseases such as diabetes and hypertension.

Gender

The issue of gender in poverty is another area which requires special targeting. While the CPA found that the percentage of poor males to poor females was almost the same (28.8 percent and 28.9 percent respectively), poverty among females had different characteristics compared to poverty among males.

Among the poor, the roles that society has assigned to males and females in the family cannot be maintained. Data suggest that males feel displaced because of their inability to provide for their families. This in turn places more pressure on females as they are forced to take up the role of providers and breadwinners, forcing poor females to find creative means of maintaining their families.

Environment

The CPA found that pit latrines were used by 25.3 percent of households and poor households were more likely to use them. This has led to environmental and health issues.

Agriculture

The decline of the banana industry in the 1990s had a severe economic impact on the livelihoods of many in Dominica. This was especially true for the people in the parish of St Joseph; which the 2009 CPA found to be the poorest parish. Although some agricultural diversification has come about, it has not sufficiently cushioned the socio-economic impact.

The CPA recommended a transformation of the agricultural sector taking into account the following parameters:

- Identification of crops for fresh market supplies;
- Technology and processing for small scale agricultural enterprises;
- Extension services and diversification of agricultural production; reinventing the banana model for non-banana agriculture;
- Land reform and family-based enterprises in Dominican agriculture;
- Elaborating corporate arrangements for marketing agricultural produce and promotion of agri-business;
- Collaboration with local market operators.

According to the World Bank World Development Report 2008, “Among 42 developing countries over 1981–2003, one percent GDP growth originating in agriculture increased the expenditures of the three poorest deciles at least 2.5 times as much as growth originating in the rest of the economy... An increase in overall GDP coming from agricultural labor productivity is on average 2.9 times more effective in raising the incomes of the poorest quintile in developing countries and 2.5 times more effective for countries in Latin America than an equivalent increase in GDP coming from non-agricultural labor productivity.”

Education

Educational attainment was identified as one of the main pathways out of poverty. The odds of being poor fall by 156% when heads of households have secondary education; additional tertiary level education by household heads results in a decline in household poverty levels by 210%. Dominica’s universal secondary education programme was successfully implemented, providing the opportunity for all children to enroll into secondary schools.

However, Government has taken note that the country still records drop-out rates that are too high particularly in secondary schools. The PPA found that this was due to a number of causes, including: inability of parents to provide meals, transportation, text books, school fees, uniforms or examination fees for their children; teenage

pregnancy; indiscipline by students at school; staying home to care for younger siblings; finding employment as a means of improving their quality of life and low interest in the education curriculum. The government has attempted to address this situation by instituting programmes such as the School Feeding Programme, the Education Trust Fund and the School Transportation Programme.

Crime

One of the main recommendations from the CPA was that attention should be paid to addressing the growing underground economy. This informal economy includes drug-related activities as well as increased prostitution. It also pointed to involvement in underground activities as a coping mechanism.

4. REDUCING POVERTY AND INCREASING SOCIAL PROTECTION

Poverty reduction over the long term requires the creation of sustainable employment and income earning opportunities for all Dominicans, an objective that will come about only with increased levels of economic growth. To attain and sustain above-average and increasing levels of economic growth for the benefit of all Dominicans is the official policy objective of Government, and it is irrevocably committed to achieving this objective.

The 2008/09 CPA Report provides a concise assessment of the factors behind the improved aggregate performance:

“This reduction in poverty is mainly attributable to attempts by the Government since the last study, to stabilise the economy, contain the debt, expand the social and physical infrastructure, and prioritise initiatives through targeted public expenditure. International assistance has been used to expand the physical expenditure that would contribute to economic development ...”

However, the Government continues to be faced with the challenge of further reducing poverty and indigence and continuing to improve the targeting of its social protection measures. This much is clear from a reading of the 2008/09 CPA, (including the Institutional Analysis and the Participatory Poverty Assessment). In other words, while the situation has improved markedly over the years since 2002/03, there is certainly no basis for complacency.

4.1 THE INSTITUTIONAL FRAMEWORK: SOCIAL PROTECTION SYSTEMS IN DOMINICA

The Government will continue the emphasis it has been giving to ensuring that social protection mechanisms are in place and functioning effectively. It will continue its public actions to provide direct support to people “to help them address risk, vulnerability, exclusion and poverty”.⁸ Along with the UN, EU, DFID and others, Government views social protection as a basic right, one that it has been able to translate into policies and programmes. Government believes that social transfers to eligible poor or vulnerable households increase or protect the incomes of those living in poverty and those in danger of falling into poverty.⁹ For example, social transfers grant direct relief and thereby facilitate productive activity, including community-based activities; and parents whose children are enabled to attend school will have an opportunity to be more productive citizens.

Dominica continues to have an extensive social safety network consisting of Government- and NGO-administered programmes. (See list at Appendix 1.) These programmes:

⁸ DFID, Building consensus for social protection: Insights from Ethiopia’s Productive Safety Net Programmes, 2009

⁹ DFID, Social Protection as an Essential Public Service, 2007.

- Involve activities that are developmental, (*i.e.* that seek directly to increase individuals' capability to participate in economic activity); supportive, (*i.e.* that directly address the needs of poor and vulnerable groups); and preventive, (*i.e.* that seek to prevent individuals from becoming poor).
- Cover all relevant sectors: agriculture, small business development, physical infrastructure and housing, education, health and social sectors.
- Targets communities, households and individuals including the most vulnerable sub-groups of the poor — the elderly, disaffected youth, the disabled, drug abusers, the indigent, and households with family problems.

The Government of the Commonwealth of Dominica has attempted to cushion the effects of the recent global and economic crisis by introducing additional social protection programmes. Concessions were made available in sectors such as tourism, fisheries, agriculture and housing. The public assistance programme was strengthened and better targeted. The Housing Revolution assisted through various interventions such as the Squatter Regularisation Programme, a Special Mortgage Facility at the Government Housing Loans Board (4% interest) and the AID Bank (5% interest), the Housing Repair and Sanitation Programme and the construction of low income houses.

While every poverty-related issue may perhaps not be addressed by one or more agencies, the great majority are. There remains the challenge of increasing efficiency in the delivery of these programmes and possibly making more of them conditional, e.g. contingent children on attending school, carrying out public works, etc. A related challenge is to increase the productive element in the overall social protection strategy through creation of community assets, stimulating local markets and impacting positively on income and employment.

Government will make more effective use of the Ministry of Finance to monitor and evaluate the effectiveness of its various social protection and poverty-related programmes taking the foregoing issues into account. The objective will be to increase their effectiveness and forge the complementarities and inter-agency cooperation that would add value to the entire set of programmes.

4.2 POVERTY REDUCTION POLICIES AND PROGRAMMES

“Countries with positive income growth had a decline in the proportion of people below the poverty line. The fastest average growth was associated with the fastest poverty reductions.”¹⁰

Dominica's poverty reduction strategy includes the following elements:

- Promotion of economic growth and job creation;
- Development of the skills and health conditions that will enable current and future households to achieve and maintain a sustainable and fulfilling life;
- Betterment of the conditions of those currently in severe poverty to help them achieve sustainable livelihoods through a combination of direct income support and other measures;
- Elimination or reduction of the potential causes of future impoverishment.

It is essential both to provide employment opportunities for all, (especially young), and to generate Government revenues that can be used to target poverty and increase social protection.

¹⁰ William Easterly, *The Elusive Quest for Growth*.

Table 4: Priority Poverty Reduction Actions

SECTOR	ACTION
Health	Maintain immunisation programme and distribution of primary health care facilities to assist in reduction of Communicable & Non-Communicable Diseases (CNCDs)
	HIV/AIDS/Teenage Pregnancy Awareness Programme
	Investigate feasibility of graduated health charges
	Maintain participation in OECS PPS
Education	Maintain Government pro-poor education assistance programmes
	Review distribution of primary schools.
	Increase provision of vocational technical education in primary schools.
	Maintain funding of projects dealing with troubled children and drop-outs.
Social Safety Nets/Social Sectors	Review current criteria and level of public assistance.
	Ensure integrity of Dominica Social Security
	Initiate research into poverty and crime
	Introduce courses in life skills education
Housing/Infrastructure	Implement road maintenance schedules
	Monitor Squatter Regularisation Programme
Institutional	Conduct workshop on educational assistance programmes
	Conduct workshops on vulnerable groups
Legal	Improve operation of child maintenance system
	Reform of legal framework related to children, welfare, family support and small claims
	Reform magistracy operations
Environmental	Formulate strategies for addressing areas of environmental degradation

Government accepts that:

- Basic health and education services as well as utilities, (*e.g.* water, electricity, and road access), are essential to sustainable poverty reduction as well as the attainment of economic and social development objectives.
- There will always be some persons, (*e.g.* the elderly, the disabled, some one-parent families,) who will be unable to support themselves and will need direct income and other support from family or the Government.
- There are some social problems such as the breakdown in family structure as well as the changing gender roles which, even if they are not major causes of poverty at the moment, could lead to impoverishment in the future if they are not addressed.

An extensive listing of possible actions and strategies for poverty reduction in Dominica emerged from the public consultations that took place in the course of preparation of the CPA. Not all of them are prioritised, have available or identified potential funding or represent consensus; and many of these programmes are already being

implemented by both Government and non-government agencies. Indeed virtually every problem of poverty and well-being discussed in the report is being addressed to a greater or lesser extent. Many of these interventions continue to be well targeted, innovative and successful.

The GSPS gives priority to:

- Capital development programmes that will promote economic growth and job creation;
- Existing and effective programmes with a direct or indirect impact on poverty reduction; and
- Possible new initiatives that may not require substantial additional Government expenditures but will make a significant difference to poor communities.

The priority actions that are set out at Table 4 do not include ongoing projects that are already included in national budgets, such as:

- The Basic Needs Trust Fund;
- The Legal Aid project;
- Upgrading of rural health facilities; and
- Aspects of Government's Housing Revolution.

The identified reduction actions call for little additional expenditure. Many of them are ongoing and have a range of committed government and non-government agencies to implement them. Implementation of the proposed actions will contribute to poverty reduction.

4.2.1 Special Focus Areas

The Kalinago Territory

The *Carib People Development Plan* (CPDP) identified measures for tackling the major problems of the Territory. The objective of this medium-term plan was to raise the incomes of the Kalinago people and reduce the income disparities between them and other Dominicans. This medium-term objective would be achieved mainly through integrating the Territory more fully into the economic life of the wider country through:

- Improving access to financial services and micro-credit for traditional and non-traditional investments;
- Promoting the *Carib Model Village* as an eco-tourism center and ensuring that the center is operated along viable economic lines;
- Funding of project proposals and projects for Kalinago Territory development identified in the CPDP; and
- Finalising and obtaining financing for implementing the Comprehensive Carib Territory Community Development Programme, (CTCDP).

Implementation of the CTCDP, now re-styled the Carib Territory Community Capacity Building Project, (CTCCBP), has seen significant progress. This EC\$8.6m project has assisted in reducing poverty in the Territory through provision of social and economic infrastructure. New tourism-generated business opportunities were created by improved access to tourism sites in the Territory. The Community Resource Centre supported vocational training programmes resulting in an overall improvement in the employability of residents. The institutional strengthening component contributed to good governance and improved management systems for the Carib Council and the Carib Model Village.

Implementation of the CTCCBP is ongoing. It was scheduled to end in December 2011 but the Government has sought a one-year extension. One of the more interesting elements under the project is the ongoing work on preparation of local area plans that, among other outcomes, will assist in identifying areas for community expansion. Attempts are also being made to secure facilities for distance learning. Emphasis is being given to the enterprise development element of the plan as efforts continue to provide shared facilities and to group beneficiaries. The plan also envisages the setting up of a vendor's arcade where traditional activities such as cassava milling and branded crafts can be available.

The Carib Council is currently taking a longer-term look at the needs of the Territory and, along with a team of consultants, is formulating a development plan for it. This plan will take into account recommendations from the CPDP, CTCCBP and other documents and will come up with a priority listing of programmes and projects.

Overall, the Council, with the strong support of the Central Government, is seeking to uplift the Territory economically and socially through dealing with issues such as land tenancy, dependency, management of resources and attitudes to work and leadership. There is now a marked increase in the number of graduate students and undergraduates from the Kalinago Territory as a result of the deliberate policy of the Government to bring the Territory into the mainstream of economic and social life of the country. In the area of Housing in particular, the Kalinago Territory has received considerable attention, (as is indicated elsewhere in this document). There remains the challenge of attracting added economic activity and this issue is receiving the attention of the Carib Council and the Government.

Focus Areas Programme

The CPA has assisted the authorities in identifying the four other parishes in Dominica that, along with the Carib Territory, are the most severely affected by poverty. These are the parishes of St Andrew, St Patrick, St Joseph and St David. Within these four parishes, the following local areas were identified as being in greatest need of attention from a poverty, social protection and economic activity standpoint - Woodford Hill, Dubique, Mero, Layou, Belles and St. Joseph Village, Penville, Gutter/Tarish Pit and Silver Lake.

Government will be paying special attention on these named localities through a *Focus Areas Programme*, (FAP), with a view to improving living conditions in these areas. The idea is to conceptualise and formulate comprehensive packages of opportunity tailored to the needs and circumstances of the particular areas. These will consist of a variety of measures and activities that will include provision of direct support through targeted transfers, community engagement towards self-help and income earning activities, amenities such as shelter solutions, water and sanitation facilities and resource centres, adult education, skills training, counselling, access to lands, etc. Much will depend on the circumstances of the particular area but an integrated approach will be adopted.

In fact, Government is already pursuing a related initiative in the Silver Lake area. It has announced its intention to commence a housing project in the community. The Government has made available resources for this project

which is now at the design stage, with construction expected to commence in 2012. The FAP concept being discussed here would call for using such a project as a take-off point for a set of community empowerment activities, including income generation activities; and the replication of this set of actions in the other identified areas. Government will look into the possibility of incorporating these local area plans into a national community empowerment project proposal that may be able to attract grant or soft funding under a regional or international poverty reduction programme.

It is envisaged that the respective members of Parliament will lead community focus teams to deal with these issues and come up with comprehensive programmes that would be costed and would come out of a participatory process that would include the community, the Ministry of Finance, the Gender Bureau and District Development Officers. These programmes will involve coordination among several Government Ministries and civil society, community organisations, trade unions, churches and schools will be encouraged to get involved.

4.2.2 Social Spending

The 2008/09 CPA Report identifies a number of “key cross-cutting issues that influence the nature and extent of poverty”. Two of these are *taxes and transfers* and *agricultural diversification*. The Report correctly points to the link between the size of the *transfers* budget and the taxable capacity of the country. It is a useful reminder. On the one hand, there is the “need to ensure that the transfer budget bears some relationship to the size of the problem of structural poverty”. On the other hand, the level of transfers needs to be kept “within the limits set by the tax capacity of the country”.

It is notable that *grants and contributions* and *subsidies and public assistance* have increased by 68.5% between 2002/03 and 2009/10, (see Table 5, below).

Table 5: Social Spending¹¹

Year	Grants/ Contributions (\$000)	Subsidies/ Public Assistance (\$000)	Public Support Programme (\$000)	Total (\$000)
2002/03	19,174.20	3,029.70		22,617.40
2003/04	17,099.70	3,144.90		20,244.60
2004/05	23,180.10	3,189.90		26,370.00
2005/06	21,043.30	3,426.50		24,469.80
2006/07	28,401.60	3,578.80	287	32,267.40
2007/08	31,521.90	3,919.30	1,249.50	36,690.70
2008/09	35,270.70	5,972.80	2,091.80	43,335.30
2009/10	36,865.70	6,445.50	1,777.00	45,081.20

Issues of dependency and moral hazard have featured in discussions on social spending in Dominica and the Report does make reference to them. The authorities do face the challenge of not creating a dependency syndrome around poverty-related transfers and the suggestion to introduce conditional transfer arrangements would help in this regard as well as increase the efficiency of the transfer arrangements. In addition, the effective targeting of

¹¹ This Table may not strictly or necessarily represent “poverty-related” spending as *grants and contributions* include expenditures such as transfers to government-assisted schools. However the totals would broadly represent *social spending*. Source: Government of Dominica Financial Estimates.

assistance is pursued by Government. Still as the Report recognises, sometimes direct transfers are the only meaningful form of assistance.

4.3 MAINTENANCE OF SOCIAL AND PHYSICAL INFRASTRUCTURE PROGRAMMES

Existing health, education and physical infrastructure programmes form the cornerstone of Dominica's policies to develop its human and economic resources. If these programmes are not maintained, not only will the current high levels of education and health be put at risk but the capacity of the population to take up new job opportunities will be compromised, as will the objective of medium and long-term poverty reduction. Yet these programmes, and especially those that are targeted towards the poor and the vulnerable, could possibly come under pressure as the Government continues to work towards fiscal sustainability.

Government will therefore review these programmes to improve their effectiveness through rationalisation and better targeting. This will make it easier to both maintain and expand the programmes. Rationalisation is taken to mean reviewing current programmes, improving their operational efficiency, cutting back on those that are less effective, and reducing overlaps.

There are two main aspects to targeting: first, improving the effectiveness of programmes that are already targeted; and secondly, introducing targeting into programmes that are currently open to all. Both aspects are implicit in the following actions and will be based on clear criteria. More targeting will only be implemented where the savings from targeting exceed the administrative costs of implementing them.

4.3.1 Health

Maintain the free immunisation programme and current decentralised distribution of health facilities

Basic health services are generally provided free of cost in Dominica and although this is likely to continue, due note is made of continuing pressures on Government finances and how this could threaten the current highly subsidised system. The possibility of introducing some health charges, with exemptions for the poor, would ensure the sustainability of health care services for the population. This applies particularly to the Princess Margaret Hospital, which is responsible for over 40% of total health spending. Although user charges exist for this establishment, the collection rate is low and the amount recovered represents only around 10% of the hospital's total spending. In that regard, Government will examine the feasibility of introducing graduated health charges for some health services with exemptions for the poor.

The OECS Pharmaceuticals Procurement Service (PPS) has proved successful in reducing the cost of pharmaceuticals in the OECS countries. Continued participation in this programme will improve the cost effectiveness of Dominica's health service by reducing the cost of one of its key components.

The economic and social consequences of HIV/AIDS are potentially devastating, and teenage pregnancies are an acknowledged cause of inter-generational poverty. Government will continue to improve the public awareness campaign relating to HIV/AIDS and teenage pregnancy, and will also continue its direct support in these areas.

Another area of focus which has both social and economic implications for Government is that of the Communicable and Non-Communicable Diseases (CNCDs). The 2008/09 Poverty Assessment reports an increasing prevalence of CNCDs, namely diabetes, hypertension and cancer. Treatment of these diseases will continue to strain an

already overburdened health system as these lifestyle diseases require long-term attention. Over the medium-term, the Government will step up awareness campaigns on the causes of these diseases, as the wealth of a country lies in the health of its human resource.

4.3.2 Education

Education support programmes (such as the Education Trust Fund, School Feeding, Textbook Scheme, Transportation and School Transition programmes), are targeted at the poor and are welcomed by teachers and parents alike since in the absence of these school attendance rates would fall. If children are not provided with basic education, their ability to develop a sustainable livelihood and contribute to society is, at best, curtailed; at worst, it is fatally compromised. Government will continue to maintain its education support programmes.

The need for increased vocational and technical education is recognised by both the authorities and communities, as a means of reducing drop-out rates particularly among males. Government will continue to implement its education reform programmes with particular reference to curriculum development and expanding vocational and technical education.

Government will maintain and seek to expand funding for community education facilities such as Operation Youthquake, Centre where Adolescents Love to Learn and Serve (CALLS), and the Dublanc Youth centre that cater for vulnerable adolescents and dropouts.

Government will formulate a programme aimed at school-age children and their parents most affected by poverty. This programme, *Every Child in School*, derives from the findings of the CPA (and the PPA in particular). The CPA finds that there are a number of children who do not attend school for one reason or another and are apparently not reached by the various social protection programmes. The reasons include: inability of parents to provide meals, transportation, text books, school fees, uniforms or examination fees for their children; teenage pregnancy; indiscipline by students at school; staying home to care for younger siblings; finding employment as a means of improving their quality of life and low interest in the education curriculum.

The *Every Child in School* programme will seek to deal directly with all of the circumstances affecting non-attendance at school and where appropriate, will incorporate elements of ongoing programmes such as the School Feeding Programme. This would contribute to breaking the inter-generational poverty cycle. Programme formulation would be the responsibility of the Ministry of Finance in collaboration with other relevant ministries, agencies and non-governmental bodies. It is hoped that given the current global emphasis on poverty reduction, a well crafted programme of this kind may attract funding from inter-governmental or non-governmental bodies.

4.3.3 Social Safety Net

It may be that the criteria currently applied for public assistance exclude a number of indigent households. Government will review current criteria for and level of public assistance; and will continue to explore actions that it will need to take to continue to ensure that the DSS is well placed to meet its future obligations to pensioners, and for maintaining DSS on a sustainable footing.

A number of problems that can lead to future impoverishment have their origins in adolescence, *e.g.* teenage pregnancy, substance abuse, low educational achievement, physical abuse and deviant behaviour. Government will

develop a programme, in conjunction with NGO's, to provide education in life skills, and ensure that existing facilities for young offenders is well funded and otherwise well equipped to cater to the social rehabilitation.

1.3.4 Shelter Conditions

Squatting is usually a response to a legitimate housing demand. Relocation is expensive and is problematic given the lack of easily developed land. Government will continue monitoring the Squatter Regularisation Programme with a view to improving housing conditions and the well-being of the population.

1.3.5 Institutional and Legal

Government will work with NGOs to share experience in assistance to vulnerable groups with a view to better targeting and improved effectiveness of these programmes. Government will, in the near-term, seek the cooperation of the non-governmental communities to plan a workshop involving Government and NGOs involved in supporting vulnerable groups.

Lack of child support is a major cause of financial hardship and vulnerability for single parents. Measures will be drawn up that minimise the need for legal assistance, and provide effective enforcement of family laws and collection procedures. Government will continue to seek to streamline procedures for child maintenance.

5. TOWARDS CONTINUED INFRASTRUCTURAL DEVELOPMENT

Physical infrastructure has been found in various studies to be of critical importance to the ability of countries to attract investment.

The World Economic Forum's Global Competitiveness Report (GCR) sets out what it refers to as the 12 pillars of competitiveness, the second of which is infrastructure.¹² "Extensive and efficient infrastructure is critical for ensuring the effective functioning of the economy, as it is an important factor determining the location of economic activity and the kinds of activities or sectors that can develop in a particular economy."¹³ The GCR makes the point that the quality and extensiveness of infrastructure networks significantly impact economic growth and affect income inequalities and poverty in a variety of ways, including by increasing the access of less-developed communities to core economic activities and services. Solid transportation, electricity and telecommunications networks are all essential prerequisites to realising a country's competitiveness potential.

It continues: "Effective modes of transport, including quality roads, railroads, ports, and air transport, enable entrepreneurs to get their goods and services to market in a secure and timely manner and facilitate the movement of workers to the most suitable jobs. Economies also depend on electricity supplies that are free of interruptions and shortages so that businesses and factories can work unimpeded. Finally, a solid and extensive telecommunications network allows for a rapid and free flow of information, which increases overall economic efficiency by helping to ensure that businesses can communicate and decisions are made by economic actors taking into account all available relevant information."¹⁴

¹² In addition to infrastructure and technological readiness, the other 10 "pillars of competitiveness" are: institutions, macro-economic stability, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market sophistication, market size, business sophistication and innovation.

¹³ World Economic Forum, Global Competitiveness Report, 2009-2010.

¹⁴ Ibid.

Boopen Seetanah and Jameel Khadaroo analyse infrastructure availability as an ingredient of Foreign Direct Investment (FDI) inflows in 25 African economies, with a particular focus on transportation.¹⁵ They find that transport infrastructure availability “is seen to have been contributing to the relative attractiveness of the countries in the sample. Foreign direct investors are also sensitive to the other measures of infrastructure, though to a lesser extent as compared to transportation”.

Feedback from investors confirms the conclusions drawn in these studies. A Caribbean Investor Perception Survey of international companies operating in the Region asked investors to rate the relative importance of 42 aspects of the investment climate in 8 categories in terms of the investment location decision.¹⁶ Overall, investors placed more importance on the quality of infrastructure than any other aspect of the investment climate.

The literature leaves no doubt as to the critical importance of physical infrastructure in the toolkits of countries seeking to market their countries as fit and proper destinations for investment.

In recognition of its critical importance in Dominica’s ongoing development, Government will continue to invest heavily in the country’s infrastructural development. Attention will continue to be placed on the infrastructural areas of transportation infrastructure, power, telecommunications and water.

5.1 ROAD TRANSPORTATION

Dominica’s road network had long been recognised as being in need of renewal and rehabilitation. Road condition surveys began towards the end of 2007 in support of the development of a comprehensive 10-year Road Sector Programme, which was launched by the Government in January 2009. These surveys found that the state of the road network in Dominica at that time was unsatisfactory.

The extent of the road network was found to be 905 km, of which 320 km was categorised as main roads and the remaining 585 km as secondary, feeder or urban. Of the main roads 25% were found to be in good condition and 75% in fair to very poor condition. Of the secondary, feeder or urban roads only 2% were found to be in good condition, with the remainder fair to very poor. The poor road conditions in Dominica, in part a result of the country’s rough and hilly topography, have been an important contributor to the country’s poor infrastructural image, which constitutes an important element in the country’s perceived lack of appeal for foreign investment purposes.

Government’s policy continues to be to improve the quality of the stock of roads and continues to be informed by the National Roads Policy, the objectives of which continue to be to:

- Provide an accessible road network;
- Get the road network into good condition;
- Maintain the road network in good condition.

¹⁵ “The Role of Transport Infrastructure in Attracting FDI in Africa“, Boopen Seetanah and Jameel Khadaroo, 2007, Proceedings of the African Economic Conference.

¹⁶ Benchmarking FDI Climate in the Caribbean, 2004. Foreign Investment Advisory Service.

Government is aware of the absolute importance of keeping the country's roads in good condition, in order to:

- Contribute to the safety, efficiency and comfort of road travel;
- Serve the needs of the country and contribute towards economic growth; and
- Reduce vehicle wear and tear.

Under its *10-year Road Sector Plan*, Government has targeted 85% of the road network to be in good condition by end 2015 and 95% by end 2020. It is an element of the policy that the road network will reach all villages around the island, will include pedestrian access, and where justifiable will also include alternative access.

There has been considerable emphasis on road development in recent years with much new and ongoing construction in evidence. Among these are the major works on the West Coast Road and the Pond Cassé to Melville Hall Causeway. These two, when completed, will constitute major improvements to two of the country's important transport arteries. Appendix 2 provides a listing of all roads and roadways completed or ongoing over the past three years.

The goals of the Road Sector Plan are:

- By 2015 to:
 - Increase to 60% the number of main roads in good condition; and
 - Increase to 30% the number of secondary roads in good condition.
- By 2020 to:
 - Increase to 100% the number of main roads in good condition; and
 - Increase to 100% the number of secondary roads in good condition.

Availability of funding will determine the extent of fulfillment of these goals, but there is some basis for optimism, given the performance in this regard in recent years. Government is well on its way to achieving the goals set. With the completion of the two major arteries referred to above, 64% of the island's roads will be in good condition.

Yet when dealing with road construction in Dominica challenges abound:

- Dominica's terrain is particularly difficult and costly from a road construction standpoint — earth cutting, retaining walls and bridges are very costly. (It costs \$2.5m to \$3m per km for road rehabilitation. The cost is higher for new roads.)
- Road design and implementation in Dominica are always liable to be adversely affected by sometimes unforeseeable geological or other physical hurdles.
- There is concern with the quality of surface dressing materials used on newly-built roads and therefore with the sustainability and life of these new roads.
- The Works Ministry is reeling under the financial pressure of taking on the added responsibility for the maintenance of feeder roads, (in addition to urban roads), from the Ministry of Agriculture. There are also challenges of having to maintain village and internal community roads and the provision of street lights.
- The Government is in need of a special funding arrangement for road maintenance. (One possible route is the establishment of a Road Maintenance Fund to be financed through a road toll or an increase in the license fee.)

- The Public Works Corporation has been handicapped in terms of its capacity to successfully operationalise its mandate for road maintenance due to issues of management, efficiency and ethos.
- While handy progress has been made in terms of the country's main roads, there is some catching up to be done in respect of secondary and feeder roads due to lack of financial resources.

Government is ever-conscious of the critical importance of road infrastructure to the country's future economic growth and capacity to attract private investment, and to the well-being and quality of life of residents and visitors. It has been doing much to redress Dominica's infrastructural disadvantage over the past few years and to place the country on an infrastructural footing more conducive to attracting investment, increasing national productivity and generating economic growth. This trend will continue into the medium-term.

The listing of these projects is provided at Table 6. The final list for execution will be determined after taking account of the financial resources that can be made available for purposes of road rehabilitation into the medium-term.

Table 6: Road Rehabilitation Projects Proposed for the Medium-term

	Total Cost (EC\$)	PROJECT PHASE	PRIORITY	10/11 EC\$m	11/12 EC\$m	12/13 EC\$m	13/14 EC\$m
Morne Prosper/ Copthall Road Rehabilitation	3,475,587.50	On-going	<i>Started</i>	1.7	1.6		
Woodford Hill Road Rehabilitation	2,443,350.00	On-going	<i>Started</i>	0.5	1	1	
Moore Park Retaining Wall	140,000.00	98% complete	<i>Started</i>	0.4			
Bois Diable/ Castle Bruce Road Rehabilitation	7,941,467.60		12	0.3	3	3	3.6
Castle Bruce/ Hatton Garden Road Rehabilitation	14,981,078.75		7	0.4	4	6	4.5
Rosalie/ Grand Fond Road Rehabilitation	479,808.75		2	0.5			
Laplaine / White River Road Rehabilitation	7,016,006.25		9	0.5	2	2	2.5
White River / Grand Bay Road Rehabilitation	9,132,477.75		8	0.4	2.7	2	4
Pond Cassé / Bois Diable Road Rehabilitation	3,837,554.60		6	0.3	1	1.5	
Bois Diable / Rosalie Road Rehabilitation	6,275,348.75		2	1	2	2	1
Roseau Old Market/Newtown Road Rehabilitation	726,109.38		3	0.75			
Lalée Coco Road Rehabilitation	1,492,936.00		1	1.5			
Portsmouth Road Rehabilitation	1,328,707.60		4	0.3	1		
Jimmit/Warner Road Rehabilitation	1,360,359.00		5	0.3	1		
Toucarie/Cottage Road Improvement	2,138,789.75		10	0.5	1	0.6	
Pointe Michel to Soufriere Road Improvement	23,566,191.00		11		1	10	12
Total	86,335,772.68			9.35	21.3	28.1	27.6

(Source: Ministry of Public Works)

Financing for the roads in the eastern part of the islands is being negotiated with the World Bank as part of the pilot programme on climate change. Also, in the aftermath of the tropical storm Ophelia and the Layou River floods some additional infrastructural works are necessary. Financing of these latter group of projects will be financed by various Governments including Venezuela, Peoples' Republic of China and Chile.

Government will put in place a more structured and better organised programme of road maintenance to include training and availability of maintenance manuals. Under EU-supported technical assistance to the Ministry of Public Works, a revised organisational structure for the Public Works Corporation (PWC) was prepared. The PWC has been reorganised (and corporatised) to make for a refocusing on its core mandate as the primary road maintenance organisation. Successfully operationalising this intention remains a challenge to which the Government has been responding within the inevitable limitations, including institutional culture.

The authorities will engage the Environmental Coordinating Unit (ECU) and regional and international development partners with a view to eliciting financial support for certain physical infrastructural works such as sea defenses under financing available for adaptation to climate change.

5.2 SEA TRANSPORTATION

Dominica's main seaport is located at Woodbridge Bay, which is the main artery for almost all imports into the country. This and other seaports are managed by Dominica Air and Sea Ports Authority (DASPA).

The port has been on a modernising drive in spite of being severely constrained for funding for its expansion and upgrading. In particular, it has introduced a Cargo Flow Management System, one that would be fully compatible with the new ASYCUDA World system that has recently been introduced at the Customs & Excise Division.

Going forward the (Woodridge Bay) Port's strategic objective is to become and be viewed as a significant contributor to the economic growth of the country. In the medium-term the Port will seek to:

- Increase the efficiency of its operations with a view to reducing costs to the business and residential communities, thus positively impacting the cost of doing business and cost of living. This will be done through modernisation of cargo handling, including further computerisation of its operations.
- Take advantage of Dominica's central location within the Caribbean chain of islands for purposes of trans-shipment and onward distribution of goods, thus increasing port revenues.
- Upgrade the physical infrastructure of the port, including the berthing piers to improve security of ships.
- Expand the port, in particular its storage facilities, and ensure adherence to safety and other relevant standards.

The Cruise Ship Terminal in Roseau is to improve its operations as regards the managing of cruise calls. Efforts will continue to make welcoming arrangements better organised and more secure. These welcoming arrangements will include better management and operation of the vehicle dispatch system as well as the guided tours.

At Fort Shirley, the imperative going forward is to enhance the attractiveness of the facility and improve its marketing and promotion to increase trade and business in the area, especially in light of additional ferry traffic between Portsmouth and the neighbouring French islands.

5.3 AIR TRANSPORTATION

There would appear to be national consensus around the desirability of an international airport on the basis of its expected positive economic and investment spin-offs. However the perspective of the Government is that, given the country's fiscal situation into the foreseeable future, the resources required for the construction of an international airport, now projected to be close to ECS\$1 billion, are simply not available.

What the Government committed to, and has just completed, was a major overhaul and modernisation of the larger of the country's two airports, the Melville Hall Airport. The airport has just undergone a US\$37 million programme of expansion and enhancement. The runway has been extended from 1,463 to 1,768 metres, the strip has been widened to meet the standards of the International Civil Aviation Organisation and perimeter fencing has been put in place. The air terminal building has been extended to include a new tower, customs and immigration and arrival areas and there are new conveyor belts, flight information displays, check-in counters and other enhancements.

Perhaps the most significant result of the enhancements was that the airport has been certified for instrument flight rules landing facilities, including night landing. Before the changes, Melville Hall could only receive 48-seater airplanes of the type used by the main inter-island carrier, LIAT, at a maximum. More so, only daylight flights were possible as the airport was not lit and otherwise not suitable to night landing. This situation often required passengers to Dominica to overnight at one of the regional hubs, Antigua, Barbados, Puerto Rico and others. While the inconvenience and cost to passengers was obvious enough, this situation was hardly conducive to attracting investment into the country.

In the original GSPS, (2006), the clearly stated policy position was that even as it pursued the significant overhaul and expansion of the Melville Hall Airport, Government remained alive to the potentially enhanced economic benefits that could be derived from an international airport. The policy position as stated then remains the same, i.e. that Government would seek to work with private sector interests to pursue the construction of an international airport in Dominica.

It is Government's policy, now that the modernisation works at Melville Hall have been completed and the country has night landing facilities, to expend the necessary effort in maximising the potential benefits to Dominica of its new airport facilities. Critical to this strategy will be to:

- Proactively negotiate with neighbouring island hubs – Puerto Rico, St Maarten, Antigua, Guadeloupe/ Martinique, St Lucia — connecting and interlining arrangements to facilitate passengers coming to Dominica. In time, as these arrangements are put in place and as the potential benefits of the new Melville Hall Airport have begun to be realised, it is hoped that additional spin-off benefits can also begin to be realised through increased hotel plant and employment in the sector;
- Ensure that there is full technical readiness and documentation for scheduled night landing at Melville Hall by all carriers;
- Conclude construction and operationalising of complementary facilities;
- Continue to work to attract additional airlift to the island; and
- Ensure, through DASPA, that adequate arrangements are made for the proper maintenance and operations of the new Melville Hall Airport facility, and in this regard keep under review means of ensuring the adequacy of financial arrangements.

As regards the Canefield Airstrip, Government's strategic position is to keep under review options for the use of this facility. The foremost considerations here would be:

- o Making the best use of the upgraded Melville Hall Airport;
- o The anticipated completion of the vastly upgraded Pond Cassé-Melville Hall Causeway, which will have the effect of significantly shortening the travel time to the airport from the capital city and all areas south;
- o The possibility of other commercial, revenue-earning activities at the current Canefield Airport site;
- o The extent to which Government can and is willing to sustain the operations of the Canefield Airport given that its revenue earning capacity is less than the cost of operations;
- o The extent to which Government is persuaded towards the desirability of maintaining Canefield as an alternative port for emergency or other purposes.

Government's decision making in this matter will take into account all the relevant considerations. It is expected that the upgraded Melville Hall airport will add impetus to Government's continuing development thrust in tourism and other sectors, while contributing to the enhancement of the quality of life of Dominicans. This would allow the Government the opportunity to pursue the long-term objective of an international airport through careful examination of all the available options for such a major undertaking, as well as its economic and social ramifications. This will be done through the continuing work of the Government-appointed International Airport Task Force.

5.4 POWER

Dominica Electricity Services Limited (DOMLEC) has been the sole producer of electricity in Dominica for more than 50 years. The company is involved in the generation, transmission, distribution and sale of electricity.

Dominica generates more hydroelectric power than the other Eastern Caribbean countries. DOMLEC operates three hydroelectric power stations and two diesel power stations and serves 98% of the island's population. In 2006, hydropower accounted for 32.5% of energy production and diesel generators, for the remainder. The generation split between these two sources remained fairly constant through to 2010, when the total installed capacity of 24.2 MW (now 26.6), was made up of hydro and diesel power broadly in the ratio of 1 to 2. As hydropower generating capacity dips during the dry season, the firm capacity of 18.7 MW also dips from the installed capacity figure. However, it is still capable of meeting peak demand levels of 17.4 MW.

DOMLEC is faced with challenges that derive from the country's difficult terrain and its small population size. Both of these factors have tended to increase per capita operating costs, with the result that electricity costs in Dominica are relatively high compared to the other islands of the Eastern Caribbean. Based on the Carilec Tariff Survey, Dominica has the highest costs of electricity for industrial and commercial consumers, and across certain consumption bands, for domestic consumers as well.

As regards reliability of service, DOMLEC reports that the number of blackouts has now been reduced to two per annum and the average duration of an electricity outage is down to 24 hours per annum. This is suggestive of significant improvement in reliability of service. It must be noted however, that the Independent Regulatory Commission (IRC) is the body which is authorised to evaluate the efficiency of DOMLEC's service.

Like most countries, Dominica has been hard hit by the rising cost of fossil fuels. The ramifications of this escalation run right through the economy. Not only do consumers have to face a rising cost of living but as the cost of manufacturing and services increase, the country is challenged to maintain its competitiveness and attractiveness to investment.

Government's objectives for the energy sector continue to be the following: to keep the cost of energy down to a minimum, to encourage energy conservation and to diversify energy sources and reduce the reliance on fossil fuels.

In regard to the first two objectives, Government will seek to work collaboratively with the power company, DOMLEC, and with the Independent Regulatory Commission to encourage efficiencies and economies on the part of the power company. Government will continue to encourage and facilitate negotiated-price diesel sales to DOMLEC from the Jimmit Fuel Storage and Distribution Terminal, an arrangement that makes for reduced-cost electricity generation, to the benefit of the consumer.¹⁷

It has been Government's policy to facilitate the use of alternative energy. In July 2006, Government approved the granting of a waiver of import duty and VAT on the importation of renewable energy technology and equipment. This was followed up in May 2009 by a Government decision to grant import duty exemption on a range of equipment for use in solar and wind energy generation. Government will continue to do all it can in furtherance of diversification away from over-reliance on fossil fuel energy sources, including reviewing the programme of incentives with a view to making it more efficient.

The third objective relates to identifying and promoting the use of alternative sources of energy. Dominica's huge potential in the area of geothermal energy has already been established through preliminary technical studies and surface drilling. The results so far are promising and the project expects to attract private investors in the exploration and subsequent stages of this large endeavour. If all goes well, Dominica could begin to supply domestic demand within five years, with the prospect of exporting geothermal energy to the neighbouring French islands. The prospect of the availability of large amounts of relatively cheap energy will significantly increase the country's development possibilities and will contribute to a reduction in the cost of electricity supply to the residential population.

The strategic objectives here are, over the medium-term, to:

1. Continue working with strategic partners towards the commencement of commercial geothermal operations;
2. Construction in the first instance of a 5-10 megawatt commercial plant for purposes of servicing the domestic market. Government will do this through a formal agreement with local, bilateral or multilateral parties in an open and transparent bidding process.
3. Subject to the outcome of further negotiations with relevant partners in the neighbouring French islands, construction of a larger-scale operation with a view to the export of geothermal energy to these islands.

It is the Government's policy to continue "ongoing exploration of the geothermal potential and implementation of appropriate agreements with developers, financiers and other relevant stakeholders to provide for the phased development, where economically and environmentally feasible, of the full geothermal potential and associated transmission and distribution plant, to provide electricity for local consumption and for export".¹⁸

¹⁷ For the foreseeable future the cost of installing a new hydro plant is considered to be prohibitive, though Domlec is continuing to seek increased efficiencies from its existing plants.

¹⁸ Draft National Energy Policy of the Commonwealth of Dominica, p. 34

Through the foregoing strategic objectives, Government will continue working towards the goal of:

1. Increasing consumer access to more affordable electricity services on Dominica;
2. Providing an important new and sustainable source of export earnings; and
3. Creating an important additional and sustainable source of employment, economic growth and improvement in the quality of life of the people of Dominica.

The Project Management Unit (PMU) in the Ministry of Energy has responsibility for the planning, managing and coordination of all implementation activities relating to Dominica's geothermal energy programme. The PMU's responsibility will also include overseeing geothermal exploration work throughout the island.

Geothermal test drilling has started. The decision was to drill "medium sized" holes thus allowing for early exploitation, installation of small plant using the test wells, making real-time data available on the reserves and on how these can best be exploited. Test drilling is essentially completed. Expressions of Interest have been sent out for a small production plant capable of supplying 5-10 mw of energy. Plant installation should take about one year to completion.

The process of exploring the feasibility of inter-connection between Dominica and its French island neighbours has commenced with the launch of the feasibility study that should be completed in under a year. The goal is to export 50 mw of geothermal energy to each of the two islands.

The Government is also looking ahead to ways in which the associated benefits of a geothermal industry can be maximised. Discussions are ongoing with the IDA for example on ways in which other consequential economic opportunities, (upstream and downstream), can be realised. Discussions are also ongoing with the Dominica State College and others with a view to strengthening local capacity in the array of skill sets that the industry will call for. Government has set itself a minimum target of ten additional persons to be trained in geothermal energy production, management and related skills over the course of the next three years.

The regulatory framework for geothermal energy development will be improved. This enhancement will include enactment of geothermal resource development legislation, for which purpose technical assistance is being sought.

In time, the country can look forward to a cleaner, more diversified, cheaper and more reliable source of energy.

Exploration of the potential for hydro-, solar and wind energy sources is also being considered as a secondary priority.

5.5 INFORMATION AND COMMUNICATIONS TECHNOLOGY

Telecommunications infrastructure in Dominica is broadly competitive with that of the other islands of the Caribbean. Dominica is a member state of Eastern Caribbean Telecommunications Authority (ECTEL), having gone through the same liberalisation process as those of the other members since 2000. If anything, Dominica was a liberalisation pioneer in that it was the first of the islands to grant a license to a telecommunications provider other than the traditional supplier, even in advance of agreed regional decision making on the matter. The trends and patterns witnessed in the other countries have also marked Dominica's telecommunications landscape. As per ECTEL requirements, a National Telecommunications Regulatory Commission has been established as the local regulatory body.

ECTEL reports that in 2009 all major telecommunications indicators were “pointing upwards”. “Value-added for the ... sector, which accounted for 9.4% of GDP, was estimated to have increased by 3%. Total operator-reported revenue rose 2.5% to an estimated EC\$100 million. The services contribution to total revenue remained relatively unchanged, with mobile services contributing 54%, followed by fixed line service with 32% and fixed internet service at 11%.”¹⁹

Mobile penetration increased from 137% in 2009 to 148.7% in 2010. Internet penetration was just over 10% in 2010; lower than most of the other Eastern Caribbean countries studied. Fixed line subscribers have been declining in Dominica by an average of 3.5% since 2004 and ECTEL opines that “the growth in broadband use has slowed the overall decline in fixed line subscribers”.

Fixed internet service is offered by LIME which offers ADSL / High speed internet access and dial-up access, and by Marpin 2K4 which offers high-speed internet access via cable modem. LIME offers speeds of up to eight Mbs to residential customers, (and claims to have the capacity to provide speeds of up to 100 Mbs), and Marpin claims to be able to provide speeds of up to 15 Mbs.

LIME has continued to be the sole provider of fixed voice telephony in Dominica, although Marpin has very recently introduced its fixed voice service on a trial basis, which the company hopes will allow it to offer a competitively priced 3-in-one service – cable TV, internet and fixed line telephony. LIME and Digicel have been the two companies offering mobile telecommunications services. Mobile internet access is provided through ordinary mobile subscription using GPRS and EDGE technologies.

The qualities of both the telephone and internet services were rated highly by members of the business community. There was the suggestion that telecommunications is not at all a constraint on the country’s ability to attract investment.

While the availability, cost and quality of telecommunications services in Dominica do not constitute a constraint on the country’s competitiveness in this area, the Government of Dominica will continue to work with the regional and national telecommunications regulators, towards improved quality of service and further cost reductions.

Government is aware that ICT has been an important growth sector in many countries of the world, a fact that has been brought out in various studies. Worldwide growth figures in the first years of the 21st century were frequently above 10 percent, reaching a peak of 12.3 percent in 2004. The ICT sector has been found to be among the more resilient and less susceptible to the effects of the financial crisis. One recent study estimates that when Internet penetration rises by 10 percent in emerging economies, it correlates with an incremental GDP increase of one to two percent.²⁰

Another study found that the GDP growth rate of a developing country can be boosted by 0.59 percent per annum for every 10 mobile telephones added per 100 inhabitants; per 100 inhabitants corresponds to a 1.2 percent increase in per capita GDP growth.²¹

Without question, the ICT sector presents a tremendous opportunity for enabling and energising economic growth.

¹⁹ See ECTEL, Annual Telecommunications Sector Review 2008-2009, p.15.

²⁰ The Boston Consulting Group, “Socio-economic Impact of Internet in Emerging and Developing Economies”, 2009.

²¹ Christine Shen-Wei Qiang and Carlo M. Rossotto, Economic Impacts of Broadband, Information and Communications for Development, World Bank, 2009.

Government would want, working with and through the relevant national and regional regulatory and development bodies, to seek to maximise the sector's potential for being a transformative catalyst for growth. Government is aware that ICT infrastructure projects are some of the most capital intensive in the world and require a stable regulatory environment to facilitate the necessary capital flows.

Through ECTEL there already exists in the OECS member countries a legislative and regulatory environment that can be described as stable and engendering of the kind of confidence that private investors would require. Government has already drafted legislation for purposes of facilitating e-commerce and electronic transactions.

Government believes that ICT can be a high-efficiency enabler for growth and also for essential sectors such as health, education, finance, and e-government where the impact of ICT can be felt significantly, and will be seeking to facilitate and enlarge this enabling function. Also to receive greater attention going forward will be the building of a solid base of ICT technical skills, including an adequate level of science and math education.

Government will be seeking, in collaboration with the relevant private sector concerns, to contribute to the further development of the country's ICT infrastructure. It fully embraces the concept and implications of innovation.

Among the specific areas that will receive attention going forward are the following:

- o Universal coverage of the island – there remain eleven areas of the island that need to be provided with access to telecommunications services;
- o Making use of the universal service fund for the further development and spread of telecommunications services in the island;
- o Building on the improvement in the network that has been brought about through the installation of fibre optic networks;
- o Spreading the use of computers, working with telecommunication companies;
- o Reducing the cost of telecoms services, including through installing a local internet exchange point, negotiating for reduced interconnection costs, introducing number portability and improving the availability of wireless access.

“ICT is a harbinger of productivity and growth in developing nations.” Government will be meeting with sector representatives to discuss how to further develop the sector and spur the use of ICT across the country.

5.6 WATER AND SANITATION

The Dominica Water and Sewerage Company (DOWASCO) is the sole organisation responsible for the management of the water resources in the country. DOWASCO is a statutory corporation, established by an Act of Parliament and it has an exclusive license to utilise the water resources of the country. It is charged with the development of the resource and with any required research, data collection, maintenance and development of new sources.

Water is supplied through a catchment system where stream water is captured by a small concrete weir. Forty-three catchment areas provide potable water, with at least five of the catchments supplied by springs. These are the water

systems owned and managed by DOWASCO. The company extracts over 10 million imperial gallons per day from 43 river intakes to satisfy potable water demands. These water supply systems are more than adequate to meet the water demands of the country, except during the dry season. DOWASCO provides service for over 90% of the total population with 16,000 customer connections. Roughly 98% of the urban population and 58% of the rural is connected to the water supply system.

The total annual production from all currently used water sources is estimated at 16.6 million m³. It is estimated that an additional 4.1 million m³ are needed to serve the entire population adequately. The viability of the resource as a commodity is beginning to be realised through the existence of local bottled water companies and the sale of millions of gallons per year to cruise ships.

The Roseau Water and Sanitation project, completed in 2004, has rehabilitated the urban sewer and water system and provided better disposal and treatment methods.

In carrying out its mandate, DOWASCO has many challenges, the essential one being to maintain itself as a going financial concern that can meet its maintenance costs. This consideration perhaps escalates to the question of the provision of water to the population as a “social good” that ought properly to be subsidised by the Government; or whether DOWASCO’s current operations ought properly to be met from user fees. Government continues to strive for a socially acceptable balance between the two competing considerations.

Thus DOWASCO faces various other challenges:

- Funding the corporation’s operations remains a continuing challenge as water upgrade in Dominica is particularly costly;
- Damaged pipes by public works, (in particular, road), contractors have had to be repaired by DOWASCO;
- Electricity costs for running water systems are high, especially for remote rural areas with dispersed houses and small populations;
- DOWASCO’s financial state is further impaired because it is servicing the \$45m loan for the Roseau Sewage upgrade that was completed in 2005;
- Water tariffs in Dominica continue to be among the lowest in the Caribbean;
- DOWASCO has an arrears overhang of about \$3m, much of this dating back several years; and
- Maintaining public conveniences and stand pipes affected by wastage, misuse and illegal connections.

Government’s strategy here is to continue to work with and through DOWASCO to:

- Achieve the goal of close to 100% access to potable water supply over the next three years;
- Continue to focus on upgrading the country’s water infrastructure as indicated in its draft Water Systems Development plan. Under this plan, DOWASCO will commence or continue rehabilitation works at Water Area 1, (i.e. from Mero to Castle Comfort); Penville, Petite Savanne, Scottshead, Cocoyea, Belles, the West Coast, (i.e. from Salisbury to Capuchin); and the East Coast;
- Give consideration to the Draft 10-year plan prepared by DOWASCO (which calls for expenditure of \$191 million over a period of ten years), with a view to identifying those parts of the Plan that it is able to implement within selected time-frames;
- Implement the proposed sewage and water filtration system for the town of Portsmouth;

- With an eye towards water conservation and efficiency, continue the drive towards installing water meters all over the island;
- In collaboration with other interested agencies, develop a plan, (an Integrated Water Resources Management Plan) for the management of the country's water resources;
- Work with *Invest Dominica* to prepare proposals to attract investment into exporting bulk water to the rest of the world. (This will require infrastructure upgrading locally as well the availability of transportation and port infrastructure in the receiving countries.)

Urgent attention will be given to Water Area 1 and DOWASCO is in the course of negotiating a loan for this purpose. The funds will be used, *inter alia*, to construct an additional intake at Antrim and upgrade the existing one, construct a tank at St Joseph and improve the filtration system. These enhancements, in addition to the water tanks being constructed at Morne Bruce, will make for a significant increase in the reliability of the country's water supply and will lead to an increase in the capacity of the water supply in Area 1 to three million imperial gallons.

Government has been taking steps to improve the financial health of the company. It approved increased tariffs for one year and is keeping open the possibility of another increase for a further one-year period. Any new financing from Government will be accompanied by the introduction of cost recovery measures.

6. AGRICULTURE, FORESTRY AND FISHERIES

The GSPS (2008) identified the key result areas through which sustainable growth in the agricultural sector would be achieved over the medium-term. These were:

- Proactive promotion of sustainable growth and development of the sector;
- An enhanced enabling environment for investment in agriculture;
- Sustainable use of natural resources; and
- Improving food security.

The promotion of sustainable growth in the sector would be achieved mainly through implementation of an EC\$18.5 million agriculture investment plan to boost crop production in practical and productive ways. Other supporting mechanisms would include, *inter alia*, providing irrigation infrastructure, rehabilitating farm access roads and renewing the citrus rehabilitation programme.

Facilitation of trade and investment would come about through, *inter alia*, giving focussed attention to improving the marketing of agricultural produce and encouraging the export of these products in primary or processed forms; assisting in the preparation of investment proposals; improving micro-credit in existing financial institutions for small-scale operators and re-cropping of idle lands; and focusing public investment in agriculture in areas that would elicit or are supportive of private investment.

Promoting sustainable development of natural resources was to be assisted by increasing the number of agro-forestry farmers by 50 per cent.

Critical to the achievement of the foregoing objectives was the operationalising of the Agricultural Investment Plan and its project implementation unit, the main mandate of which was to establish and implement a revolving fund to enable crop and livestock producers, agro-processors and exporters to access affordable credit for enhancement of production, productivity and competitiveness of agribusiness on affordable terms.

Considerable progress has been made towards achieving the objectives set out in the GSPS (2008). Specifically, government investments in the sector through the Agricultural Investment Unit (AIU) have totaled \$1.9 million, which was disbursed to farmers by the end of 2010, the main focus having been on crops, fisheries and livestock. Farmers have had access to zero interest loans at the AID Bank and banana farmers to 50/50 loan/grant financing at the same bank. Farmers also have had access to a 40% price subsidy on purchases of fertilizers.

While Cabinet has approved the Organic Dominica concept that was discussed in the GSPS (2008), this has not been operationalised. However, the Ministry of Agriculture continues to encourage farmers to operate with health and wellness considerations in mind and the Government will continue to keep under consideration the likely viability of an organic Dominica.

As regards issues of production and marketing, Government has been providing support to the farming community — technical assistance, inputs, planting materials to horticulture farmers, including dasheen hucksters. With the establishment and operation of the two packing houses, the Ministry of Agriculture, (MoA), hopes to be able to set targets and monitor production as coordination among all parties, including Dominica Export-Import Agency (DEXIA) and the newly established National Export Strategy (NES) Secretariat is improved. It is expected that communication of market demand and the sourcing of new markets will be enhanced.

As part of its constant search for viable new crops, a Coffee Rehabilitation Programme covering over 1000 acres is to be launched. Selection of areas for planting will be based on maximum yield areas. Land has been identified and financial support is available. A coffee plant is to be installed soon. In an effort to increase cocoa production in response to identified market demand, a Cocoa Coordinator has been engaged to communicate market information and provide technical assistance to farmers. The Division of Agriculture is working with about 70 farmers to rehabilitate trees.

In response to identified market demand, the Division is working with the local Pineapple Association to increase production and exports. Efforts are also being made to increase vegetable production and farmers are being encouraged (and supported) to use greenhouses. Support to horticulture includes the provision of fertilizers and other inputs, planting materials and technical assistance.

Livestock production is also receiving attention – a modern abattoir is being constructed to spur the development of pork and poultry. Support to the livestock sector will include the introduction of new breeds as well as certification and standardisation.

Generally, Government will be seeking to further modernise the agricultural sector. One aspect of this will be the improved utilisation of the agricultural information system, the hardware for which has already been installed. Another will be the restructuring of the agricultural extension service to service the drive towards a modern and more efficient sector, contributing to the growth of the economy to a greater extent than before. Irrigation has been introduced into a number of places in Dominica, including Calibishie, Castle Bruce, Penville and Syndicate. Citrus certification is ongoing. Efforts will continue to provide technical expertise to the sector as exemplified in the availability of an Indian expert to support increased production per acre through fertigation technology.

Government will keep its programme of agricultural incentives under review with a view to identifying ways in which it can be made more effective. The Ministry will be seeking to work with the relevant authorities to forge productive linkages between agriculture and the School Feeding Programme.

Agricultural objectives for the medium term are to achieve sustained growth in production and exports, and to increase employment and earnings from the sector, thus enabling agriculture to play a more dynamic role in the

economy. Critical to the attainment of these objectives is increasing productivity in agriculture. Growth in agriculture is dependent on diversification. However, diversification requires similar conditions to those enjoyed by the banana industry, i.e., considerable attention and support, risk management, easy marketing and financing. For smallholdings, intensive agriculture that concentrates on high-valued crops such as spices, peppers, flowers and selected vegetables can yield higher economic returns than can be realised from bananas. Diversification can be accelerated by the utilisation of idle lands and constitutes the principal means of increasing agricultural production into the medium-term.

The major obstacle to agricultural development is the relatively high cost of production per acre. This is due to a combination of land conditions (the hilly terrain, small uneconomic-sized lots) and the low productivity of agricultural labour, which results in high real wage rates in agriculture. Improving labour productivity is one of the most significant challenges of agricultural development in Dominica. There are other challenges and obstacles relating to land use, availability and ownership. A critical impediment to the development of agriculture, tourism, and housing is the lack of a Land-Use Plan or wider Human Settlement Policy, which lacuna the Government is committed to repairing.

It is clear that Dominica's agricultural sector has some major challenges to face – issues of production, productivity, the cost of labour, competitiveness, marketing and transportation. These issues are all inter-related, thus pointing to the need for a comprehensive approach to the sector. It is also true that the policy responses to these issues do not rest exclusively with the sector itself. Indeed the Ministry of Agriculture is working on a comprehensive long-term plan for the sector. In the meantime, it is expected that the strategic actions identified in this section will contribute to increasing the output and productivity of the sector.

The issues of marketing and transportation reside in the domain of the private sector, although these areas have proven to be especially difficult. The recently completed strategic review of DEXIA is expected to assist Government to define its role in marketing and transportation and the specific areas of engagement of the institution itself.

As in every other aspect of the economy, growth of the agricultural sector will only result from increased investment in the sector, with consistent and facilitative support from Government. It is a major responsibility of Government to work to provide an enabling policy and regulatory environment in support of the growth objectives of the sector. An enhanced enabling environment for investment in agriculture will be achieved through, in the main, reviewing and streamlining all procedures for investing or starting a business in the agricultural sector and the appropriateness of the incentives regime.

All indications are that the banana industry that has been Dominica's lifeblood for more than 50 years will not be in a position to contribute to growth and poverty reduction at anything nearing past levels. A realistic vision for the sector is of a greatly reduced industry – a reduced number of banana farmers producing high quality bananas that qualify under 'fair trade' or 'organic' labels, and satisfying niche markets that will pay a higher-than-normal price. The challenge is to produce and market 'niche' bananas, (much as the tourism challenge is to differentiate Dominica from other destinations based on a tourism product that is special and differentiated).

Government has already stated its commitment to facilitate this process through beneficial engagement with the European Union with a view to making grant funding available for infrastructural and other support to the banana industry, as well as for purposes of increasing the diversification of the agricultural sector. This ongoing engagement has resulted in the National Adaptation Strategy.

6.1 NATIONAL ADAPTATION STRATEGY

The National Adaptation Strategy (NAS) was prepared in response to the changes to the European Union's import regime for bananas and in partial fulfillment for accessing resources under the Banana Accompanying Measures (BAM) that were prepared by the European Union. The BAM proposed additional development assistance to the ACP States to support the adaptation that these countries would have to make to their banana export sectors in the context of the European Union's new banana regime.

The essential strategic goal of the NAS is "to catalyse the agricultural sector to be a larger part of the economy ... to increase the viability, i.e. productivity, competitiveness and profitability of production and export".²² The BAM will make available to Dominica an investment package of approximately Euro 15 million targeted at farmers producing bananas and non-banana crops for the domestic and export markets over the period 2011-2013. Fifty-three per cent (or Euros 8.2 million) has been allocated to improving the competitiveness of the banana industry and 45 per cent (or Euros 7.0 million) towards non-banana agricultural production.

The target for banana production is 30,848 tonnes per annum, up from the average of 18,207 tonnes over the last five years. For non-banana crops it is an increase in output of 20 per cent and a growth rate of 25 per cent in exports. The areas targeted in the NAS are: road and irrigation infrastructure, technology, research and extension, entrepreneurial and enterprise development, risk management, economies of scale and human resource development.

The success of the NAS is to be gauged by its impact on production and export levels and contribution to GDP. Responsibility for implementation of the NAS rests with the Ministry of Agriculture. It is anticipated that the relevant financing agreement will be ready in the last quarter of 2012. Government will be taking steps to ensure the fullest possible use of these resources.

Revised Banana Recovery Plan

The Revised Banana Recovery Plan, Sustainability and Diversification Plan, prepared by major stakeholders in the sector lays out the context for the banana industry in the coming years. The banana industry is currently facing the most daunting challenge of its existence. The decline in production and rapid exit of growers from the industry over the past 12 to 14 months is a serious threat to the continued survival of the industry and its contribution to sustaining livelihoods of the rural poor and general economic development. Current production levels appear to be too low to sustain a viable industry.

The BRP seeks a total investment of EC\$5.6 million over three years for the banana recovery programme and for developing the non-banana crop sector, on the basis that there are "several symbiotic synergies related to economies of scale and particularly production costs, transportation logistics and marketing ... between the banana and non-banana subsector".²³

The expected output of the programme would be "a steady increase in production over three years to be sustained at over 17,000 tonnes per annum by December 2013, thus satisfying the demand in both UK and regional markets".

The plan calls for financing (EC\$3.6 million) for the replanting and expansion programme to be made available by Government through a "grant/loan scheme where 40% will be repaid by growers".

As Government awaits availability of financing under the BAM, policy towards the banana industry will take into account the recommendations and insights provided in the BRP.

²⁰ Government of Dominica, National Adaptation Strategy, p.4.

²¹ Revised Banana Recovery, Sustainability and Diversification Plan, 2009-2013, p.3.

3.2 NATIONAL AGRICULTURAL POLICY FRAMEWORK DOCUMENT

The limited expectations regarding the performance of the banana industry place a greater performance burden on non-banana agriculture, if the sector as a whole is to increase its contribution to GDP over the medium- to long-term. The expectation is that agriculture will continue to have an important role to play in the realisation of Dominica's growth prospects, and Government will be an enabler in this process. The hope is that public investment will demonstrate Government's confidence in the sector and conduce to, and facilitate, an increased level of private investment.

Quite apart from the interventions, ongoing and proposed, discussed thus far, Government recognises the clear and urgent need for adoption of a more comprehensive and focussed approach to ensuring that the sector lives up to its identified potential.

Table 7: Agriculture's % Contribution to GDP, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Bananas	3.8	2.8	2.8	1.9	2.4	2.2	2.1	0.9	1.4	1.3	1.1
Other crops	9.7	9.6	9.7	9.2	8.8	9.1	8.8	8.3	8.8	9.2	8.3
Agriculture	15.1	14.0	14.1	12.6	12.6	12.8	12.4	10.8	11.6	11.8	10.8

As Table 7 indicates, agriculture's contribution to GDP has declined – from 15.1 per cent in 2000 to an estimated 10.8 per cent in 2010. The annual average contribution over these 11 years was an estimated 12.6 %. If we discount the secular decline in the performance of the banana sector, we find that the performance of other crops also declined steadily from 9.7 in 2000 to an estimated 8.3 per cent in 2010. This indicator is reinforced by figures on the growth in the sector over the ten years since 2001.

Table 8 shows that the sector's annual rate of growth has been largely negative over the period since 2001. The annual average rate of growth over the period was minus 1.77 per cent and for non-banana crops it was 0.3. Government is aware that Dominica's growth performance depends to a significant degree on the extent to which the agricultural sector ratchets up its own performance and contribution to the national economy. In short, Government is committed to a rethinking of agriculture, to include the provision of focused leadership to the sector at all levels. Government is committed to providing a full-scale reshaping and refocusing of the strategic framework for agriculture with a view to really making a difference to the performance of the sector.

Table 8: Rate of Growth of Agriculture, 2000-2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Bananas	(25.1)	(4.6)	(25.1)	22.3	(9.1)	1.2	(54.7)	66.9	(12.5)	(9.0)
Other crops	(0.3)	(1.1)	0.7	(4.0)	2.4	(0.6)	(1.2)	13.5	3.9	(8.8)
Agriculture	(6.6)	(1.8)	(4.7)	1.0	(0.5)	0.6	(9.2)	15.0	1.4	(7.7)

The Ministry of Agriculture's Draft Policy Framework document, (PFD), prepared in collaboration with IICA, provides a useful basis for consideration of the kinds of radical adjustments that may be necessary if the desired changes are to be realised.²⁴ Indeed Government has already begun work, on a strategic plan for the sector using the draft policy framework as a point of departure.

²² Commonwealth of Dominica, National Policy for the Agriculture-Environment System, 2007-2025.

The policy framework is based on three pillars: ecologically sustainability; competitive business; and food and nutrition security.

Government embraces the vision set out in Policy Framework Document (PFD) for, "... a productive agri-ecosystem that consistently provides safe, healthy and nutritious foods, generates innovative businesses and competitive products and services and makes positive contributions to national prosperity and environmental sustainability".

While paying attention to all the three pillars identified, Government's strategic focus will be on fostering competitive business. It embraces the policy objective for this pillar, to: "Expand competitive economic activities, incomes and growth in the agric-eco value chain by building a critical mass of entrepreneurs to drive diversification into value-added activities and alternative uses of the resource base through technology and knowledge-driven productivity and innovation".

The PFD will be more carefully examined in the context of the review and discussion that will attend preparation of the strategic plan for the sector. Government is committed to preparation of the strategic plan and will devote the necessary attention and resources to this effort.

In the immediate period, the priority actions will focus on stabilising agriculture and stemming further loss of farming capacity, maintain and gradually increase production levels and safeguard existing markets.

Government believes that a strategy for national consultation, consensus and building of social capital on the policy and way forward towards implementation is an essential step to transform the policy into actions. It is intended actively to facilitate this process – a process that may be in the nature of a national agricultural crusade. Such a crusade, and its implementation, will require institutional readiness for it to be carried through with maximum effectiveness and Government accepts the imperative of giving the necessary attention to this area.

The operational obstacles to effective implementation have to be dealt with. It may require "... a restructuring of existing institutions, reengineering of the capacities of management and staff and, where appropriate, the dismantlement and introduction of new institutional modes based on the current available technologies".

In the context of the desired rethinking of agriculture, Government will be seeking to determine whether the current structure of the Ministry of Agriculture is equal to the new tasks and challenges, given that its basic structure and functions have remained largely unchanged over time. For example it is of significance that the Ministry's mandate has not extended traditionally to 'agribusiness' interpreted in the traditional manner as "adding value to any and all post-farm outputs".

Government is attracted to the suggestion for some kind of national advisory body that would help ensure that the objectives for the agriculture sector are actively pursued and that agricultural policy is fully integrated into the national development agenda.

6.3 FORESTRY

Dominica's draft National Forest Policy document seeks to guide the sustainable management of its forest resources, while maintaining or improving the present area of forest cover.

Government believes that the social, economic, cultural and environmental benefits conferred on the Dominican people by our forests are many and varied. The country owes its quantities of fresh air, clean water, rich soil, abundant flora and fauna and luxurious scenery to our forests.

The Policy covers all of Dominica's forested areas. These include: forest reserves, national parks, unallocated State lands, the Kalinago Territory and privately owned land. The Policy concerns natural as well as plantation forests, and includes land that has been deforested or degraded and agro-forests.

The policy goal is to guide the conservation, protection, management and use of the nation's forest resources, while ensuring that the productive capacity of the forests for goods, products and services is maintained or enhanced for present and future generations.

The main objectives of this policy are to:

- (a) Maintain or enhance the biodiversity and ecological functioning of forests;
- (b) Maintain or increase the area of land covered by forest; and
- (c) Optimise the contribution of forest resources to livelihoods and to the economy.

Implementation of the forestry objectives and policies calls for actions in a number of key areas, including:

- o Strengthening the legal protection for forested lands;
- o Harmonising relevant policies and programmes with the National Forest Policy;
- o Implementing a national "no net loss of forest" policy;
- o Establishing enabling management arrangements, specifically with respect to tourism, including by, *inter alia*, strengthening the financial and human capacity of the Forestry Division;
- o Developing and implementing technical instruments, including legally binding forest management plans;
- o Developing and implementing financial mechanisms for the sustainable financing of forest management;
- o Ensuring equitable and effective participation of the private sector and civil society in the management of forests;
- o Building awareness and understanding of the economic, social and cultural values (including scientific and recreational values) and intrinsic value of forests and the principles of sustainable use, by emphasising the relationship between sustainable forest management and livelihoods to target audiences;
- o Providing effective technical support for forest management and sustainable forest use, including extension services and technical training;
- o Accessing opportunities for international or regional agreements for carbon sequestration for forest that can contribute to the socio-economic development of Dominica where appropriate by promoting the carbon neutral status of Dominica.

Government is committed to supporting attainment of the objectives of the draft Forestry Plan, assisting the Forestry Division to build the requisite capacity for this and paying attention to the need to ensure that its objectives are integrated into the planning and operations of other aspects of the government system.

6.4 FISHERIES

The Fisheries Sector is poised for expansion because of Government's commitment to improving the basic fisheries infrastructure through the development of seven zonal centers and to enact an appropriate legal framework to achieve the management targets for the sector. In the strategic fisheries infrastructural plan, Government sets out

to develop greater centralisation of fishing activities by consolidating limited resources and up-grading the facilities at Marigot, San Sauveur, Anse De Mai, Portsmouth, Fond St Jean/Stowe, Roseau and Scotts Head to serve as the major centers for fishing operations on the island. The fisheries complexes at Marigot and Portsmouth are instructive of the type of development to be undertaken with assistance.

It is anticipated that the fisheries sector will make a greater contribution to GDP, through creation of employment and income earnings opportunities in the sector, providing greater social and economic stability at the community level, poverty reduction, and food security.

Over the past few years there have been a number of important developments in the fisheries sector and the strategy going forward will build on these. Emphasis has been on development, livelihoods and conservation. Among these actions have been the following:

- o Continuation of infrastructural works and provision of other land-based support to the industry – landing sites, amenities, fuel stations, etc;
- o Construction of a fiberglass boat building facility at Donkey Beach, Roseau, and of slipways at Stowe and Dublanc – all funded under ALBA Agreement;
- o Attending to the safety of fisher folk and facilitating their navigation by providing facilities for communication via marine radios;
- o Provision of loan facilities, through support from ALBA;
- o Formulation of a regional fisheries plan is underway, funded by the Japanese Government;
- o A marine environment education programme targeting school children and others is ongoing;
- o An aquaculture programme is being planned, utilizing abandoned lands; and
- o Fishers are being encouraged and supported in moving away from shore fishing towards deep sea fishing.

Government's programme of constructing modern facilities for storing and marketing fish has continued with the construction and equipping of the Portsmouth Fisheries Complex and a Portsmouth Development Plan is being formulated with a view to maximizing the uses to which the facility will be put. The Fisheries Division, along with the Bureau of Standards, is addressing standards and hygiene issues as well as opportunities for organised marketing and increasing value added to the fish catch.

Government is working to increase the value and efficiency of use of the Marigot Fisheries Complex by increasing its staffing and addressing management issues. One of the goals is to produce a product that meets international standards in hygiene and other areas.

The Roseau Fisheries Complex continues to operate successfully, purchasing in bulk from Marigot and outsourcing the marketing function to the Newtown Fisheries Cooperative.

While the fisheries sector remains poised for expansion in the medium-term, the realisation of appreciable growth is dependent on the ability of persons to adopt modern-day skills and technologies, and to evolve from present cultural practices that hinder meaningful progress. The availability of accessible investment capital to fishers and potential investors in the sector is severely challenged by existing policies of lending institutions and insufficient willingness on the part of international donors to provide support for developing fisheries. This is further compounded by cultural influences and a general lack of capacity on the part of the players in the sector to adopt good entrepreneurial practices.

The GSPS (2008) identified a number of challenges facing the sector, including:

- o An unwillingness on the part of fishers to engage in cooperative management of their limited resources;
- o The sector is dominated by a high percentage of part-time operators with low productive outputs, very poor entrepreneurship skills, inadequate equipment and a general resistance to adopting new technologies and higher standards of operations;
- o Poor management of the resources, including the lack of effective surveillance of Dominica's Exclusive Economic Zone (EEZ);
- o Rapid rate of habitat degradation from multiple factors including poor fishing practices;
- o Lack of appreciation by the general populace of the potential and importance of the sector;
- o Inadequate written policies for the fisheries sector;
- o Lack of adequate legislation to manage the fisheries sector;
- o Natural disasters causing changes in areas fished, such as Layou; and
- o Quarrying also affects livelihoods and biodiversity because of the degradation of the quality of the water, significantly affecting fishing and species availability.

There is much work to be done with the fisher folk. While they participate in training, they are reluctant to making additional financial investments in their businesses. They tend to be reluctant to stay out for days, preferring daily fishing instead. When fishers invest in larger vessels that can stay out at sea longer, they find it difficult to attract other crew members. Thus with 200 miles available to the country's fisher folk, they make use of only 30 miles. Dealing with these issues is difficult but is a challenge that the Fisheries Division will continue to work on.

LOOKING AHEAD

Government will put in place or continue ongoing work in a number of areas in order to facilitate the further development of the fisheries sector and these will include the following:

- o The establishment by Government of a policy on the commercialisation of the sector in order to manage and operate fisheries complexes along viable lines and to stimulate entrepreneurship among stakeholders. The policy will allow for the establishment of public/private sector investment arrangements, which might require initial government subsidies or establishment of an easy access development fund that would allow the private sector entities to be responsible for the commercial use of the complexes and the associated developments, thereby enabling the Fisheries Division to concentrate on the management and regulation of the primary fisheries and improve the investment climate in the sector.
- o The development of offshore fishing capability by encouraging private sector investments in intermediate-sized fishing fleets by establishing an enabling environment for investment primarily in areas where artisanal fishermen do not operate.
- o Upgrading the knowledge, skills and technology of fishers by ensuring minimum standards for entry into the industry and establishing an institution for the transfer of knowledge, technology and skills through a public sector led initiative;
- o Encouraging greater involvement of women and youth in the operations of the sector.

Government is satisfied that the fisheries sector has had a significant impact on poverty reduction, especially in the context of the imperative of diversification away from the banana industry. It is encouraging that several young persons are undergoing training and entering the industry. The limits of expansion of fisheries have by no means been reached and every effort will be made to facilitate its expansion.

7. TOURISM

7.1 THE POLICY OBJECTIVE

Dominica's overall policy objective for the sector remains as articulated in the Tourism 2010 Policy document and reflected in the GSPS (2008), as follows:

“Dominica will pursue sustainable tourism that enriches the lives of all citizens by creating economic, social and cultural opportunities, protecting the natural resources and scenic, heritage and cultural features of the country, nurturing community involvement in tourism at sustainable levels, and by creating career paths for the young people of Dominica.”

It remains true that the Government is committed to developing the tourism sector as a driver of national economic activity and diversification. It has established tourism as a high priority sector. The country has the natural and cultural resource base upon which to develop a sustainable industry; and can position itself to take advantage of the expanding global market for international travel. This remains a formidable challenge for the sector but one that is believed to be achievable. However, Government is scaling down the envisaged average annual rate of growth for the sector from the 10 per cent proclaimed in the Tourism Policy documents under reference and reflected in the GSPS (2008) to an assumedly more realistic minimal rate of growth of three per cent per annum into the medium-term and beyond.²⁵

By all accounts, the tourism sector has the potential for the most rapid growth in the economy because of Dominica's competitive touristic advantages given the low current level of the sector's development. Government accepts the imperative of paying attention to the development of the tourism sector, both because of its established potential and uniqueness, and the relatively limited opportunities that may be available in other economic sectors. Owing to the potential linkages between tourism and other economic and social sectors, a vibrant tourism sector can make a major contribution to increased dynamism in the total economy.

Available data on tourism's contribution to GDP continue to be characterised by suspected understatement, with a traditional focus on the contributions of the *accommodations* and *restaurants*. Central Statistical Office (CSO) (Table 9) show Tourism's contribution to Dominica's GDP was 1.86 per cent in 2010, down from 1.89 per cent in 2001 or an annual average over the ten year period from 2001 to 2010 of 1.99 per cent. The growth in the sector was correspondingly no more encouraging – there were four years of negative growth between 2001 and 2010; and the average annual rate of growth over the period was 1.71 per cent; (see Table 10). However, growth in tourist expenditure grew by 64 per cent from \$185.3 million in 2006 to \$304.5 million in 2010, due mainly to the growth in the 'private homes' category, from \$30.0 million to \$108.6, an increase of 262 per cent.

Clearly, therefore the country is not on track to achieve the growth targets looking ahead to 2015, (if these targets were at all realistic). It is as well that the Tourism Master Plan, (TMP), is soon to be reviewed with a view to making such adjustments to it as may be indicated. In addition, it is proposed under the 10th EDF Budget Support programme to finance the formulation of a strategy for dealing with the issues of transportation and marketing that affect the sector with a view to attracting a larger number of visitors to the island.

²⁵ Dominica – Tourism 2010 Policy, June 2005; and the Tourism Master Plan 2005-2015.

Table 9: Contribution of Tourism to Gross Value Added

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 ²⁶	<i>Annual average</i>
1.89	2.2	1.94	2.03	2.02	2.12	2.04	1.92	1.86	1.86	1.99

Table 10: Rate of Growth of Gross Value Added in Tourism²⁷

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 ²⁸	<i>Annual</i>
(0.56)	13.90	(6.14)	5.30	(2.43)	9.06	0.05	1.60	(4.05)	0.52	1.73

The Government found itself severely constrained in its attempt to execute the Master Plan. The first requirement was for the establishment of Project Management Unit, (PMU), called for in the Master Plan itself; and one of the first tasks of the PMU would have been to come up with a plan for implementation that would identify those elements of the TMP that would permit of implementation in the short-, medium- or long-term, taking into account the resources available, both financial and human. Government expects that the impending review of the TMP will result in a precisely realistically time-frame, more manageable, strategic and operational plan for the accelerated growth of the tourism sector.

7.2 CHALLENGES FACING THE SECTOR

Dominica’s tourism continues to face some critical issues and questions. The Master Plan identifies four challenges that will have a bearing on the successful development of the sector. These are:

1. The imperative of a focused commitment to tourism, to be reflected in the adequacy of a “competitive destination management and marketing budget, and continuing attention to tourism infrastructure constraints”;
2. The challenge of positioning its destination and its product to meet the demands of its specialty market;
3. Successfully incorporating local community involvement in tourism and fostering opportunities for local entrepreneurs;
4. Dealing with constraints in investment in the sector, such as limited air access and high energy costs.

Government believes nonetheless that Dominica has an excellent opportunity to grow its tourism sector in the light of global market trends, and that the overriding challenge is to realise this potential while ensuring that tourism is sustainable.

7.3 GUIDING PRINCIPLES

The guiding principles identified in the GSPS (2008) continue to be pertinent. These have been accepted by Government for purposes of shaping the manner in which tourism is developed and managed in order for the sector to achieve the country’s vision for tourism. These guiding principles are as follows:

²⁶Preliminary figures, in percentages.

²⁷ In percentages.

²⁸ Preliminary figures.

1. Tourism policy and development programmes will be integrated with national economic, social and cultural policy.
2. Government will foster a positive environment for the tourism sector and for meaningful local participation in the sector.
3. Tourism sector planning and management will be based on partnerships and collaboration.
4. Local communities will play a meaningful role in the tourism sector, one that ensures economic, social and cultural benefits to each participating community.
5. All tourism activity will be designed to improve the quality of life enjoyed by Dominica's citizens.
6. Development of the tourism sector will be market-driven and private sector-led.
7. Government will adopt a business model to fulfill its role in tourism sector management and destination management.
8. Tourism policies, programmes and standards will be integrated with the principles and directions required of the tourism sector arising from Green Globe certification.

Into the medium- to long-term, significant new investments are called for, thus contributing to the building and construction sector and the commercial sector, with downstream benefits to the agriculture and other services sectors. This increase in demand for the output of the construction and commercial services sector will result in additional jobs, which in turn will mean additional demand for goods and services which, through the 'multiplier effect', will spread throughout the economy.

Government is committed to working to achieve these outcomes and will continue to pursue the strategy that they call for, through the following actions, where appropriate, working in collaboration with the private sector:

- o Increasing in the average annual room occupancy rates to between 55% and 66%;
- o Quality upgrading of properties with 600 'export ready' rooms available by 2015;
- o Expansion of carrying capacity of the Trafalgar Falls and the Emerald Pool;
- o Rehabilitation of the Woodbridge cruise jetty;
- o Public and private sector partnerships to mobilise investment for the proposed Roseau Waterfront, Cabrits/Portsmouth Marina and a Marine Visitor Centre;
- o Significant new investment in tourism plant involving resort developments at Hampstead, Woodford Hill and Cabrits/Portsmouth; and
- o Development of a bio-park in the Layou River Valley.

Some of the foregoing goals have already been achieved and work is continuing on others; while yet others may well be subjected to feasibility scrutiny in the course of the imminent review to be undertaken by the Ministry of Tourism, as are the various proposals outlined in the TMP as relate to the *Tourism Development Concept* and the *Tourism Structure Plan* contained therein on which work has not commenced.

Worthy of mention in the context of strategic planning into the medium-term are two important projects both of which feature in the TMP and in its tourism structure plan in particular, one practically completed and operational; the other to commence shortly.

7.4 WAITUKUBULI TRAIL

The recently completed 115 miles long Waitukubuli National Trail (WNT) was developed through a project of the Government in partnership with the Regional Council of Martinique and funded by the European Union. It is “the Caribbean’s first long-distance walking trail...” The trail has opened up and has begun to showcase “the best of Dominica – culture / heritage, local lifestyles, and the island’s rugged terrain and wild nature – rivers, waterfalls, mountains, exotic gorges and rainforests”.²⁹

It is expected to be a major tourism product in Dominica with linkages to health tourism, community tourism, culture tourism and agro-tourism. The WNT will meet international standards with required facilities and proper operational guidelines.

The trail has the potential to expand Dominica’s tourism market and contribute significantly to the rural economy. This development initiative also promotes environmental conservation, historical and cultural preservation and sustainable development at all levels. It is being promoted as a feast for nature lovers, hikers, cultural enthusiasts and others and is expected to be a boon to Dominica’s image as the *Nature Isle*.

Government is committed to contributing to the operationalising and management of this major tourism product and will seek to work with others to ensure that the potential linkages with other sectors of the economy are forged.

7.5 ROSEAU DEVELOPMENT AREA

Government will foster the development of Roseau as a significant tourism experience, combining heritage, culture and city experiences. In so doing, consideration will be given to enhancing an understanding of, and appreciation for, the Roseau Heritage District, introducing themed signage, developing walking tours, ensuring that the proposed road re-instatement project does not compromise the historic “feel” of the community, and upgrading the waterfront to a more user-friendly environment with a world-class waterfront walkway area. A visitor-friendly Roseau will also include provision for access to the river system, (*e.g.* riverside walkways and bicycle trails) and provision for a conducive night-time experience for dining and entertainment activities.

Consistent with the proposals contained in the Roseau Development Plan, Government has identified six key projects for early implementation.³⁰ With work on the Cruise Ship berth and the ferry terminal now completed, efforts will focus on:

- (1) Re-generation of the waterfront;
- (2) Marine visitor centre;
- (3) Roseau River corridor re-generation;
- (4) Restoration of the historic district;
- (5) Designation of heritage trails; and
- (6) Upgrade of the Botanic Gardens.

²⁹ See web site: <http://agriculture.gov.dm/trail/> or www.waitukubulitrail.com

³⁰ Roseau Development Plan 2020, Baptiste & Associates Ltd, June 2005.

The last-mentioned project is now practically completed while efforts continue towards making the others a reality. In particular, Cabinet has already approved plans for development of a Roseau River Promenade, for which a hydrology study has already been completed, and implementation of which will take place over a two-year period.

Using as a point of departure, the Roseau Development Plan 2020 and other relevant plans and strategy documents, Government has embarked on an urban renewal and revitalisation programme. This will target urban and semi-urban areas of Dominica with emphasis on the city of Roseau. It is expected that the initial focus of the programme will be in the city of Roseau, before it is rolled out to other parts of the island. The overall objective of the programme is to enhance the ambience, livability and functionality of the City of Roseau and other parts of the island.

7.6 OTHER TOURISM-RELATED DEVELOPMENT PROPOSALS

Other tourism or tourism-related development plans include the following:

Woodbridge Bay Development Area

In addition to the expansion in the capacity of the Port to accommodate larger cruise ships, Government will be seeking to increase the capability to disburse the increased number of passengers disembarking.

Government will rehabilitate the existing jetty and improve parking facilities to facilitate cruise passenger pick-up by taxis and mini buses; and will keep under review the recommendation to construct a promenade linking Woodbridge Bay with the regenerated Roseau Waterfront.

Roseau Valley

Government will be taking steps to capitalise on the tremendous potential of this area and enhance its appeal. The plans for this zone include:

- o A road improvement programme (with car parking, passing areas, viewing points);
- o Community development programmes (arts and crafts, food and beverage outlets);
- o The ongoing nature site improvement programme, including rehabilitation of trails, viewing platforms and increasing the carrying capacity at Trafalgar Falls; and
- o Working with operators to upgrade the thermal facilities; and
- o Efforts to locate a hotel in the Roseau Valley.

North-East Coast Resort Area

Government has already stated its commitment to take advantage of the attractive white sand beaches in this area, through the development of two luxury resorts, one at Hampstead and the other at Woodford Hill, catering to the top end of the market. Indeed Government is currently close to finalising arrangements for the commencement of construction on the latter.

The Hampstead Resort concept is an integrated high quality gated resort hotel and golf community development, set in an area of between 250 and 300 acres.

The concept for the Woodford Hill resort hotel is for an integrated resort hotel/villa development involving a 100 room beach front hotel and 60–70 villas.

The construction and operation of all infrastructural facilities at both these resorts will conform strictly with ecological best practices, so as to achieve an environmentally friendly resort development.

National Parks and Nature Sites

The national parks and reserves are central to Dominica’s tourism product and will be preserved at all costs. In this regard, Government undertakes to do the following:

- o Work in partnership with parks management to manage and plan for the sustainable use of the protected areas.
- o Support the development of buffer zones around the protected areas to check future development.
- o Undertake environmental and social impact assessments as part of the tourism development process so that appropriate levels of acceptable change are established and incorporated in the management plans.
- o Ensure environmentally sensitive design principles are applied in any form of development within the protected areas and buffer zones.
- o Assist in the development of themed trails.
- o Work in conjunction with park managers to jointly present and market potential tourist resources and sites.
- o Assist with the establishment of baseline data and ongoing monitoring of visitor use and impacts, and vary management systems accordingly.

As nature sites are the focal points of the sightseeing, touring, walking/hiking products, their on-going maintenance and improvement is essential.

It is acknowledged that the needs of eco/nature tourists may differ from those of cruise passengers. Care will therefore be taken to ensure that the needs of one group do not conflict with those of the other. Government will seek to develop a wider range of nature and heritage sites for stay-over tourists, while confining cruise ship and excursionists to selected intensive use sites.

Within this context, Government’s Nature Sites programme will be pursued on the basis of the principles for so doing that are contained in the Master Plan. These principles seek to guide investment in site maintenance, upgrading and development in a way that maintains the integrity of the resource while offering quality experiences to cruise, day trip and stay-over visitors.

General Touring Product

In order to broaden and deepen the visitor experience and to disperse visitor spending more widely across the country, Government will support the development of a general touring product across the island. Planned improvements to the road network will open up this possibility for a touring product that can be either chauffeur driven or ‘go-as-you-please’ car rental.

This will require the designation of routes, signage, lay-byes for scenic viewing, picnic sites, road maps and touring brochures indicating points of interest, describing local communities and local history. The routes would also act

as a focus for the establishment of small scale recreational facilities including viewpoints, car parks and picnic areas, and for the development of local enterprises involved in the sale of refreshments and local arts and crafts, and in the promotion of touring and guiding services.

7.7 COMMUNITY TOURISM POLICY

The promotion of community tourism is a high priority for Government because of its potential as both a significant tourism product and a means of community empowerment.

A Community Tourism Policy was prepared under the Eco-Tourism Development Programme and subjected to wide review. This policy forms an important part of Dominica's national tourism policy and consists of the following:

- Actively opening up opportunities for rural communities to increase their involvement in the tourism industry, particularly in tourism planning and the running of enterprises;
- Ensuring that rural communities have greater access to the benefits from tourism by creating appropriate legal mechanisms and establishing appropriate incentives;
- Ensuring that development of tourism on State lands takes place in areas and in forms acceptable to local people;
- Encouraging the formal tourism sector to work with the informal sector, and to recognise that as well as being in the long-term self interest of the tourism industry, this is a social responsibility and a contribution to Dominica's national development objectives of improved equity, poverty alleviation, and sustainable growth; and
- Ensuring that tourism development within Dominica is environmentally sustainable.

Government has been giving priority attention to a number of them on the basis that they have the potential to be of significant benefit to local communities. These are

- o The Carib Model Village (Kalinago Barana Aute);
- o The Waitukubuli National Trail;
- o The Giraudel/Eggleston plants and gardens project;
- o Maintenance and protection of the Indian River at Portsmouth;
- o Developing of tour guiding, restaurant and other business services in the Calibishie area;
- o Enhancement of agro-tourism tours to Bellevue Chopin;
- o Further development of the Arts and Crafts Centre being developed at Grand Bay; and
- o Enhanced use of the Mero beach facility for food and entertainment.

7.8 ATTRACTING TOURISM INVESTMENT

Government recognises that attracting investment for upgrading the existing product and establishing new tourism products is a *sine qua non* for realising its expectations of the sector. This will be achieved by:

- o Continuing the implementation of investment climate recommendations intended to enhance the climate for doing business in Dominica;
- o A pro-active, well targeted, investment attraction campaign by the *Invest Dominica* Authority; and
- o Incentives packages that will be redesigned to make them more effective.

In regard to the last mentioned, Government is proposing to enact tourism development legislation along the lines of the Barbados Tourism Development Act that will make for a comprehensive and investment-conducive set of arrangements for facilitating development in the sector.

The recent opening of the Rosalie Bay Resort, the Regents, Atlantic and Secret Bay hotels, and the projected opening in (two years or less), of the Government of Morocco-funded hotel (“Morrocan Hotel”), will add approximately 140 rooms to Dominica’s hotel plant.³¹ To this list one can add, potentially, the still-being-pursued developments in Hampstead and Woodford Hill. Government will itself be proactive in working through its official external relations to seek to increase Dominica’s hotel plant.

4.9 RESIDENCE TOURISM

Government is contemplating a *Residence Tourism* strategy as part of its thrust to increase the sector’s contribution to the economy. The idea is to seek to attract to take up residence in Dominica, affluent persons and others who are on a guaranteed income. These persons would be expected to contribute to the local economy through building homes, employing household staff and purchasing goods and services. Thus, qualifying persons would contribute to the expansion of economic activity in the country, in construction-related services, banking, insurance and other commercial services.

The policy would offer a range of incentives to persons qualifying under the programme.

4.10 DESTINATION AND PRODUCT PROMOTION

Government will seek to ensure systematic promotion to potential tourists and trade intermediaries (tour operators, travel agents), with such promotion being targeted at niche product segments that match Dominica’s strengths.

A niche marketing planning framework document for Dominica was formulated in 2004, describing the potential markets, niche products and promotional activities that should be undertaken.³² This will be used as a template for preparation by *Discover Dominica Authority* (DDA) of a detailed three-year rolling marketing plan. Execution of DDA’s mandate for product development and destination marketing will be assisted in the short- to medium-term by more active monitoring of the services of its overseas marketing representatives, (in the UK, France, French West Indies, North America and Germany), and the services of a market research company to conduct analysis on hotel occupancy levels. DDA will be hiring a consultant to prepare an air access strategy for Dominica to include recommendations for the integration of airline schedules.

DDA will continue actively to seek to bring more and more visitors into the country and to get them to spend more in the country.

³¹ The ‘Moroccan Hotel’ is the only one to be government-financed, (through grant resources from the Kingdom of Morocco).

³² Niche Marketing Strategy and Action Plan for the Commonwealth of Dominica, Tourism Intelligence International, 2004.

7.11 UPGRADING SERVICE SKILLS AND STANDARDS

The coming on stream of the hotel investments identified above will create hundreds of new job opportunities in the sector over the medium-term. Thus, there is a need to provide training for persons wishing to enter the hospitality sector and on-the-job training for existing staff within the industry.

The objective is to establish a system for formal, certified training in all skill areas that will be required by the expanding tourism sector. Government is targeting a minimum 50 per cent average annual increase in the number of persons trained in aspects of the hospitality sector.

Government has made funds available for the provision of more structured hospitality training at the Dominica State College. Some EC\$1.6 million has been allocated from EU funds for the construction and equipping of a training facility at the College. In addition to this, Government will be collaborating with the hospitality sector leaders to provide the practical skills that the sector is demanding.

7.12 REHABILITATING CRUISE AND OTHER INFRASTRUCTURE

Government will be seeking to implement significant improvements to the country's tourism infrastructure.

The Roseau Cruise Ship Berth will be further upgraded with the addition of a jetty extension, subject to the funding (EC\$3m) becoming available.

Government sees as a longer-term proposition the rehabilitation or reconstruction of the Woodbridge Bay jetty, the estimated cost for which is between EC\$50m and EC\$100m.

Consideration will be given to upgrading the Cabrits jetty in the longer term. (Estimated cost: EC\$24m)

An estimated EC\$24 million in capital investment will be required over the next three years in order to meet the increase in tourism demand in the North due to the planned construction of resort hotels. Projected expansion in hotel plants in the North of the island will also require that a second sanitary landfill will have to be constructed in that part of the island.

7.13 IMPLEMENTING TOURISM POLICY

Government recognises the critical importance of putting in place mechanisms for the effective implementation of the national tourism strategy. Led by the Ministry of Tourism, effective implementation will require the productive engagement of a variety of stakeholders including the private sector, local government and communities, other ministries and agencies of Government, the media as well as non-governmental organisations. A reorganization of the staff or structure of the Ministry of Tourism in order to establish a Tourism Planning Unit (TPU) will go a long way towards meeting the need for a special unit in the Ministry of Tourism to lead this process and take a holistic approach to driving the sector towards a greater contribution to the domestic economy. It will be one of the early tasks of the TPU to propose an approach to the implementation of the TMP, (subject to the outcome of its impending review), that is pragmatic, feasible and affordable.

8. MANUFACTURING / AGRO-INDUSTRY AND BUSINESS DEVELOPMENT

Dominica's manufacturing sector has remained small. Its contribution to GDP hovered around the 5 per cent level between 2000 and 2006 but has been declining since then to 3.74 per cent in 2009 and 2010. The sector as a whole has been challenged to produce competitively in the context of a very small local market and enormous regional competition. This has applied no less to agro-industry which also faces issues of reliability of supplies of raw material and limitations of small scale and cash flow, as well as apparent management issues.

Yet, Government believes that agro-industries can make a larger contribution to Dominica's economic growth in the medium- to long-term. An Agro-Processing Sector Policy was formulated in July 2002,³³ and a number of specific measures were identified for boosting agro-processing output. Agro-processing provides good opportunities for employment generation during the medium-term since it is a natural resource based industry that can be internationally competitive, and there are good market prospects for agro-industry products in North America, Europe and in the CARICOM region.

Agro-processing can play an important role in reducing post-harvest losses in agriculture that are very significant for fruit and vegetables and which adversely affect returns and incomes in agriculture. Agro-industries are also amenable to small-scale cottage type industrial development. Despite these advantages, agro-processors face many difficulties: the high cost of sourcing agricultural raw materials in Dominica; obtaining capital for development, particularly for small-scale enterprises; and transportation and marketing problems, including lack of market intelligence.

Government's strategy towards agro-processing is broadly the same as for the manufacturing sector as a whole – to reduce barriers to growth and create an environment that will enhance the performance and competitiveness of manufacturing firms and contribute to efforts to attract investment.

The strategy will be achieved through:

- Agreeing on a private sector strategy for facilitating development of manufacturing, including the creation of a business incubator service;
- Making funding available through domestic financial institutions, including the AID Bank and the National Bank of Dominica, for on-lending to potential borrowers in manufacturing, agro-industry and other sectors at concessional rates;
- Making financial and technical assistance resources available through agencies such as the NDFD and Government's Employment and Small Business Unit, to potential business persons at concessionary rates;
- Improving the operating environment from a policy and regulatory perspective, including the streamlining of business-related bureaucratic processes;
- Improving the competitiveness of its economic infrastructure, particularly in regard to transportation and electricity;
- Ensuring that the education system prepares individuals to make effective contributions to a modern, productive workforce;
- Assisting small firms with market research and intelligence through national and regional institutions;

³³ Agro-Processing Sector Policy Paper to Promote Agro-Industrial Development.

- o Intensifying its efforts at expanding key sub-sectors of ICT services, agri-business and light manufacturing; and
- o Working with the private sector organisations towards improved and institutionalised relations with the Government.

Government is taking steps to increase the visibility of the manufacturing sector in the short-term. In that regard, the InvestDominica Authority is working with the Manufacturers Association to lift the profile of that sector and to identify and find solutions to the challenges which impede growth in the sector. Over the past 10 years, manufacturing has contributed an average of 4.5 per cent to GDP, higher than the 1.99 per cent from hotels and restaurants. Its contribution to employment and export earnings is known to be significant.

Given the country's very pressing need to increase its overall economic performance, Government is working very closely with the Manufacturing Association and will consider the appointment of a manufacturing sector task force to make recommendations for the further development of the sector in the expectation of attracting new entrants to the sector and increasing the viability of existing enterprises.

The task force will take account of the incentives packages that are offered in countries such as Barbados and Jamaica, and seek to come up with a package of support more relevant to the needs of today's manufacturing sector. The objective is to recognise the sector's contribution to growth and employment and give potential entrants into the sector as much support as the Government can muster.

8.1 BUSINESS DEVELOPMENT

Micro- and small businesses can be an important source of income and employment (including self-employment). Government accepts that global experience has shown that the fostering of small business is perhaps the surest route to employment generation and poverty reduction. Currently, programmes aimed at assisting people to establish and operate micro- and small businesses focus on providing credit and associated training, (*e.g.* through the National Development Foundation of Dominica (NDFD) Ltd).

Studies indicate that micro and small businesses face more problems than just access to credit: "access to growing markets, new technologies and appropriate training are often as important as or more important than financial constraints"³⁴ Among the types of services that micro and small businesses may need are:

- o Training;
- o Business advisory/consulting services;
- o Market development services for both inputs and outputs, including market intelligence and facilitating linkages with buyers and suppliers;
- o Support facilities (*e.g.* business incubators); and
- o Product research and development.

Government has been seeking to determine the most effective means of supporting the development of small businesses in Dominica. The NDFD has continued providing direct support to the sector. By providing

³² Barton, Clifton, "Micro-enterprise Business Development Services: Defining Institutional Options and Indicators of Performance", USAID, 1997.

micro-finance up to a maximum amount of \$150,000 it has been filling a void within the country's socio-economic spectrum. It provides business-related training and carries out on-field monitoring of its businesses. Government is aware that securing the funding needed for expanding its operations is a serious challenge for the foundation, and expects that the special facility made to the National Bank of Dominica for onlending to small and medium sized enterprises will assist in that regard.

The Government is pleased at the recent launching by the NDFD of its new Business Support Service Unit. This Unit will offer a range of services needed to ensure the success of small businesses in Dominica. These services include the preparation of record keeping, book keeping, financial statements, business plans, marketing plans and completion of forms and documents needed for VAT and income tax returns and for other purposes.

There is also the Dominica Youth Business Trust (DYBT) within the Youth Division with its three-fold mandate to:

- (a) Train young people in micro- and small business development,
- (b) Facilitate access to credit through a loan guarantee fund, and
- (c) Sustain a mentorship programme to provide continuous technical support.

The DYBT has been playing its part in business development with a focus on youth. Under its Entrepreneurship Development Programme (EDP), it has trained 197 people of which 72 are currently in business. Sixty 60 EDP loans have been granted. Under the Small Business Facility (SBAF) 134 have been trained, of which 64 are currently in business. 19 SBAF loans have been granted. Employment generated under the two facilities is 166.

There was also the EU-supported Business Gateway Project that spawned a number of small business enterprises. Government has in place an Employment and Small Business Unit (ESBU) located within the Ministry with responsibility for trade and employment. ESBU, now under strengthened leadership, is in the course of revamping and streamlining its operations with a view to becoming a more effective and efficient deliverer of small business services within the shortest possible time.

ESBU makes grants and soft loans available to persons who meet the criteria for borrowing. Between October 2008 and June 2011 it received 2540 applications and disbursed business grants and soft loans of \$7.7 million. The Unit will be encouraging and supporting the formation of small or micro-business clusters that can benefit from joint sourcing of materials and in other ways. ESBU will be keeping proper records of its operations and impact with a view to making ongoing improvements that will increase its effectiveness. The agency will start and manage an apprenticeship programme in partnership with the local private sector, which will aid in skills development and facilitate employment of apprentices. An important element of the mandate of ESBU is its employment agency function – preparing persons for employment and job interviews, and matching supply with the demands of the market place.

Government will be taking every advantage of opportunities that present themselves for sourcing additional funding for the NDFD so that it can expand its operations and make financial (and technical) support available to an increased number of persons willing to get into business and with business ideas in which the institution detects potential. More generally, Government will continue its approach to leveraging funds for the relevant financial institutions in Dominica to be enabled to support the small business community on terms that are relevant to the sector's needs.³⁵

³⁵ Government has recently made available \$10 million to the NBD for a low-interest facility for business.

It has become clear that arrangements for the development and operation of small businesses in Dominica need to be put on a more formal and coherent basis. Government has begun work on a Small Business Act that will streamline and otherwise improve the legislative and regulatory framework for the operation and support of small businesses in Dominica, and an accompanying small business policy document to which stakeholders will be invited to contribute.

Finally Government is giving consideration to the scope for rationalisation of the delivery of small business services that could potentially include the NDFD, the ESBU and the Agricultural Investment Unit. Such rationalisation into a possible Small Business Development Corporation, could bring with it the potential for greater overall operational, cost and managerial efficiency and make for a more comprehensive and visible focus on an area of tremendous importance to growth, employment generation and poverty reduction in Dominica.

9. HOUSING, LAND USE AND CONSTRUCTION

Improving people's quality of life includes responding to their needs for adequate shelter, since housing is an essential component of quality of life.

Construction is an important economic and employment sector in Dominica. It may well be the fourth largest employment sector and is a significant contributor to GDP. Residential buildings account for a large share of all construction activity. The demand for new and replacement housing, for all income groups, is estimated to average 400 units a year, but housing starts account for less than 35% of this, mainly because of relatively high construction costs and difficulties in obtaining financing.³⁶

Government's broad approach to facilitating the development of the housing sector is to encourage persons to build their own homes, with Government involvement focusing on the utilisation of government-owned lands and delivering serviced lots.

At the same time, Government will be seeking, wherever feasible and prudent, to be proactive in its facilitation of housing development. Its efforts over the past years have been put together within a clear strategic policy on the provision of housing and shelter, a package of measures that has become known as the "Housing Revolution". The GSPS (2008) identified seven main elements of the Housing Revolution, most of which have since been implemented successfully. A total \$30.7 million has so far been spent on the Housing Revolution to date, funded through grants and contributions from the Government of Dominica.

Squatter Regularisation Programme

Government has continued its squatter regularisation programme that involves regularisation of squatter communities, thus empowering these communities by enabling the occupants to qualify for borrowing funds for construction or improvement of their dwellings. Through this programme, Government has brought some stability to a troubling situation, empowered a large number of persons and families, and added to their quality of life. Up to end June 2011, 463 households had purchased house lots at EC\$1.00 per square foot.

Sites and Services Infrastructure

The second element of the Housing Revolution is the provision by Government of sites and services infrastructure, more specifically the provision of serviced lots for purposes of housing construction.

³⁶ CDB, A Report on the Preparation of Shelter Development Projects – Dominica.

Over the past five years, 150 serviced lots have been made available to low-to-middle income earners from a cross section of the island, and more lots will be made available under this component of the programme. Related work is ongoing at Union Estate (in Pointe Michel), Hillsborough Gardens, Canefield East and Lily Valley (in Trafalgar). This programme is challenged by the high cost of land acquisition, but the Government will continue to make its best efforts to continue it.

The National Housing Rehabilitation and Sanitation Programme

Under this third component of the housing programme, the National Housing Rehabilitation and Sanitation Programme, Government has spent more than \$18 million by way of procurement of building supplies and other purposes to assist with rehabilitation of private residential accommodation. The \$2.1 million renovation and sanitation sub-component has been fully executed. The two parts of this component were meant to bring immediate relief to marginalised and indigent persons within our communities, and targeted 400 homes in 28 communities.

Government is in the course of reviewing the criteria for receiving assistance under this component with a view to increasing its efficiency and increasing the level of contribution from the beneficiaries. Systems for better monitoring will also be put in place and funding will be channelled through local authorities.

The Special Mortgage Facilities

The fourth component of the Housing Revolution involved disbursement of \$7.0 million and \$5.0 million to the Government Housing Loans Board and the AID Bank respectively for financing of home construction by lower income earners within the public and private sectors. This facility has been recently extended through negotiation of a loan arrangement with the Government of Venezuela's *PetroCaribe* of \$10 million for on-lending to the AID Bank. Through this facility, the Bank provides housing mortgages at five per cent for the construction of houses, purchase of lots and renovation of existing buildings.

National Shelter Development Programme

The National Shelter Development Programme was intended to provide an all-inclusive framework for shelter development in Dominica, and better-planned human settlements. It was devised within the framework of the overall macroeconomic and social development process. However it is to be revised in the medium-term as most of its components and emphases need to be updated. In the meantime, it has been used as a guide to implementing aspects of the Government's total housing programme.

Major Low-Income Housing Development

Even with the success of its programme, Government faces a major challenge in the provision of affordable "low-cost" housing. Government has already been responsible for the construction of a large number of houses at various sites over the past four years since it launched its aggressive and determined housing programme. The intention continues to be to make safe, quality, affordable housing available to the average citizen of this country.

The economic and social impact of this expenditure on housing is not to be underestimated. The direct expenditure of \$30.72 million to date would have created close to 500 construction-related jobs. Using a multiplier of say, 1.2, this will mean an economic benefit to the economy of approximately \$37 million.

Under this component, the laying down of infrastructure in the identified villages has preceded actual housing construction.

Petro Casa Initiative

In its continuing quest to find housing solutions, Government has launched its Petro Casa initiative with the support of the Government of Venezuela. Fifty houses will be built on five sites – Chance, Castle Bruce, Grand Bay, Lily Valley and Stock Farm. This project will use new construction technology for low-cost housing, involving the pouring of concrete into PVC moulds. This pilot project will target low-income persons, the selection of whom will be guided by the recent Country Poverty Assessment. The Government will be responsible for providing the land, infrastructure and utility connections. If this pilot project succeeds, the hope is that a plant for producing the moulds can be constructed locally.

Carib Territory Housing Programme

The seventh component of the Housing Revolution focused on the Kalinago Territory. Government has made an important contribution to the transformation of the quality of life of the indigenous people through improved shelter development, bringing in its wake enhancement of the economic standing of the community through job creation and increased opportunity.

Government's goal continues to be to construct safe, affordable and decent traditional-style houses for the inhabitants of the Territory in at least eight local communities. It has constructed forty-one two-bedroom units, complete with all amenities, (electricity, water and sanitation), in the various communities within the Territory.

The Carib Territory housing programmes will end up costing approximately \$3.5 million, made available by way of grant financing from the Government of Venezuela. A number of these houses will be sold and the remainder allocated to the poor and vulnerable in the Kalinago Territory.

With the support of the Chinese Government, an additional 39 houses are being constructed in the Territory. This project is currently at the pre-implementation stage and the contract is to be awarded shortly.

Cotton Hill Development

Government will be embarking on a housing relocation programme where social, environmental or other issues so require. The first of these will be the relocation of persons from Lagoon in Portsmouth to a location to be determined. A uniform housing scheme is being contemplated using a technology that is more efficient and makes for less construction time.

Going forward, other pre-fab options will be kept under consideration for the continuation of the overall housing programme; and other such relocations will be identified in due course.

Mention was made earlier in this document of the housing and re-location project in Silver Lake, Roseau. This project is expected to be transformational in terms of what it will mean for the lives of the intended beneficiaries. There are also plans for the construction of apartment complexes in Roseau.

General

Thus far the Government's Housing Revolution is estimated to have cost approximately \$30.7 million. One of the challenges that the programme now faces is the very slow pace of repayment for houses purchased under the programme, thus adversely affecting revenue collection and the country's fiscal situation. A revenue collection

drive was started but the amounts collected fell far short of what was targeted. Government is going to apply criteria for the allocation of lands and housing that take greater account of persons' ability to pay in the interest of the programme's sustainability. In addition to continuing to access financial resources, over the medium-term Government will be directing its efforts towards housing solutions that involve more direct contributions from beneficiaries, assisting with the supply of materials, sourcing lower-cost technologies and generally increasing the efficiency of delivery of its housing assistance.

9.1 LAND USE PLANNING

Government is concerned about the allocation of prime agricultural lands for private non-agricultural purposes and is giving attention to this matter. It is rethinking its policy on land use; in particular as regards land for agricultural as against other development needs. Proposals have been made to the Cabinet of Ministers for certain area land use plans – the North East, Sultan, Pont Case and others, but there is not yet in place a land use plan for the entire country.

Government is aware of the importance of land use planning, especially in the context of its plans for a large expansion of the tourism sector. The impact of climate change makes this a more urgent imperative: “The disastrous impact of climate change, coupled with emerging challenges in land use and land management in Dominica, necessitate deliberate action to increase the island’s resilience and establish a path of sustainable development. One avenue for achieving this goal is through a National Physical Development Plan which recognises the relationship between natural resource use, environmental consequences and future economic viability”.³⁷

A proposal is being finalised for submission to the CDB for preparation of a Land Use Policy and Physical Development Plan. This will provide an explicit policy and physical planning framework conducive to long-term economic and tourism development. Clear land-use zoning and associated physical development plans will permit a more efficient and sustainable use of land resources. Environmental management capacity building will provide support for technical evaluation, regulation and monitoring of development projects. Plan preparation is expected to commence in mid-2012.

The plan will address hazard reduction and climate change adaptation; integrated land use planning and watershed management; and will be supported by environmental management tools and practices. It will also provide for a balanced distribution of the limited land resource base into the long-term, taking into account all the considerations that are relevant to Dominica’s circumstances.

In the meantime, Government has been pursuing a policy of making lands available to farmers on agreed terms in response to farmer demand and where squatters are willing to pay for land. Government has also been purchasing private lands for housing development as needed, the latest such instance being the purchase of 18 acres at Cotton Hill, Portsmouth. It has also had to acquire lands needed for protection of the country’s watersheds, (as in the Pond Cassé area).

One challenge the Government faces as regards land purchase is the sale of land to non-nationals and the policy on this matter, (in particular the Aliens Landholding Legislation), is being reviewed. The entire range of issues relating to land administration, (including the issue of leasing versus sale of Government lands), is being addressed under *Land Tenancy Administrative Reform Programme*.

³⁷ Source: Physical Planning Unit.

9.2 CONSTRUCTION

The Construction sector has been an important contributor to economic growth in Dominica. The sector has steadily increased its contribution to GDP in every year since 2002; (see Table 11). During 2010, the value of new construction activity is estimated to have been \$42 million, an increase of \$7 million over the previous year.

Activity in the northern district was valued at \$19.9 million, in the western district, \$11.9 million and in the south-western district, \$7.2 million. The data show that there was a corresponding increase in the number of persons applying for building permission, in the number of permits issued and new construction started. Whereas, the number of received applications had increased by 4.7%, the number of permits issued has increased by 7.2 %. However the number of authorised construction starts decreased by 15.9%, (though there was also a small number of unauthorised building starts).

Table 11: Growth Contributions of Construction Sector, 2001-2010³⁸

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
3.66	2.46	3.20	3.81	4.16	4.38	5.48	6.74	6.30	6.80

Government's programmes and policies, in particular its housing and public investment programmes, have contributed to the performance of the construction sector. Through its continued proactivity in these areas, and through its fiscal incentive and other regimes, Government will continue to facilitate the generation of activity in the sector. The construction sector will also benefit from measures that the Government may take to facilitate the increase in private construction as this is one of the areas receiving Government's attention.

Further, Government is seeking to derive optimal benefits from the mining and quarrying sector. This sector is supportive of the construction sector. Dominica has been identified as being able to provide very good quality construction inputs. The synergies with the constructions sector will be pursued as well as the export of aggregate and sand to Caribbean islands. This, of course, will be pursued with due regard to the environmental preservation.

10. NATIONAL EXPORT STRATEGY

The newly inaugurated Dominica National Export Strategy, (NES), has the potential to facilitate beneficial coordination between all relevant sectors. The NES, which was prepared "within the framework of the export strategy development process and methodology of the International Trade Centre (ITC)", appears to have the potential for constituting a veritable development strategy for the country, with an orientation towards export and export competitiveness.

It identifies six priority goods and services sectors for attention within the frame of the (medium-term) export strategy:

- ✓ Agriculture and root crops;
- ✓ Agro-processing: condiments, essential oils, herbs, spices and beverages;
- ✓ Energy and natural resources: geothermal, water, pumice and quarrying;

³⁸ In percentages.

- ✓ Cultural industries: music and performing arts;
- ✓ Professional business services: engineering, architecture, construction and construction-related services; and
- ✓ Tourism: farm tours, hiking, diving, spas and mineral pools, heritage and cultural tourism.

The cross-cutting priorities identified in the strategy are:

- ✓ Capacity development;
- ✓ Infrastructure;
- ✓ Trade facilitation;
- ✓ Cost of doing business;
- ✓ Trade promotion and national branding;
- ✓ Business and export competency;
- ✓ Trade information;
- ✓ Trade finance; and
- ✓ Quality management and packaging and labeling.

For each of the sector strategies, the NES provides a vision, key issues confronting the sector, a current and future value chain mapping and a matrix of objectives, targets, measures and initiatives. It also indicates the lead and support agencies for the sector and a timeframe for the identified actions.

Implementation of the NES is the responsibility of a secretariat which is funded by a combination of local and external resources, and is to be carried out in collaboration with DEXIA.

From the perspective of the GSPS, the NES is very useful indeed, in that where coherent strategies and development paths did not really exist, the apparently very inclusive and consultative NES process has resulted in strategies, targets and investment priorities for these sectors; where they did exist, the NES process has provided an opportunity for revisiting and refining. Therefore heavy reliance will have to be placed on it. The nature of the process would have ruled out any issues of alignment of the NES priorities and targets with those articulated by the ministries of Government.

Implementation of the NES itself is likely to be quite a challenge as it is very all-embracing, “cross-cutting” and dependent on a very high level of coordination among all the named lead and support agencies. However given its large potential for contribution to the national development drive Government will be doing everything possible to facilitate its work.

11. THE CULTURAL INDUSTRIES

The GSPS (2008) asserted that cultural Industries had been identified as having a role to play in Dominica’s economic diversification thrust. These industries, with a focus on music, film and audio-visual and book publishing, as well as Carnival and festivals, would be developed as the creative industries sector. More emphasis would be placed on legislating intellectual property rights and the development of strategies aimed at commercialising these

industries. Some of the critical areas of focus would be the development of local standards, product development and forging linkages between trade, culture and tourism.

Indeed, the NES specifically includes cultural industries as one of its priority sectors. “The cultural industries sector in Dominica includes song writing, live performance and recording of music, local production of audio visual products and location filming by foreign producers, arts and crafts, and production of printed material.” This strategy focuses on the music and audiovisual industries; the development of which would appear to have a symbiotic relationship.

In this area, the vision of the NES is “to develop the cultural industries to become a significant source of employment and contributor to export earnings ...” Priority actions will include “a campaign to increase IP awareness and enforcement, to attract capital investment to the sector, to promote knowledge of consumer preferences in target markets, and an education programme to increase management competencies and skill requirements in the sector. “The strategy also seeks to strengthen linkages between the music industry and the film industry and with the tourism sector.”

The cultural industries sector accounted for roughly 5% of GDP in Jamaica in 2005, and several studies have suggested cultural industries as an area in which the CARICOM Region has a competitive advantage. With respect to the music market, research indicates that because of its Creole French influence, Dominica’s music has been observed to appeal to niches in the French market. Product development to meet consumer preferences in the French market, to address music presentation using audio-visual, packaging and branding can therefore result in strong growth in exports of Dominica’s music (both live performances and recorded products).

The proposed cultural industries thrust will be implemented within the framework of the National Cultural Policy (NCC) of the Commonwealth of Dominica.³⁹ While many of the Government’s actions are being influenced by the Policy, a full implementation plan for the NCC is being prepared with a view to deciding on the priority actions to be pursued. The policy aims to foster the participation of all Dominicans in national life and promote investment in national cultural development.

There is in place a National Cultural Council to advise on the implementation of the National Cultural Policy and to provide direction to the work of the Government’s Cultural Office. Government is committed to taking advantage of every opportunity that presents itself to secure funding for the further cultural development of the country, as evidenced in its recent success in securing resources from the Alba Fund for this purpose.

12. KEY CROSS-CUTTING SECTORS

Government recognises that in addition to the sectors already identified in this document for prioritisation, there are other areas or sectors of the national economy and society that cut across our traditionally recognised productive economic sectors, are critical to national economic success and require governmental attention and support. These areas must all be brought deliberately into the national dialogue on the way forward and allowed to contribute maximally to the national effort. Government will be paying attention to the mechanisms that need to be put in place to ensure that the needed coordination of effort and activity are in place to ensure that potential synergies and complementarities are maximised and that the whole of the enterprise becomes greater than the sum of its parts.

³⁹ The National Cultural Policy document was officially launched in 2007.

12.1 TOWARDS ENHANCED COMPETITIVENESS AND PRODUCTIVITY

“World economic history shows that sustained growth demands sustained growth in productivity”.⁴⁰ As was stated in the GSPS (2008), the success of Dominica’s response to its development challenges will hinge critically on our capacities for increased productivity at all levels of our society and economy, and increased international competitiveness. The circumstances of today’s world call for a clear and consuming commitment to increasing our levels of productivity, at personal, community and national levels. This is an essential prerequisite to increasing our regional and international competitiveness.

Government calls on Dominicans — individuals, the business and NGO communities as well as the public service to make that commitment to develop a changed attitude to work; a changed mindset; a sense of taking responsibility for our livelihoods. Government will be playing its part as well.

Government will seek to reverse the identified decline in levels of productivity gains in most Caribbean countries since the 1980’s.

Government accepts that to improve or even sustain past growth, we need to increase our levels of productivity everywhere and at all levels. It will seek to complement its successful fiscal and debt management, and sectoral focus on employment generating opportunities, with renewed attention to the imperative of increasing productivity in our society and economy. With the appointment of a Productivity Adviser, Government has taken an important step towards the establishment of a National Development and Productivity Council, (NDPC), which will serve as an advisory body to the Government on matters of development and productivity. It will also make recommendations to the Government on these matters as well as play a role in bringing together the interested stakeholders in Government and the business and non-governmental communities in a coordinated and concerted effort at increasing national productivity. The legwork for the establishment of the NDPC has been one of the early tasks of the Adviser.

12.2 FOREIGN POLICY, TRADE AND IMMIGRATION

Trade and foreign policy are vital to Dominica’s development thrust and Government has, over the years, been proactive in its pursuit of foreign relations in the service of the country’s development. Indeed, Dominica’s foreign relations have been well aligned to the country’s development interests. This strategy will continue to be pursued into the medium-term and beyond.

Government’s policy will continue to be to promote and safeguard Dominica’s national interests, secure international financing, promote investment in tourism and other sectors, identify export opportunities, pursue international recognition of the interests of small vulnerable economies, enhance regional cooperation and develop bilateral and multilateral relations.

Government will continue to seek to establish relations with countries with which Dominica has a philosophical or developmental compatibility, and to service its relations with countries where such relations already exist. Government will keep under review the most cost-effective means of servicing its foreign relations, including arrangements for ensuring the effective follow-up of bilateral and multilateral agreements.

Our Trade Policy has centred on seeking to maximise the opportunities for national development and improvement in quality of life that our trade relations may provide. Government remains committed to Caribbean integration

⁴⁰ World Bank, *A Time to Choose: Caribbean Development in the 21st Century*, April 2005

and in particular to the continuing pursuit of integration at the levels of the OECS and CARICOM. Accordingly, we will continue to be actively engaged in the processes at both these levels, including the advancement at the domestic level of the principles and goals of integration.

12.2.1 OECS and CSME

Now that the OECS Union has come into being, Government sees this as an important milestone towards gaining popular acceptance of the reality that the development challenges of the microstates of the OECS can only be effectively addressed through the creation of a single economic space among the members. Government remains firmly of the view that there really is no other way to go if our countries are to give themselves the best chance of survival and advancement, within the frame of the globalisation that envelops them.

It is of interest that the ‘development objectives’ of OECS Economic Union are in perfect harmony with those of the GSPS: economic transformation, growth, employment and poverty reduction. Government is keen to work with the other member states to operationalise a set of harmonised and coordinated strategies for moving towards attainment of these objectives in the interest of the peoples of the OECS Region.

More proximately, Government will be collaborating with the business community to ensure the full availability of information relating to the OECS trade regime and will be assisting the private sector to take advantage of the opportunities for increasing exports to the other member states and to the CARICOM Region. Government welcomes the regional trade seminar that was organised by private sector organisations in Dominica as part of the process of ratcheting up readiness for meeting the challenges of trade liberalisation and taking advantage of the opportunities it presents. The Government’s Ministry of Trade will become more active than it has been in ensuring fruitful collaboration with the private sector in this regard.

Even as Government presses on with contributing to making the OECS Economic Union operational, we remain steadfast in our commitment to forging integration at the wider CARICOM level. The CSME will provide an enlarged space for the interplay of factors of production, including movement of people across the member countries of CARICOM. Government accepts that the purpose of Caribbean integration is to pool our countries’ resources for the betterment of our peoples. We view as one of the key purposes of the OECS Economic Union project the transformation of the OECS countries into a single economic space, operating to greater combined effect within the CARICOM Community. Government believes that regionalism is about growth; and it is ultimately about improving the quality of life of our people.

12.2.2 The EU-ACP Economic Partnership Agreement and the CARICOM Canada Trade and Development Agreement

Government has taken action to bring Dominica’s participation in the Economic Partnership Agreement (EPA) into the mainstream of its ongoing engagement in trade issues with a view to making them work to the benefit of the people of this country. In particular, there has been established in the Ministry of Trade an *EPA Unit* that is dedicated to this task. It is the Unit’s task to explain the provisions of the EPA to the business and other communities in the country and to work with these stakeholders, (including the National Coalition of Service Industries), to seek jointly to take advantage of the provisions of the EPA, including the ‘development’ provisions of the Agreement. The sea of change in our countries’ external economic relations represents a considerable challenge to Governments of the Caribbean as it does to their private sectors. Our private sectors will eventually have to compete in their own markets, not to mention with external suppliers and service providers. Government will be playing its part in actively encouraging business to flourish, and providing a positive enabling environment that will result in increased

business profitability and public revenues. The imperatives of public sector reform and business facilitation are brought into sharper relief by these new external developments, and Government will be seeking to respond expeditiously and effectively to assist our entrepreneurs and people to take advantage of the opportunities that will be thrown up by the EPA. National-level programmes and reforms will have to be supplemented by intensified cooperation at the regional level, and Government will be seeking proactively to play its full part in these processes as well.

Government does have a concern about the costs of implementing the relevant EPA provisions and will have to determine a cost-effective way of taking advantage of them, with the support of the local business community. It will also be seeking international support to build capacity for taking advantage of these arrangements.

Dominica supports the ongoing discussions between CARICOM and Canada on the CARICOM Canada Trade and Development Agreement. It is expected that participation in these negotiations will further the regional and domestic trade development agenda by providing more secure and predictable market access for locally produced goods and services exported to Canada and obtain development support and funding for the adjustment to liberalization.

Dominica will be participating in the IDB's Aid for Trade initiative and has already designated national focal points for purposes of the design of a Caribbean Aid for Trade Strategy. The strategy's objective is to assist countries to benefit from liberalised trade and increased market access arrangements. It aims to do this by channelling resources to enhance trade-related capacities and overcome supply-side constraints. Government believes that trade is a potential engine for growth and poverty reduction if the necessary complementary policies are in place. Towards this end, Dominica will be seeking support for preparation of its national Aid-for-Trade strategy, a process that will involve the convening of national stakeholders' consultations.

12.2.3 Domestic Institutional Arrangements

The major developments here would be the operationalising of the National Export Strategy, which is discussed elsewhere in this document; the Secretariat of the National Coalition of Services Industries; and the renewal and/or refocusing of the mandate of DEXIA. The 'new' DEXIA will pay greater attention to the export rather than imports.

The strategic marketing plan for the promotion of professional services exports will examine the opportunities for increased exports from Dominica in a number of services sectors and will propose a marketing strategy and action plan for positioning Dominica to take advantage of those opportunities.

In terms of legislation, Government has enacted and implemented consumer protection and competition legislation, legislation on metrology, and a Fresh Produce Export (Quality Control and Inspection) Act that will establish a new regime for fresh produce trade in the Commonwealth of Dominica and require the mandatory inspection of all fresh produce destined for export. A major objective of this Act is to increase access to major regional markets for fresh produce.

The 'new' DEXIA will place greater emphasis on exports. It will also support the implementation of the export strategy and has responsibility for the management of the new multipurpose 'pack houses'. Under the new Fresh Produce Act, all exported produce must pass through the pack houses. The 'pack houses' are to be registered and produce passing through them will have to be certified by the Bureau of Standards. They will have responsibility for processing of fresh produce, which will include washing, sorting, grading and packing in preparation for export, and will operate on a cost-recovery basis.

DEXIA retains the option to source produce directly from the farming community for export. In this regard and taking into account one of the constraints on exporting of agricultural produce, consideration will be given to putting in place a possible export credit arrangement which will facilitate farmers in taking advantage of export opportunities. The long-standing challenge of the availability of transportation facilities to neighbouring Caribbean islands will also be given attention, with a focus on enhancing the quality/adequacy of the shipping vessels. Government is willing to assist the private sector in improving the quality of vessels which facilitate the export trade.

12.2.4 Immigration

Government will soon be taking steps to put together a coherent policy document on the country's Immigration Policy. This will clarify for Dominican citizens and the rest of the world community, the principles and policies that anchor the policy. It will also make for a more ordered and transparent set of arrangements that govern the transit of persons across the country's borders, and especially those that intend to work and remain in the country.

Dominica's very small population is a challenge from the point of view of investing in businesses targeting the local population, as the absence of critical mass can act as a constraint on the success or growth of businesses. Table 12 indicates that Dominica's population has increased by only 2.09 per cent since 2000 and 1.99 per cent since 1990. For a long time, outward migration has been a major influence on population growth – this influence was particularly large in the 1960's and in the period 1983-1989.⁴¹

Table 12: Population Growth⁴²

1990	71,513
2000	71,443
2005	70,836
2010	72,936

Unlike neighbouring islands, this population constraint is not compensated for by the presence of large numbers of tourists that have the effect of increasing effective demand for goods and services, and increasing the viability of goods and services providers. In this situation, there is the increased imperative of producing for export and the accompanying challenges of increasing export competitiveness and national productivity.

Government's approach to Immigration Policy will take account of these important considerations and will also pay attention to the following:

- The imperatives of border protection, anti-terrorism and prevention of illegal immigration;
- The potential contribution that immigrants can make to the economy of Dominica as workers, entrepreneurs, taxpayers and consumers;
- The need to protect the rights of immigrants as a means of preserving labour standards of all workers and avoiding exploitation of workers;
- The requirements and expectations that arise under the country's Economic Citizenship Programme;

⁴¹ "... in 1983, when a mass exodus, 2392, exceeded that of 1960" Central Statistical Office Demographic Statistics, 2004.

⁴² End-of-year estimates.

- The immigration, ('freedom of movement'), implications of the commitments entered into under regional arrangements; and
- Issues such as migrant workers, entry visas, change of status, approval requirements, visitors, etc and relevant conditions.

Government will be approaching the matter of clarifying the country's immigration policy with a mind that is open to the views of Dominicans, and based on national dialogue. This exercise will require attention to all applicable legislation dealing with immigration, employment and economic citizenship.

12.3 THE DOMINICA DIASPORA

Dominicans in the Diaspora more than double the resident population. It has been conservatively estimated that between 150,000 and 160,000 adult Dominicans migrated from the island since the 1940's to the UK, Canada and the United States.⁴³ They have contributed significantly to poverty alleviation by remittances, by providing food and other essentials to relatives by means of the barrel trade, and by investments in real estate by returning Dominicans. Remittances contribute to economic growth as a source of foreign exchange and in assisting with the balance-of-payments. Remittances to Dominica possibly account for over 10% of Dominica's GDP.

Government has an approved Dominica Diaspora Policy that has been guiding the work of its offices overseas, along with other policy documents such as the Returning Residents Policy.⁴⁴ There is also a Diaspora Unit located in the Ministry of Trade, Employment and Diaspora Affairs, that serves as the focal point for interacting with the Diaspora. It performs a facilitation and advisory role and communicates with the Diaspora on development programmes or projects that may be of interest to its members.

Government's Diaspora Policy is based on the objectives of: (a) increasing investment and participation of the Diaspora in Dominica's development; and (b) encouraging Diaspora Dominicans to work or retire in Dominica. It aims at the systematic and full utilisation of the invaluable multi-disciplinary resources of the Diaspora for purposes of Dominica's social and economic development. Government looks forward to extending its dialogue with the Diaspora beyond the annual consultations that take place at the time of Independence celebrations in November of each year, to more structured dialogue on the basis of proposals from the Diaspora for the enhancement of economic and social progress in the country.

The Government of Dominica will seek to identify its nationals abroad, their professions and the various Diaspora organisations and groupings that they belong to, in order to determine the nature and extent of engagement that may be feasible. Embassies and consulates will be asked to develop and keep updated databases of nationals, which would identify qualifications and location of nationals who may be of service to the country. Government ministries will be asked to examine and review their mandates, programmes and resources with a view to identifying possible roles for the Diaspora. Among other things this will result in the preparation of a number of sector focused policy statements, e.g. the Diaspora and foreign policy; the Diaspora and culture; the Diaspora and community development, etc that will be prepared by staff of the Diaspora Unit.

Studies show that "for most countries in the Caribbean, the total losses due to skilled migration, (which includes the emigration loss predicted by the labor-demand supply framework, augmented with external effects, and government expenditure on educating the migrants), outweigh remittances".⁴⁵

⁴³ Dominica Academy of Arts and Sciences, (2004), Draft Dominica-Diaspora Policy Paper.

⁴⁴ http://www.dominica.gov.dm/cms/files/diaspora_policy_2010.pdf

⁴⁵ Prachi Mishra, Emigration and Brain Drain: Evidence from the Caribbean, IMF Working Paper, January 2006, 28. The caveat must be registered that "there are many other possible costs and benefits, the measurement of which is beyond the scope of this paper".

Government's strategy in this regard will be to focus on:

- Minimising the losses due to emigration by trying to retain highly skilled persons through economic growth, private investment and the creation of opportunity; and
- Increasing the benefits of emigration by implementing, through its Diaspora Unit, a policy of engaging the Diaspora to “build networks for trade, tourism, and investment promotion; harness its knowledge, skills, and assets; and attract higher and more efficient forms of remittances”.⁴⁶

Government continues to be open to ideas and suggestions from the Diaspora as to how engagement might be enhanced. In this regard, Government will take into account the suggestion to float a *Diaspora Bond* to provide an avenue for members of the Diaspora to have a specific vehicle for channelling resources that may be available for specific development projects or programmes in Dominica. Account will also be taken of the various suggestions and ideas that have been offered through the many interactions with the Diaspora and in particular for the dialogue which formed part of the 2008 Reunion activities.⁴⁷

12.4 DEVELOPING AND PRESERVING OUR HUMAN RESOURCES

12.4.1 Education

The policy statement contained in the GSPS (2008) retains its relevance as the key policy plank on which the Government's education policy rests: “It is widely accepted that global economic reforms, together with the rapid increase in knowledge-based economic activity and the increasing pace of improvements in science and technology, are fundamentally reshaping the priorities for the education system. While Dominica has made considerable strides in the delivery of education and training to its citizens, including the attainment of universal secondary education in late 2005, Government will continue to seek improvements in quality and relevance”.

Government will continue to emphasise pre-primary education in the conviction that children who benefit from early childhood education are better adjusted socially and perform better at primary and secondary school levels. It is the Government's vision for early childhood education that all children in Dominica should have the opportunity to participate in a quality early-childhood programme that provides for their holistic development. It remains one of the Government's goals to facilitate expansion of early childhood care and development activities including family and community interventions, to include disadvantaged and disabled children. Government will be seeking to increase its financial contribution to Early Childhood Education (ECE), including paying teacher salaries, and working to improve standards. Efficiency concerns will be addressed, including the possibility of absorbing certain ECE facilities into the primary school environment.

Government accepts that the education system has an important role to play in structuring the social and cultural system. The system must continue to play its traditional role in the social sphere, of reducing social disparities and fostering upward mobility, while also ensuring a learning environment and educational experience that builds social cohesion.

The challenge for Dominica in terms of building and improving the skills base of its workforce is three-fold: (i) expanding access to tertiary education; (ii) improving the quality of education and (iii) refocussing the education

⁴⁶ Prachi Mishra, *ibid*.

⁴⁷ See *Towards the Fuller Engagement of the Dominica Diaspora: Issues and Proposals*, in Swinburne Lestrade (Ed.), *Continuing the Journey: Dominica's Development Challenges and Responses Going Forward*, 2010.

and training systems on building skills demanded by employers. Government will continue working to expand access to education at all levels by:

- o Working to ensure the success of universal access to education at all levels and to ensure continuing improvements in the quality of the education delivered at all education institutions;
- o Ensuring the continued availability of the various support programmes that are in place to facilitate access to secondary education, such as the Education Trust Fund, the Schools Transfer Grant, the School Transportation Programme, the Schools Feeding Programme and others; and
- o Continuing to provide a financial subsidy to the Dominica State College, (DSC), with a view to making tertiary education available to students below economic cost.

Government will continue working to improve the quality of education at all levels. Towards this end, a number of improvements and plans can be identified, *to wit*:

- o Placing continued emphasis on teacher education and development and in this regard, fully implementing the CDB-funded Dominica Education Enhancement Project, (DEEP);
- o Ensuring complementarities between the human resource development plans of the Government and its growth and poverty reduction goals;
- o Through literacy and numeracy training of teachers, working to ensure that primary school leavers are in a position of readiness to enter secondary school;
- o Addressing the issue of the pupil-teacher ratio, and working on the rationalisation of primary schools; and
- o Through expansion of technical and vocational training, addressing issues of quality improvement, and working through the CVQ's, addressing standards and quality;
- o Pursuing its teacher training programme for primary and secondary schools, and in this context paying particular attention to challenges in the sciences and mathematics; and
- o Ceasing the appointment of unqualified teachers.

The DEEP is a US\$ 4 million project that will see the upgrading and equipping of 63 primary and 14 secondary schools on the island, and the Curriculum Measurement and Evaluation Unit and four District Offices. It will result in an enhanced institutional framework and improved teacher quality through development and implementation of curriculum enhancement, teacher training, and strengthening support for at-risk students. Approximately 900 teaching staff at primary and secondary schools and 75 principals will benefit from training geared to enhance competencies in key academic subjects and non-academic areas.

The project is intended to contribute to breaking the cycle of inter-generational poverty. School graduates will enter the job market or continue on to the tertiary level and will have enhanced earnings profiles to help reduce poverty. During the repairs and upgrading phase, the project will generate employment opportunities for local skilled and unskilled labour and a demand for local goods and ancillary services.

Government will also continue working to refocus education and training systems on the skills demanded by employers by:

- o Strengthening the involvement of the private sector in the secondary school curriculum reform, governance of tertiary institutions, and the design and provision of job training programmes;
- o Expanding skills training in some key areas such as IT, hospitality, tourism services, accounting and management;
- o Refocusing public spending on training by targeting vocational training and micro-enterprise skills on linkages with export sectors, and promoting in-firm training through the judicious use of financial incentives;
- o Devising a comprehensive programme for the fuller use of information and communications technology in all schools, including a programme of making laptops available to school children and collaborating with the telecommunications companies to make internet service available to them;
- o Implementing a skills development programme consistent with the goals of the Caribbean Vocational Qualifications. This will include establishment of centres of excellence to focus on the development of particular skills and on those skills that are in line needs of the workplace;
- o Making it mandatory that agriculture is available in all primary and secondary schools; and
- o Reviewing the undergraduate scholarship programme with a view to better alignment with national priorities.

A high degree of attention will continue to be paid to the Dominica State College. Government will complete its programme of expansion and modernisation of the College. Indeed the strategy is for the virtual transformation of the DSC into a modern, directly relevant tertiary education facility, offering degree programmes, and meeting the skill needs of the nation. A nursing degree is already available at the DSC, and an education degree is next on the cards. Plans are afoot, (and discussions are underway with the private sector), to establish schools of agriculture and hospitality management, two areas of study that will respond to the skill demands of the country's two main economic sectors. The Ministry of Education will pursue issues of accreditation with the University of the West Indies and the issue of offering associate degrees as against participating in Caribbean Advanced Proficiency Examinations (CAPE) will be kept under review. Also to be kept under review will be the issue of the extent of the Government's subsidy to the College in the context of the extent of its fiscal space.

The expansion and modernisation of the DSC will include an Arts and Science Building, an Agricultural Training Center, a Library and Auditorium Building and renovation of existing buildings. "The new classrooms will also be 'smart' classrooms where technology can be used at all times and the entire college will be a WIFI zone, affording students internet access around the clock."⁴⁸ The project will expand the capacity of the college to contribute to enhancing the human resource capacity of the country.

More broadly, Government will be pursuing its mission as articulated in its *Education Development Plan 2000-2005 and Beyond*, to:

"Guarantee equitable access to high quality education and training to develop in all its citizens the capacity to lead productive and fulfilling lives in a complex and changing society."

While this plan is currently being reviewed to ensure its continuing relevance in particular areas, some of its key policy objectives remain anchored in Government's mission, in particular to:

- o Ensure universal access to secondary education and develop relevant curricula to meet the needs of diverse students;

⁴⁸ President of the DSC, at project launch.

- Improve access to tertiary and continuing education, and ensure quality and efficiency through structural transformation of existing institutions within the social and economic context;
- Improve the quality of education through enhancing teachers' capacities and commitment and the provision of support; and
- Recognising and utilizing science and technology as a strategic asset for sustainable national development.

In particular, the Education Trust Fund represents a strong manifestation of Government's commitment to education for all. The Trust supports needy students from all levels of the education system and is used to support examination and other fees, cost of uniforms, textbook loans and in some cases for miscellaneous but essential expenditures such as the purchase of reading glasses. Government will continue to support the Trust while seeking its complementarity with other social support programmes.

12.4.2 Health

Government is aware that health is an important driver of productivity and will be continuing to have regard to the health and wellness of the population in the interests of both productivity and the human condition.

Improving the living standards of the population is a widespread societal objective. A cornerstone of living standards is the ability of individuals to earn wages and profits in order to purchase goods and services for consumption. In turn, wages and profits reflect the value of the goods and services produced in an economy and the productivity of the factor inputs used to produce them. Government accepts that living standards, income and productivity are distinct but inter-related concepts. There is increasing awareness that human capital is an important factor in productivity and economic growth and that, along with education and skills, health is an important factor in human capital.

Government will continue and give added focus to:

- Working with the private sector to promote the health of individuals and the population as a whole;
- Its interventions aimed at improving sanitation, nutrition and education, given their implications for the health and productivity of the labour force;
- The occupational health and safety issues, including the reduction of accidents and chemical exposures and the resultant work-related injuries, illnesses and disabilities;
- Strategies for health and healthy-workplace promotion, including healthy lifestyles, stress reduction and employee wellness;
- Recognition of the fact that the determinants of health are multi-factorial – biological, social and economic – and that health policy needs to take a broad, multi-sectoral approach.

Government is committed to providing *health for all*. It has a special concern in health as in other areas, for catering to those persons not in a financial position to provide their own health care. Whilst the cost to the State of the free and subsidised health care facilities is becoming a matter of increasing fiscal concern, it is a matter of policy that the Government will continue to take very much into account the needs of those less able to take care of themselves. In that regard, it is recognized that Government is to be in a position to provide adequate health care to citizens the matter of health financing must be a priority. Government is therefore actively considering options for addressing this matter.

Attention will also be paid to dealing with the challenges that the health sector faces, including:

- o The issue of the financial sustainability of the free health care services. The Ministry is looking at possible options, in particular as regards persons with health insurance and those otherwise able to pay for these services;
- o Securing an acceptable balance between the provision of primary health care and the provision of treatment;
- o The high costs to the State and private individuals of chronic non-communicable diseases;
- o The monitoring and evaluation of health programmes; and
- o Further reduction in the rate infant mortality.

In regard to the last-mentioned Government is working to improve the quality of its birth database with a view to improved monitoring of the coverage and outcomes of primary health care interventions and contributing to the further reduction in infant mortality.

Government will continue to work towards an overall improvement in the country's health facilities, including the equipping of the country's hospitals and health centres with a view to expanding the range of their capabilities to take care of the needs of patients. Into the medium-term, Government will be commencing work on a new, modern and well-equipped general hospital. This new facility constitutes one of the four pillar projects funded by the Government of the People's Republic of China and will make a very significant difference to the country's national health capability.

The National Food and Nutrition Policy is in the course of being finalised, as is the National Food Safety Plan. The country's overall Health Strategy and Action Plan (HSAP) is already in place and the operational plan is being prepared. The Health Promotion Strategy is built on eight pillars, *i.e.*:

1. Healthy public policy,
2. Reorienting health services,
3. Empowering communities to achieve well-being,
4. Creating supportive environments,
5. Developing personal health skills, and
6. Building and maintaining alliances and partnerships.

Cutting across these health strategy pillars is a Wellness Strategy that has been developed to improve the health of the nation, a strategy that is built on the parameters of promotion, prevention, protection and early intervention.

The five-to-ten year Health Promotion Strategy breaks down into the following eight goals, each with a set of medium-term strategic objectives, as follows:

- (a) Increase healthy behaviours and supports among the population through:
 - o Improving the health status of the people of the Commonwealth of Dominica;
 - o Reducing the incidence of breast, prostate and cervical cancer among the general population;

- o Improving the health and the quality of life of selected vulnerable groups in the population;
 - o Providing quality oral health services for the general population;
 - o Reducing preventable accidents and injuries among the general population;
 - o Reducing morbidity and mortality through early detection and prevention;
 - o Promote healthy living through proper nutrition and physical exercise;
 - o Improving health outcomes and reduce negative impact of mental illness.
- (b) Strengthen the capacity of communities to support health and well being through:
- o Increasing social support networks leading to greater social cohesiveness and better standards of health;
 - o Empowering individuals to take responsibility for their health;
 - o Renewing the focus on Primary Health Care Services;
 - o Strengthening capacity to deliver client-centered services;
 - o Greater private sector involvement in the provision of health care services;
 - o Reducing conditions in the environment that pose public health risks.
- (c) Provide quality health services that respond to the needs of the population through:
- o Strengthening the institutional structure of the health system;
 - o A functional and effective system which meets the needs of the population;
 - o Aligning health financing to national priorities;
 - o Providing Quality Health Services to the Population;
 - o Strengthening the legislative framework of the health system;
 - o Strengthening the preparedness and response mechanism of the health sector.
- (d) Develop a reformed health system which provides equitable, sustainable and high quality services through:
- o Universal access to equitable, quality, health care through sustainable financing;
 - o A motivated workforce, equipped to provide quality health services;
 - o Provision of safe and functional health facilities;
 - o Improving the health Services through the application of ICT;
 - o Improving healthcare delivery through the safe and judicious use of medical technology.
- (e) Advocate for adequate resources for health.

The GSPS takes account of the fact that a country's ability to innovate and remain productive depends on the characteristics and quality of its human capital, key elements of which are education, skills and health, and that the significance of population health for productive growth speaks to the importance of nutrition, particularly in early childhood, on health and the capacity of the individual to function throughout the life cycle.

12.5 GENDER, CULTURE, YOUTH AND SPORTS

This section deals with the four cross-cutting areas of gender, culture, youth and sports and reaffirms the Government's continuing commitment into the medium-term to support and facilitate the endeavours being pursued to enhance the contribution to national development in these areas.

12.5.1 Gender

The GSPS accepts as a critical imperative the empowering of women and the redressing of gender disparities. Greater gender equality can help reduce poverty and promote growth. This can happen directly, “by boosting women’s participation in the labour force and increasing both productivity and earnings, and indirectly through the beneficial effects of women’s empowerment on children’s human capital and well-being”.⁴⁹

Government has formally adopted a *National Policy and Action Plan for Gender Equity and Equality in the Commonwealth of Dominica*. This National Gender Policy was adopted in 2006 as “a critical instrument that reaffirms Government’s commitment to gender equity and social justice and provides a framework to guide and inform the transformation of existing inequitable gender relations”. A critical underpinning of Government’s gender policies and machinery is that the status of women often affects the status of the household and its male and female children.

Dominica’s Gender Policy aims to improve quality of life at all levels of society, and to contribute to gender awareness among policy makers, planners, implementers and the general public. It aims to “incorporate a gender perspective in all development planning” in a way that makes for the “gendering” of development planning and policy formulation and implementation, and to establish a system of gender mainstreaming into all sectors of government and society.

The main mechanism for achieving the objectives of the gender policy is gender mainstreaming to include the “systematic application of a gender perspective”.

Since the re-naming of the Women’s Bureau to the Bureau of Gender Affairs, there has been a marked increase in the number of men accessing the services of the Bureau, but it continues to face certain challenges, including the lack of data disaggregated by gender, and employment data in traditionally male dominated fields of work; and a continuing concern regarding delinquency among young males.

Strong cooperation and collaboration are needed from all departments in the entire Government system to enable the Bureau of Gender Affairs to carry out its mandate effectively, although some progress can be reported, e.g.:

- o Gender focal points have been established at all ministries;
- o Sensitisation workshops are ongoing; and
- o Progress has been made on the key issues of gender-based violence, female-headed households, young men at risk and gender mainstreaming.

Going forward the Bureau of Gender Affairs will seek to continue to make progress in these areas in pursuance of the Government’s unswerving commitment to attaining the policy goals in this area.

12.5.2 Culture

The proposed cultural industries thrust will be implemented within the framework of the National Cultural Policy of the Commonwealth of Dominica.⁵⁰ The Government’s Culture Policy goals are to:

⁴⁹ M Buvinic and E.M. King, *Smart Economics*, in Finance and Development, June 2007.

⁵⁰ The National Cultural Policy document was officially launched in 2007.

- Foster a Dominican and Caribbean identity;
- Position Dominica as a leading player in cultural matters in the OECS and the Caribbean and the Creole World;
- Mobilise economic and other material benefits for our people through culture;
- Preserve and develop indigenous and popular cultural expressions;
- Foster an awareness of those positive traditional customs and practices which have contributed to our peoples' development as a nation; and
- Create avenues which will engage our youth in activities geared towards maintaining the positive elements and habits of our culture.

Government has considered options for an institutional framework for the implementation of the national cultural policy and the priority areas that need to be addressed in development of the national plan for cultural development, and will be indicating its position on these matters in the near-term. These options and priority areas include the possible creation of a national cultural foundation; execution of a national strategy and action plan to develop entertainment and cultural tourism; and the possible merger of the Dominica Festivals Commission into the Division of Culture.

Government takes seriously and is fully supportive of the exhortation contained in the National Culture Policy, *i.e.* that:

“Strategies need to be developed to allow us to harness elements of our cultural expression into meaningful, well organised and well executed activities that are economically viable and are geared at economic advancement of the entire community, increasing employment, instilling pride and confidence, and promoting social well-being and prosperity in the community.”

12.5.3 Youth Empowerment

The Mission of the National Youth Policy (NYP) is to create a framework that will ensure that young men and women in Dominica grow up with a sense of belonging and worth and are empowered to participate fully in the social and economic development of the nation.

The National Youth Policy is a framework for youth development in the Commonwealth of Dominica. It seeks to ensure that all young persons are given equal opportunity to reach their full potential. The NYP addresses the major concerns and issues critical to young men and women. The policy provides guidelines for the development of youth programmes and initiatives by government and non-government organisations.

Government fully supports the goals and objectives of the National Youth Policy which reflects the following goals and objectives:

- o To develop a holistic response to challenges that young men and women face in endeavouring to develop their potentials;
- o To facilitate the establishment of good roles models, strong family and community support and positive value systems for young men and women; and
- o To provide a framework for achieving a youth population that is equipped to meet the developmental, scientific and technological challenges facing Dominica.

Elements of the policy include:

- o The pursuit of initiatives to increase the participation of young people in the economy and other aspects of life in the country: culture, sports and other areas;
- o The creation of opportunities for young people to acquire the skills and experience required to access existing and future employment opportunities;
- o Access to education at secondary and tertiary levels including access to out-of-school youth, those who are employed and those with special needs shall be increased;
- o Provision of career guidance and counseling programmes to young persons;
- o Placing emphasis on preventive and community based health care services to ensure that all young people have access to quality health care facilities and services;
- o Organising programmes in conflict management and resolution to assist the young at school and other community based institutions;
- o Drug prevention initiatives and programmes will be developed and implemented to reduce the malaise of drug trafficking and use; and
- o Developing appropriate response mechanisms to deal with crime and violence at schools and other institutions serving young people.

Government is committed to supporting all of these initiatives and to continuing to collaborate actively in pursuit of the Youth Policy and in support of the work of the National Youth Council.

12.5.4 Sports

Government is of the view that sports is an important contributor to the health and well-being of Dominicans, to national pride, and to the social and economic advancement of the country.

The Sports Policy document observes that participation of Dominicans in physical activity and sport requires significant improvement at all levels, and that structures within the sports system need to be strengthened for greater effectiveness.

Government has been giving its support to the further development of sports in the country through the work of the Sports Division and will continue to demonstrate its commitment in this area of Dominica's social and economic development.

12.6 ENVIRONMENTAL AND VULNERABILITY MANAGEMENT

Dominica is extremely vulnerable to natural disasters. "... a natural disaster inflicting damage equivalent to more than 2 per cent of the affected country's GDP can be expected to hit the ECCU roughly once every 2½ years."⁵¹ Owing to the frequency and severity of natural disasters, they carry important policy implications associated with vulnerability, risk and uncertainty that affect both the Government and the private sector.

Dominica's terrain renders damage to physical infrastructure greater than in other countries of the Region, and the cost of rehabilitation higher. The economic impacts of natural disasters can be large – disruption of economic activity, loss of income, fiscal and external account imbalances and increased poverty.

⁵¹ Tobias Rasmussen, "Natural Disasters and their Economic Implications", *The Caribbean: From Vulnerability to Sustained Growth*, IMF, 2006.

Government will seek to reduce environmental vulnerability and improve disaster prevention and management, through a combination of risk reduction, impact mitigation and other measures, including:

- o Effective implementation of the Physical Planning Act and the National Environmental Management Strategy and Action Plan for Dominica. This Plan articulates the environmental management priorities of Dominica and aims at improved management of land and sea space, (forest reserves, national parks, marine parks and diving areas, fisheries conservation zones), waste management, disaster management and mitigation and adaptation to climate change. It contains the steps, resource requirements, and time frames for implementation and envisages the use of environmental impact assessments for large public and private investment projects.
- o Improving the country's capacity for disaster management. The National Emergency Management Organisation will continue applying measures, within the frame of its Disaster Management Strategy and Emergency Management Plan, i.e. preventing, mitigating and preparing for potential disasters in Dominica. Among these measures are: developing disaster management policies and plans; planning for the timely and orderly movement of the population from volcano-threatened areas; designing and implementing a sustained public information and education programme; and conducting extensive mitigation activity.
- o Establishing a Natural Disaster Contingency Fund. Aside from hurricanes and volcanic eruptions, Dominica is prone to earthquakes, landslides, river floods, and heavy seas that often cause damage to the transportation network and cause environmental degradation. Provision will be made within the public investment programme for a fund to cover the costs of repairs and environmental enhancements necessary after such environmental mishaps. As soon as it is deemed feasible, the Ministry of Finance will set aside five per cent of the PSIP for purposes of starting such a fund and make a similar annual allocation to it. Efforts will be made to supplement the resources of this fund from external sources.
- o Staying current with financial obligations to the World Bank's Catastrophic Risk Insurance Scheme, and working proactively with other Caribbean countries to improve the coverage and accessibility of the Scheme. This scheme involves the pooling of Caribbean countries' risks and provision of insurance coverage to the countries in the event of major catastrophes.
- o Implementation of the Code of Practice for Quarries. This Code provides for the sustainable use of land for extractive purposes as well as long-term environmental management. It is intended to encourage quarry operators to achieve environmental compliance with acceptable standards and relevant legal requirements.
- o In recognition of the important role of the meteorological system in risk reduction in the context of natural disasters, Government will seek to ensure a well organised and functioning meteorological department. This will include its becoming eligible for relevant regional certifications and its becoming the clearing house for all meteorological data in Dominica, thus making such data more readily available for development and other purposes.
- o Dominica's participation in the World Bank funded Pilot Programme for Climate Resilience allows access to grant and concessional climate change resources. As part of the process, Dominica's prepared and presented its Low Carbon and Climate Resilience Strategy to the Climate Investment Fund. It is expected that through this medium, programmes designed to mitigate and strengthen resilience will be supported by donors.

Government considers it to be an important part of its mission to lead a process of collaboration with others with a view to preserving the nation's forests, rivers and eco-tourism product; preserving the marine environment and the country's bio-diversity; and popularising even as we preserve the *Nature Island* concept and brand. These missions include an array of issues including green spaces, garbage disposal and the influence of the nature island brand on construction and other decisions. It is Government's intention to make an active and deliberate contribution to sustainable development of the natural and built-in environment.

12.6.1 Towards a Green Economy

At another level, Government will be seeking more consciously to integrate green principles into national economic management and planning, and marry environmental preservation and management into our country's strategy for achieving higher levels of sustained economic growth. Government will also be contributing to ensuring that in his or her personal behaviour, a consciousness of and pride in our Nature Isle is manifested by every Dominican. Government believes that the Nature Isle should take the lead in enshrining green principles as the guide to our national planning, and to inform initiatives in all sectors.

Government will also be paying attention to the larger environmental issues such as biodiversity, land degradation, climate change and the emission of green house gases that cause global warming. We will give high priority to pursuing policies and programmes that are consistent with well-researched proposals and programmes developed by the international community and are consistent with our country's needs and capacities.

Government will seek to expedite its ongoing initiative in organic island agriculture. This initiative aims to produce a 10-year plan of action to establish Dominica as an organic island and wellness tourism destination.

Government is committed to the *greening* of the economy of Dominica. Government believes that it behooves this country to be a leader in this aspect of national economic management. Over time, we will be seeking to make a comprehensive assessment of our country's natural resources with a view to determining their capacity for sustainable use, and informing planning and policy decisions. Fresh water, soils, forests, reefs, and renewable energy systems will be included in this stocktaking exercise.

The thrust towards a green economy will include:

- o Tree planting and beautification;
- o Efficient garbage disposal;
- o Inculcating into the population greening and green economy concepts and practices;
- o Incorporating green economy approaches into project preparation and execution and development planning;
- o Exploring avenues for green job creation; and
- o Encouraging the development and use of renewable energy.

As regards waste reduction, there are a number of initiatives that Government is considering. Some of these initiatives focus on the recycling of non-biodegradable waste, while other solid waste investment initiatives are focused on converting biodegradable waste into farm inputs for the planned organic agriculture programme.

Other measures that are already being considered include the incorporation of green spaces into city and town planning and development, and the introduction of energy saving and renewable energy streetlights in the major population centres.

12.6.2 Empowering Environmental Management

Given the increasing importance to Dominica of issues relating to the environment, climate change and the greening of the economy, Government will be taking action to mandate and facilitate the administrative arrangements for environmental management. Legislation and other arrangements will be instituted to provide for stronger integrated environmental management. In that regard, the mandate of what is now the Environmental Coordinating Unit (ECU) will have to be reviewed.

12.6.3 Climate Change

Dominica will participate fully in regionally coordinated strategies and policies aimed at mitigating the potentially negative effects of climate change on the economies and ecosystems of Caribbean countries, and will work towards the implementation of the regional framework endorsed by CARICOM Heads of Government that aims to make the region more resilient to climate change.

As Caribbean sea temperatures rise and are predicted to rise further, coral reefs are being bleached; beaches are eroded by tidal surges as water temperatures warm, sea levels change and weather patterns become less predictable, hence, Caribbean citizens have become sensitised to the impacts of climate change.

The regional framework encourages member states to adapt by regulating land use, conserving energy, investing in resilient infrastructure and expanding forest resources. The framework also includes plans for the Region to reduce greenhouse gas emissions by developing renewable energy, improving energy efficiency and conserving standing forests. Through its ECU, Dominica will be giving the highest priority to taking appropriate actions in all these areas.

As far back as 1994, Dominica ratified the *United Nations Framework Convention on Climate Change*, and joined the community of nations committed to combating global climate change. Since that time Dominica has been an active participant at the international level, subscribing to conventions and taking part in projects and programmes relating to climate change adaptation. Under the UNDP-funded *Sustainable Land Management Project*, Dominica has pioneered vulnerability mapping and “climate proofing” of National Parks Management Plans, community-based vulnerability mapping and the development, through community engagement and input, of community adaptation plans.

Coming out of these various programmes have been a number of recommendations to improve Dominica’s capacity to address climate change issues. Indeed two sites in Dominica have been identified for the detailed design and implementation of adaptation measures. These are the Morne Diablotin National Park (and its neighbouring communities of Colihaut, Dublanc and Bioche), and The Morne Trois Pitons National Park.

The Government of Dominica convened a National Consultative Workshop and International Development Partners Meeting on climate resilience in early 2012. This workshop was convened in collaboration with the World Bank under Dominica’s *Pilot Program for Climate Resilience* (PPCR). Based on recommendations of an independent expert group, Dominica has been selected as one of seven countries in the Pan Caribbean Region to participate in the World Bank’s *Pilot Programme for Climate Resilience* (PPCR).

Dominica now has a five-year strategic plan, titled the “*Low Carbon Climate Resilience Development Strategy*” which developed through broad-based participatory stakeholder input to facilitate Dominica’s transformation to a climate-resilient and low-carbon development economy and a strategy to address climate change impacts on agricultural productivity and food security within vulnerable communities that will promote economic growth while addressing pressing livelihood and poverty issues confronting Dominica.

Government looks forward to the support of the regional and international communities in pursuing the outcomes of this important workshop and facilitating implementation of recommended actions. Within the limits of its resources and with the support of the international community, Government expects to be in a position to develop and strengthen national, technical and institutional capacity to mainstream its climate resilience issues within its national development priorities.

12.7 NATIONAL SECURITY

Government is mindful that the proper management of crime and national security are critical to the overall development effort and it will continue to focus national efforts on ensuring an organised and comprehensive approach to dealing with these issues. Government is determined “to take appropriate measures to preserve the reputation of Dominica as a safe place to reside in, by striving for even lower crime rates and a heightened sense of safety among its residents and visitors alike”.⁵²

While evidence shows that Dominica has one of the lowest crime rates in the world, the perennial problem of drugs and crime involving firearms may have increased over the last twenty years.

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 will be placed on prevention, coupled with strategic law enforcement strategies, with a view to having an efficient, modern, effective, fair and timely criminal justice system, including effective rehabilitation for errants.

The three planks going forward will be: crime prevention, penal reform and justice reform.

Government has continued to strengthen the capacity of the Police Force to ensure effective crime prevention and detection with a view to maintaining a sense of safety in respective communities across the country. Such initiatives are important to the improvement of the quality of life of Dominicans.

Vigorous efforts have been made to ensure that Police Officers are well equipped to do their job. In addition to normal budgetary allocations, Government has been able to secure funding from friendly Governments to better equip the Force to combat crime. These funds have been used, among other things, to increase the fleet of vehicles of the Police Force, which has also been provided with opportunities for specialised training.

It is Government’s policy over the medium term to ensure continued attention to equipping and modernising the protective services, and the strategy will include both human resource development and provision of modern equipment. This modernisation will include the acquisition and installation of a state-of-the-art communications network, as well as a modern Command and Control Room. Government is aware of the need to provide training and exposure to officers in the higher ranks of the Force. It will address this need by way of fulfilling its undertaking to ensure that the capacities and capabilities of the Force are equal to the demands of the modern era.

The Police Department has been mandated to develop and implement a community-policing programme, through which effective and meaningful alliances can be forged between the Police and communities to engender an environment for maintaining law and order.

Equipping the Police Force extends to the construction and/or refurbishment of office accommodation. Government has embarked on a programme of reconstruction and refurbishment of police stations across the country, and this will continue into the medium term. External resources have been secured for national security enhancement to include the fire, prison and police facilities, and the Police Training School and barracks.

As in other elements of the GSPS, the issue of efficiency also features in the area of national security and as regards police stations in particular. This aspect will be given attention with a view to the possible rationalisation of the number of police stations and the efficiency of use and management of police vehicles.

⁵² Commonwealth of Dominica, National Policy on Crime Prevention and Control in Dominica, September 2006.

Other areas that will receive attention include:

- o Putting in place a cohesive and robust border security and intelligence system through its ongoing border control management system;
- o Enacting needed legislation to provide the legal authority to make use of the fingerprinting equipment that is already on island;
- o Expanding crime prevention programmes to the school system;
- o Increasing public education programmes through public service announcements;
- o Conducting literacy testing and risk assessment programmes in the penal system;
- o Providing training in crime prevention strategies to persons who work with children and at risk groups;
- o Establishing counselling and mentorship programmes;
- o Early identification and treatment of children presenting behavioural problems, drug and alcohol abuse and learning disabilities; and
- o Taking advantage of opportunities for support to domestic efforts in crime prevention and law enforcement that may derive from regional and hemispheric arrangements.

Government's objective continues to be to develop a holistic and multi-sectoral approach to crime prevention. This will include national mechanisms to facilitate the work of the Police, facilitating evidence-based intervention programmes aimed at crime prevention, and modernising the criminal and juvenile justice systems. The National Crime Policy will be updated and adjusted as circumstances demand, and this will continue to inform the functioning of the National Security Council and the National Commission on Crime and Security (NCCS), which includes representatives of the private sector and civil society. Going forward, the NCCS will be made into a more effective body.

12.7.1 Penal Reform

In the case of the State Prison, Government will continue working to improve its rehabilitative model of corrections, and ensure that prisoners are kept in a safe, secure and humanitarian environment. Strategies to be pursued over the medium term and beyond will include:

- o Providing a remand house or a form of supervised housing for persons on remand so that they are not exposed to hardened criminals before they face trial;
- o Instituting a parole system;
- o Starting or improving training programmes in functional literacy; drug treatment; skills marketing; rehabilitation; and after-care services for all prisoners on release from prison;
- o Establishing a new Young Offenders' Institution; and
- o Increasing probation opportunities and putting in place community service sentencing for certain offences.

Government considers it to be imperative that security arrangements are coordinated at the regional level. Dominica will work with other Caribbean countries to retain the features of the Regional Intelligence Group and the CARICOM Intelligence Sharing Network that were put in place in preparation for Cricket World Cup 2007. Such cooperation

at the regional level will assist in improving and professionalising the work of the various national intelligence agencies, and make for enhanced intelligence sharing and cooperation among the countries, and with the Regional Security System (RSS).

Regarding the air and seaports, Government had sourced US\$10 million from the World Bank in 2003, under the Bank's Emergency Recovery Project to enhance the level of security at these entry points, in order to be in compliance with the International Ships and Ports Security Code. This project has contributed to securing Dominica's vital export industries, including tourism, and for the maintenance of trading relations with the rest of the world.

12.8 PUBLIC SECTOR REFORM AND THE ENVIRONMENT FOR BUSINESS

The Government's ongoing structural reform agenda has been seeking to improve substantially the quality and efficiency of Dominica's public service institutions as well its competitive standing with regard to aspects of the country's investment climate.

Execution of the comprehensive Public Sector Reform Strategy (PSRS) has continued apace. The PSRS aims at:

- Improving the effectiveness of public service delivery;
- Enhancing accountability through greater openness and improved access to information;
- Streamlining and modernising Government regulations and processes that have an impact on private sector economic activity; and
- Strengthening Local Government.

When fully implemented, the PSRS should result in a smaller, more competent and efficient Public Service, fit to provide strong support to sustained economic and social progress in Dominica. There have been a number of important achievements in this direction over the past few years, included among which are the following:

- ✓ Work has proceeded on the updating of public service laws. A revised draft of the Public Service Act Regulations is at the stage of final review and the Public Service Commission Regulations are at an advanced stage of preparation.
- ✓ The Public Service Management Development Programme has been implemented. It sought to develop the skills, knowledge and competencies of middle managers and technical officers in support of succession planning.
- ✓ A Strategy for Change Management and Communication has been approved by the Cabinet of Ministers and instituted. This strategy will improve the management of Government's public relations.
- ✓ Work has commenced towards the upgrading of the public sector's information and communication systems, including introduction of a voice and data network for the public service. This area will receive added attention from Government in the medium-term.
- ✓ Work is ongoing towards introducing technology-based services and implementation of an ICT policy for the government system. ASYCUDA World and a Unified Land Information System (ULIS) have already been introduced to the Customs and the land management agencies.
- ✓ With a view to improved efficiency and management of the public service, a human resource audit of the service is currently underway.

- ✓ Modern legislation for financial and macroeconomic management.
- ✓ In the sphere of local government the four Local Authority Acts have been reviewed with a view to their harmonisation and incorporation into a single Act. New draft legislation has been prepared. The draft harmonised bill requires to be further reviewed before it is taken to the Parliament.
- ✓ With a view to increasing the efficiency of the country's judicial system, access to the legal and judiciary system by individuals as well as the business community has improved. The Judicial Enforcement Management System has been implemented at the Magistrate's Court and the Supreme Court.

The foregoing measures are elements in the Government's thrust, administered by its Reform Management Unit, to reform and modernise the delivery of key government services to improve the customer experience and enhance the enabling environment for doing business. The various administrative improvements referred to elsewhere in this document have been contributing immensely to the efficiency with which the incentives regime has been operating.

As regards fiscal incentives, Government remains committed to reviewing the statutory and non-statutory tax exemptions with a view to making them more effective and repealing those found unnecessary, although it is accepted that a regionally harmonised approach to this issue may be the way to go.

Administrative transparency and efficiency that affect the required time and cost of starting and expanding business are essential aspects of the investment climate. Government accepts the clear and strong imperative to improve the efficiency of arrangements that affect the climate for business in the country as well as the effectiveness of mechanisms for attracting private investment.

To this end, considerable progress has been made over the past 12 months – the land administration and registration systems have been reformed. The past few months have witnessed execution of a project to modernise and computerise the Companies Registry, link the agencies involved in this process, and shorten the time it takes to register a company and start a business. This project has been supported by the International Finance Corporation and, along with the other business-related reforms, should help Dominica's standings in the *Doing Business* rankings.

Indeed, the 2012 Doing Business Indicators show an improvement in Dominica's doing business rankings relative to the rest of the Caribbean – of the countries included in the survey Dominica emerged as the third best Caribbean country location for doing business. However that there is no room for complacency is evident in the fact that Dominica's ranking relative to the rest of the world dropped.

The *InvestDominica Authority* has been serving as an approximation of a one-stop shop for investor facilitation and feedback from the private sector suggests that this arrangement is working well. Government has delegated to a Cabinet sub-committee some of its responsibility for approving investment proposals submitted by the Authority and the granting of incentives, and this has helped to speed up the approvals process.

Government supports the recommendation for the construction of a justice administration building with a view to providing modern, well-resourced court and registry facilities. This will bring complementary legal services – magistracy, high court, and registry – under one roof, in secure modern accommodation. It is hoped that these new arrangements, when taken together with the relevant reforms, will make for enhancement of the climate for business and contribute to the attainment of the objectives of the GSPS.

Dominica will negotiate and conclude bilateral investment promotion treaties; become a member of the Multilateral Investment Guarantee Agency, and the International Centre for the Settlement of Investment Disputes; and subscribe to international conventions on intellectual property rights.

Reduction in the cost of doing business will be pursued by taking policy and regulatory measures to lower transport costs, (including port costs), and electricity and telecommunications costs, and the streamlining and removal of unnecessary bureaucratic procedures. A National Telecommunications Regulatory Commission already exists, as does the Independent Regulatory Commission (IRC) for electricity.

The active pursuit of alternative energy, in particular, the beneficial exploitation of Dominica's geo-thermal energy potential, promises energy cost reductions in the medium term.

Soundness of the financial system is an important element of the enabling environment for private enterprise. The banking system is sound. While the banks are liquid, a common complaint of emerging businesses is that they are credit-constrained. Banks point to inadequate collateral and financial information supporting loan proposals, and a large number of over-leveraged businesses. Government has been stepping into the breach and making resources available to the National Bank of Dominica and the AID Bank to lend to the business community on concessional terms.

Government will address administrative and legal issues to facilitate the realisation of collateral.

It has also been supporting implementation of an action plan to enhance the AID Bank's efficiency and improve accountability, (including strengthening of the loan approval process and reducing administrative expenditures).

Generally, the Government of Dominica commits itself to taking action on a number of structural measures that have been identified as essential to completing the process of laying a platform for economic growth and providing expanded opportunity for private sector dynamism. Work will continue on the implementation of various investment climate-related measures — strengthening the financial sector, improving the regulatory framework for utilities, ensuring the efficiency of the country's growth institutions, improving the efficiency of capital spending, improving cash control and management and increasing the efficiency of the public service.

12.9 A RENEWED EFFORT AT INVESTMENT ATTRACTION

Dominica has not been a strong performer in the foreign direct investment (FDI) stakes. Compared with the other member countries of the OECS foreign investment inflows into Dominica have been laggardly. Table 13 below tells the story. At US\$ 33 million average annual inflows over the period 2001-2009 were by far the lowest of the countries, (Montserrat excepted). The next lowest was St Vincent and the Grenadines whose average annual inflow was more than double Dominica's. As a percentage of all FDI coming into the OECS Region between 2001 and 2009 Dominica's share was 5 per cent, (US\$ 297 million) out of US\$ 5,950 million).

Table 13: FDI Inflows to the OECS States, 2001-2009⁵³

	2001	2002	2003	2004	2005	2006	2007	2008	2009	Average annual
Antigua/Barbuda	112	136	179	95	221	359	338	173	139	195
Dominica	21	22	32	27	19	26	47	57	46	33
Grenada	61	64	64	66	70	90	152	144	79	88
Montserrat	1	1	2	2	1	3	7	13	7	3
St Kitts and Nevis	90	83	78	63	93	110	134	178	139	108
Saint Lucia	63	119	112	81	78	234	234	272	172	152
St Vincent/G'ines	21	34	55	66	40	109	131	159	126	82
Total OECS	369	459	522	400	522	931	1043	996	708	661

⁵³ In US \$ millions. Compiled from Caricom Secretariat, Caribbean Trade and Investment Report, 2010, Annex Table II.4.

Government is aware that the country has to do better in this area. The benefits of FDI are too well known; the links between FDI and economic growth and poverty reduction have been too well documented not to be making focused and persistent efforts to increase the level of FDI flows into the island. It is obvious that the low level of FDI inflows corresponds with the comparatively under-developed state of the country's tourism industry.

Global economic circumstances are not propitious for the efficacious outcome of a renewed effort at attracting higher levels of foreign direct investment. In fact, there has been a significant decline in FDI inflows into the OECS as a whole in recent years. There was a 22 per cent decline between 2008 and 2009, reflecting regional and international financial circumstances of the time. Dominica did not entirely avoid some of the ravages of the crisis, as there were a few promising projects that fell by the wayside in its wake.

However, Government accepts that there is no option other than to position the country institutionally to make the best of the opportunities that may be out there and are in line with the country's product and interests. Much of this responsibility falls on the *Invest Dominica Authority* (IDA). It was established in 2007 as an economic development agency of the Government of Dominica. "It is responsible for attracting, facilitating and sustaining investment ...". In recognition of the critical role of the institution, Government requested and facilitated support from the World Bank for the formulation of an *Investment Strategy and Action Plan* for the Authority. This document has begun to guide the work of the IDA into the medium term.

The strategy identifies *boutique hotels* as having the biggest potential but also identifies certain "secondary areas" that can be explored such as professional services, (ICT-related), education and medical tourism, agro-processing and entertainment.

The accompanying Action Plan "provides a guide to implementing the broader recommendations of the Strategy. For each targeted industry an indicative set of actions for the IDA is provided. As resources are limited, it will not be able to carry out all of these actions concurrently; therefore suggestions for priority actions have been made.

"The IDA must remain flexible in delivering against the implementation programme. Areas with expected high potential may not be as attractive to investors as anticipated, or investors may approach the agency independently of promotional efforts. In such cases, the IDA may need to shift the focus of its activities and it will need to develop this ability and judgment in response to feedback from actual investors. Over time, the recommendations in the Strategy will become somewhat dated. It is vital the IDA develop its ability to identify new areas with investment potential, learn how to target suitable investors effectively and carry out tailored and effective investment promotion without further technical assistance."

"Countries with higher levels of FDI per person are also the countries with higher GNP per capita. Other studies confirm that high rates of foreign direct investment inflows have been associated with rapid economic growth."
(Jeffrey Sachs, *The End of Poverty*.)

In terms of the legislative environment, a draft Tourism Investment Act will soon be enacted to provide a more comprehensive and modern legislative and regulatory environment for the industry and to replace the Hotels Aid Act. The overall package of incentives is being reviewed and residential and retirement policy documents have been prepared. There will also be a programme of incentives to spur development in a number of *special development areas*. The country is already witnessing increased investment in the hotel sector as a number of hotels have recently (or will soon) become a reality.

The IDA is examining the scope for increasing investment in manufacturing, (including bottling of water), given that this sector appears to be the most labour intensive and has more potential for economic impact. Towards this

end the Authority is working on a situation analysis of the sector, with some focus on areas where the agency can help to address the issues that affect the sector. It is also looking at offshore education and is this connection is in discussion with potential new schools. Efforts will continue to attract call centres even as consideration will be given to moving up the value chain in ICT-related activities. Marina development is another area that is receiving the attention of the IDA.

The number of jobs created by enterprise receiving concessions 2007 and 2010 through the IDA was over 1600.

13. MACRO-ECONOMIC UNDERPINNINGS

13.1 PERFORMANCE OF THE ECONOMY

The story of Dominica's fiscal and economic situation over the past decade is told in the GSPS (2008) document. However, it is useful for moving forward to note the following stand-out points regarding the economic situation since 2000:

- o The Commonwealth of Dominica experienced serious economic difficulties during the 1990s. These were caused largely by global forces, particularly by trade liberalisation that brought about a severe shock to the banana industry.
- o Governmental attempts to offset the shock by increasing expenditures through borrowing resulted in a rapid expansion of public debt.
- o By 2000-01, large fiscal imbalances and massive public debt affected adversely both Government operations and private sector activity. As the debt service burden became excessive, the overdue payments to foreign creditors and the domestic private sector accumulated, external financial support dried up, and public sector investment dropped sharply. Dominica experienced close to zero growth in 2001 and negative (-2.26 per cent) in 2002.⁵⁴
- o As a consequence of Government's comprehensive programme of fiscal and economic adjustment, the decline in economic growth was arrested and stability was returned to the public finances. From its nadir the previous year, growth was restored in 2003 — the economy grew by 4.74 per cent. Except for 2005 positive growth has been sustained until 2009 when the ramifications of the global financial crisis took hold; see Table 14.

Table 14: Rates of Growth, 2000-2010⁵⁵

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
0.5	(2.3)	6.2	0.8	(1.7)	3.7	3.9	7.8	(0.8)	0.7

Given the continuing turmoil and economic uncertainties that characterise the American and European economies the prospects for developing countries must of necessity be very guarded. Extrapolating from past trends and factoring in foreseeable circumstances, growth is projected to be 1.34 per cent in 2011, 1.40 in 2012 and 1.69 in 2013.⁵⁶

⁵⁴ Using the "re-based" calculations of GDP now applied across the ECCB member countries.

"The national accounts re-basing exercise provided an opportunity for re-benchmarking the GDP estimates to facilitate wider coverage; and to incorporate changes in methodology and compilation techniques." (Cartac)

⁵⁵ Gross Value Added at constant prices. Source: Central Statistical Office, Dominica. / Cartac.

⁵⁶ Based on data available in October 2011.

In Table 15, we see that crop production, manufacturing and tourism all registered a lower contribution to GDP in 2010 that they did in 2001. While tourism's contribution has fluctuated over the period, the declines in the other two sectors have been continuous. The dominance of crop agriculture continues; manufacturing remains subject to external developments and faces a serious competitiveness challenge; and tourism is still a fledgling industry.

However, the construction sector's contribution has increased steadily, doubtless aided by public sector infrastructural spending and the Government's housing programme. Other sectors that have made increased contributions over the period were: wholesale and retail trade; transport, storage and communications; and (private) education.

Table 15: Growth Contributions of Selected Sectors, 2001-2010⁵⁷

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Bananas	2.81	2.75	1.94	2.35	2.17	2.12	0.92	1.43	1.26	1.14
Other crops	9.59	9.7	9.2	8.76	9.13	8.75	8.32	8.76	9.17	8.31
Crops	12.4	12.45	11.14	11.11	11.3	10.87	9.24	10.19	10.43	9.45
Manufacturing	5.06	4.59	4.73	5.02	4.98	5.06	4.68	3.81	3.74	3.66
Hotels & Restaurants	1.89	2.2	1.94	2.03	2.02	2.12	2.04	1.92	1.86	1.86
Construction	3.67	2.46	3.15	3.82	4.16	4.38	5.48	6.74	6.3	6.8

13.2 REVIEW OF FISCAL PERFORMANCE

Since mid-2003, the Government adopted a two-pronged approach to responding to the fiscal and economic challenges it was facing. First, it would strengthen fiscal policy to reduce the financing gap and elicit additional external financial support. Second, once the fiscal efforts showed results, it would embark on a more comprehensive reform programme to foster growth and move towards debt sustainability. This programme was supported by the IMF's (three-year) Poverty Reduction and Growth Facility.

Table 16: Revenue and Expenditure Balances, 2001-2010⁵⁸
(*\$m*)

	Current Revenue	As % of GDP	Recurrent Expenditure	As % of GDP	Current Balance	Primary Balance ⁵⁹	Grants	Debt/GDP
2002/03	192.9	21.4	217.4	24.1	(24.5)	0.2	11.6	89.8
2003/04	227.1	23.8	215.6	22.6	11.8	3.0	47.9	83.8
2004/05	245.7	25.0	237.7	24.2	8.0	8.7	48.7	82.3
2005/06	273.5	27.0	240.2	23.8	33.3	7.6	61.2	80.3
2006/07	284.4	26.1	237.6	21.8	46.8	8.4	66.8	75.1
2007/08	317.8	26.8	269.6	22.8	48.2	7.5	106.8	68.1
2008/09	339.1	26.5	287.0	22.5	52.1	6.2	113.8	62.4
2009/10	358.9	27.4	293.3	22.4	65.6	1.2	112.7	62.7
2010/11	351.2	26.6	311.2	23.6	40.0	(1.8)	126.9	67.2

⁵⁷ In percentages.

⁵⁸ Source: Ministry of Finance, Dominica.

⁵⁹ As percentage of GDP.

The fiscal programme was balanced between revenue and expenditure measures. The revenue measures primarily aimed at broadening the tax base. The increase in sales tax and the customs service charge permitted a reduction in the consumption tax rate, which helped ease the liquidity position of business enterprises. Expenditure measures sought to reduce the wage bill and other government expenditures. In April 2004, the Government launched its debt restructuring plan aimed at reducing the debt burden and placing the country on a path towards debt sustainability.

The fiscal and economic situation had improved to such a degree that the Government was able, in July 2007, to take action on the next stage of its tax reform programme – reduction in the personal income tax.

Table 16 above, reflects the generally steady improvement in the country's fiscal position. A current account deficit of \$22.7 million in 2002/03 was converted to a \$46.3 million surplus by 2010/11; and a primary deficit of 0.2 per cent of GDP in 2002/03 into a three per cent surplus in 2003/04 and over six per cent for each of the following years to 2008/09. It is fair to say that the primary surpluses in subsequent years would have been much nearer to the targeted three per cent of GDP but for the natural disasters and the exogenous economic circumstances that affected the public finance outcomes in the more recent years.

The favourable primary balance outcomes have been considerably facilitated by the significant growth in grant financing that became available to the country over the period – from \$11.6 million in 2002/03 to \$126.9 million in 2010/11 or an increase of 994 per cent. The performance on the primary balance was accompanied by a steady reduction in the ratio of debt to GDP over the same period.

Generally, as a percentage of GDP, both current revenue and recurrent expenditure have held relatively steady over the period, averaging 25.9 per cent and 22.7 per cent respectively.

13.3 FISCAL POLICY ISSUES AND CHALLENGES

Government expects to continue to be challenged to meet its fiscal targets.

Expenditure management will be an imperative going forward – ensuring efficiency and productivity of public expenditures, eliminating wastage, and ensuring a sense of responsibility and accountability on the part of public sector managers.

While remaining philosophically committed to looking after those persons who are not in a position to look after themselves and must rely on the resources of the State to meet their basic needs, levels of social spending may need to be reviewed and closely monitored. As was indicated above, social spending has practically tripled over the past eight years and the quality of life of many more persons has improved as a result. Going forward, at minimum social expenditure will have to be reviewed to make for greater targeted effectiveness and increased efficiency in its delivery.

Although the Government has been keeping the increase in spending in this area in check, continued monitoring of expenditure on wages and salaries should be maintained.

On the revenue side, the challenge is to maintain the revenue at levels that are consistent with public expenditure. Commitments to trade liberalisation at the regional and international levels may serve to reduce the take from import duties. Yet, islands like Dominica are still significantly dependent on import duties. The take from the VAT tends to correlate with the growth performance of the economy and is therefore not easily predictable. The

country's revenue situation remains vulnerable – indications are that the take from the VAT has begun to level off — and Government is determined to be very watchful of this situation and will be prepared to make the adjustments that are considered appropriate to maintain the efficiency of the tax.

The debt management challenge is one that Government has met successfully over the years. Government will continue to be mindful of the impact on the country's debt profile of any expenditure and borrowing decisions that it makes.

13.4 FISCAL OBJECTIVES AND STRATEGIES

The Government's fiscal objectives and strategies can be summarised as follows:

- ✓ Continue prudentially to manage the country's public finances, including public debt;
- ✓ The government aims to achieve a primary balance of 2.4% of GDP when the current output gap closes (it is estimated that the gap would be closed between 2014-2017) and net of disaster-related spending; moreover, the government would target this primary balance "over the cycle" that is, have a higher balance when output is above potential and a lower balance when below potential. Moreover, Government will target an adjustment that is at least equal to the targeted ratio of 2.4% of GDP in any year during the cycle, if it is not possible to attain the specific target during the year.
- ✓ Continue striving towards achieving a debt-to-GDP ratio consistent with the decisions of the Monetary Council and as indicated in its debt strategy, that rate for the time being 60% of GDP by 2020;
- ✓ Begin as soon as reasonably possible to set aside a percentage of the country's revenue for purposes of a national emergency fund;
- ✓ Provide a stable fiscal framework for the country as a basis for attracting investment and aiding attainment of the country's growth objectives but taking into consideration the global economic situation and the fact there will have to be some flexibility to deal with uncertainties' that arise from factors external to Dominica

13.5 MAIN FISCAL STRATEGIES

It will be a matter of policy to emphasise efficiency in government spending with a view wherever possible to eliminating wasteful spending, removing excess spending due to inefficient or uncoordinated procedures, reduce cost overruns and improve service delivery. Generally, Government will have to review and re-prioritise their programmes to help reduce costs by removing programmes no longer needed or not having a priority rating. Conscious efforts will be made to contain the growth in public sector employment and the size of the government's wage bill.

During the fiscal year 2005, the Government implemented gradual and equitable reform of Dominica Social Security (DSS) arrangements with a view to placing the DSS on a sustainable footing. The plan consisted of a balanced combination of gradual adjustments to the replacement rate, the contribution rate, the number of years over which average earnings are calculated, and the retirement age. It has become clear that further adjustments need to be made. The DSS engaged in a round of island-wide consultations with stakeholder groups to explain the need for identified additional adjustments subsequent to which Government took action to implement a number of additional reforms to the social security system. These included an increase in the retirement age from 60 to 65; an increase in the contribution rate by 0.25% every year commencing January 2012 up to the year 2031; and an increase of the contribution ceiling in keeping with the movement in average wages.

As regards the revenues, the policy will be to improve the efficiency of existing revenue agencies and keep the existing tax framework under continuous review, in particular taking into account Dominica's participation in trade regimes that may have a negative impact on traditional sources of revenue. It can reasonably be expected that as policies to drive economic growth take effect, this will have a positive impact on the revenues. Government will adopt a more aggressive approach to the collection of taxes, non-tax revenue and arrears. This will involve greater efforts being made by all the relevant departments, in particular Inland Revenue and the Licensing Authority. Relevant legislation will be reviewed to determine whether it needs strengthening as regards authority to enforce compliance. Increases in fees and licenses will be kept in line with inflation and administrative cost. As regards the VAT, it is Government's policy not to weaken it but to protect its integrity as the bulwark of the revenue system.

13.6 DEBT MANAGEMENT

Government will continue its strict and prudential management of the national debt. The Government's debt strategy which has been published and tabled in the Parliament outlines all of its debt objectives and is consistent with the policy to reduce and maintain debt at sustainable levels. Emphasis will continue to be placed on accessing long-term funds externally on a grant basis or on terms that are concessional. At every turn the implications for the country's debt profile will be calculated and made known to the authorities. Wherever possible, Government will be seeking to re-finance debt at lower interest rates.

However, debt management remains a considerable challenge, in light of predictable fiscal management and growth issues and the unending need for development finance. Government is determined to continue striving towards its target of bringing the national debt down to a level that is equal to 60 per cent of GDP by 2020.

Dominica's national economic management over the five-to-six years has kept the country more or less on track to achieve the Government's target of a debt /GDP ratio of 60 per cent by 2020. In fiscal year 2010/2011 the ratio was 67.3 percent. However, the pace of the reduction in debt is expected to slow down in the short to medium term, given the projected relatively weaker fiscal performance, the projected slowdown in growth, given the lingering effects of the global economic crisis, and the need for additional borrowing to finance rehabilitation works relating to recent natural disasters. The last mentioned will continue to constitute a major downside risk since the country is very prone to natural disaster shocks and has limited fiscal space to respond to them without incurring additional debt. In light of the lingering effects of the global economic downturn, Government of Dominica will also be guided by a review to determine the efficacy of pursuing the debt targets which have been set at the regional level.

To mitigate these risks, and to attempt to keep the debt ratios on a downward trajectory, it will be necessary to identify and implement fiscal adjustment measures in order to achieve the primary surplus target that will ensure a continuing reduction in debt but subject to the constraints indicated above. Government considers it necessary to seek to achieve the primary surplus target since failure to do so will further compromise its ability to respond to the external and natural disaster shocks; and could easily set the debt back on an upward path.

In order to maintain a full handle on the debt dynamics, the Debt Unit is being strengthened. In collaboration with the ECCB and through the Debt Management Project funded by CIDA, the debt management function will be informed by the results of more regular Debt Sustainability Analyses (DSA's) and the Debt Management Performance Assessment (DeMPA) Action Plan.

13.7 THE PUBLIC INVESTMENT PROGRAMME

Over the period 2011 to 2014, Government's planned capital investment programme, (as at this time), will realise an injection of loans and grants into the local economy of a minimum of \$386.4 million, a large share of which

spending will continue to be grant-financed — 49.3 per cent in 2011/12, 34 in 2012/13 and 33.8 in 2013/14, (see Table 17). It is of considerable interest to note that over this three-year period the ratios to GDP of grants and local financing are moving in opposite directions. This is one of the fiscal challenges with which Government will have to grapple – with the anticipated fall-off in grant finance and a determination to keep the debt at a manageable level, an ever-increasing burden will have to be borne by local financing to support the capital programme or the attainment of the growth target will be compromised.

Table 17: Sources of PIP Funding
(in percentages)

	2010/11	2011/12	2012/13	2013/14
Grants	57.6	49.3	34.0	50.0
Loans	26.1	24.9	36.2	35.3
Government	16.3	25.9	29.7	14.7
Total	100.0	100.0	100.0	100.0

Table 18: Medium-term PIP by Economic Classification

	2011/12	2012/13	2013/14
Economic Infrastructure	42.20%	43.70%	47.90%
Productive Sectors	18.90%	8.70%	10.50%
Social Infrastructure	23.10%	27.00%	27.70%
Public Administration	13.30%	17.70%	11.60%
Undassified	2.60%	2.90%	2.30%

Table 18 breaks down the projected PIP by economic classification and Table 17 gives the breakdown by (known) source of funding. Appendix 3 contains the medium-term PIP by economic sub-classification, as it stands at the moment. These tables will change depending on resources that may become additionally available.

In furtherance of the objectives of the GSPS, 57.2 per cent of the PSIP as it now stands is allocated to the productive sectors, (agriculture, forestry, livestock, fisheries, tourism and micro-enterprise development), and 25.9 per cent to social infrastructure. The projects in the medium-term public investment programme all fall within the frame of the GSPS and are intended to further its objectives.

A number of the projects from 2011 to 2014 will constitute a continuation of ongoing projects.

There are also a number of project ideas that are at the preliminary stages of conceptualisation for which Government will be seeking financing on grant or concessional terms. These are listed below:

Social Protection and Poverty Reduction:

- (a) *Every Child at School* programme;
- (b) *Focus Areas* programme;

Economic Infrastructure:

- (a) Comprehensive road maintenance programme;
- (b) Rehabilitation of Roseau and Cabrits Cruise Ship berths;
- (c) Financing for geothermal development;
- (d) Geothermal technical assistance;

Water:

- (a) Support for Water Export Infrastructure;
- (b) Portsmouth sewage project.

Agriculture:

- (a) Comprehensive feeder roads programme;
- (b) Irrigation and Pest Resistance programme;

Manufacturing:

- (c) Agro-processing plant;

Environmental and Vulnerability Management:

- (a) Construction of secondary land-fill;
- (b) Sea and river defense walls and roadways and river training;
- (c) Climate change resilience;
- (d) Disaster fund kick-start;

The foregoing constitute an indicative listing of additional projects that the Government of Dominica is desirous of implementing in the medium-term and for which it would wish to elicit support from the regional and international communities. In this connection Government acknowledges the undertaking from the EU, not yet included in the PIP, to make available from the 10th EDF an amount of to • 3.54 million for the further augmentation of the WA-1 Water System.

Indeed, the specific objectives of EU cooperation with Dominica for the period 2012-2015 aim at supporting the implementation of key sectoral strategies identified in the GSPS for the creation of sustainable employment and income opportunities for Dominicans in areas where the country has a competitive advantage, and for improvement and delivery of social services for social protection and poverty reduction. Specifically, the EU has undertaken to support the energy, tourism, and agriculture sectors in the sectorally focused growth strategies, and access to water and primary health care in the social protection area. The financial resources allocated by the EU for this period amount to •24 million in non-refundable assistance.

Dominica is thankful for the tremendous development cooperation it has been able to elicit from its various development partners in the regional and international communities. These institutions and countries have been absolutely invaluable to the country as it has sought to forge pathways to sustained growth and fiscal and debt sustainability stability. The Government hopes that the country's development partners will find ways to coordinate their support to Dominica that take particularly into account the country's constraints of human and institutional capacity. Donor coordination has been much discussed as an imperative of the donor community but still has some way to go. The Government hopes that the GSPS will provide another opportunity for an approach to donor coordination that will be more vigorously pursued and more successfully attained.

13.8 MEDIUM-TERM FISCAL FRAMEWORK

The medium term strategies for revenue and expenditure, as set out above, provide a framework that will guide policy, as Government will seek to meet its targets, barring predictable natural or exogenous shocks. What we see in Table 19 is a picture that will continue to require careful management of the public finances as well as a focused redoubling of the growth effort.

The assumptions behind the projections in Table 19 can be described as cautious. They assume a two per cent rate of growth GDP, (as against the stated target of 2.4 per cent), on the basis of a realism that takes into account two

main considerations: first, the continuing uncertainty that characterises the global economy, including the USA and Britain; and secondly, the possible continuing fall-off in inflows of remittances, foreign direct investment and tourism earnings. Current revenue is being held steady into the medium-term as a percentage of GDP, as is recurrent expenditure. A critical item going forward will be the likely reduction in grants.

Our Table 19 (based on information currently available), projects a falling-off in grant receipts in the next three years from \$126.9 million to \$35 million in 2014/15, or from 9.7 per cent of GDP to 2.3 per cent. Some of the assumptions are heroic and will call for considerable effort and discipline, e.g. keeping the wage bill in check, with a slight reduction in the wage bill-to-GDP ratio from 2013/14, and containing current expenditure to the ratios shown in the Table.

Table 19. Fiscal Projections, 2011/12–2014/15⁶⁰

	2010/11	2011/12	2012/13	2013/14	2014/15
Total Revenue + Grants	480.8	409.8	433.7	445.3	453.0
Total Revenue	353.9	346.2	375.0	382.5	388.2
Grants	126.9	63.6	58.7	62.8	64.9
Total Expenditure	530.3	466.9	454.0	446.6	431.0
Current Expenditure	312.0	310.9	320.8	310.7	310.8
Capital Expenditure	218.3	156.2	134.7	137.4	121.7
Current Account Balance	39.2	32.8	49.1	66.7	72.3
Primary Balance (PB)	(28.9)	(37.1)	(0.8)	20.6	43.0
Current Revenue as % of GDP	26.6	25.1	26.0	25.7	25.2
Current Expenditure as % of GDP	23.6	22.7	22.6	21.1	20.4
Wage Bill as % of GDP	9.6	9.3	9.5	9.2	9.0
Capital Expenditure as % of GDP	16.5	11.4	9.5	9.3	8.0
Total Expenditure as % of GDP	40.2	34.1	31.9	30.4	28.3
PB as % of GDP	(2.2)	(2.7)	(0.1)	1.4	2.8
Nominal GDP	1319.3	1367.4	1421.2	1470.8	1521.8

Even so, the prospects for achieving the primary balance target, even with a declining ratio of capital expenditure to GDP, are not propitious; and ramifications for reducing the debt/GDP ratio become a matter of concern. However, Government will not lose sight of the fiscal policy objectives stated above for the country's strategy into the medium-term and the entire government system will be mobilised to carefully husband the country's revenue resources, ensure the more efficient collection of tax and other arrears, eliminate wastage, critically review the components of recurrent expenditure, and strive for greater efficiency in the delivery of government services.

Based on actual outcomes, further analysis and scenarios will have to be conducted over the planning period to be reflected in the country's annual budget presentations. In some cases, yearly adjustments to taxes (both direct and indirect) and non-tax revenues will have to be made to ensure that the fiscal objective is reached. A more aggressive approach to revenue collection will be adopted.

Government has already committed to keeping the revenue system under review. This may now become a more urgent imperative as the system may need to be tweaked towards an examination of fees, licenses and other non-tax measures with a view to maintaining their contributions at a constant level in real terms. Also, it is clear that Government will have to continue to work towards strengthening public finance management and this process will

⁶⁰ Given the circumstances that attend the financing of Dominica's PIP, and in particular the uncertain predictability of grant funding, the projections contained in this Table 19 are obviously subject to change.

be assisted by the recommendations of the Public Finance Management (PFM) study sponsored by the EU, which incorporates the Public Expenditure and Financial Accountability (PEFA) assessment.

On the basis of this 2009 assessment, and with the assistance of CARTAC, Government prepared a three-year PFM Reform Action Plan that assigns levels of priority to the execution of various actions for strengthening public finance management in Dominica. Government will continue to pursue this action plan and to work assiduously towards improving financial management in the government system.

In terms of structural reforms, the enactment of procurement legislation will mark a significant milestone in the enhancement of good governance in Dominica. Procurement legislation has been prepared and should be enacted in the first quarter of 2012. It will make for enhanced efficiency, competition, fairness and transparency in the use of public funds and provide suppliers and contractors with the opportunity to contest decision-making in respect of the procurement of goods and services by the Government and other public bodies.

Towards these ends, the legislation will provide for the building of institutional capacity within government departments, local government authorities and statutory bodies and the modernising of procurement rules and procedures in line with international best practices.

Government will continue its effort to strengthen the Public Finance Management legislation in this period. The Government intends to enshrine in legislation sound fiscal management with clearly specified responsibilities, accountabilities and transparency. It is expected that any new or enhanced legislation will set out fiscal targets for a primary balance that is consistent with reducing the national debt over time. It will also regulate Government and Government-guaranteed borrowing, and address the contracting, management and disclosure of public debt, including contingent liabilities. The legislation will serve to improve the credibility of fiscal policy and anchor public expectations regarding the stance of the public finances over the medium term. Its implementation will require improvements in financial management that will elevate the quality of governance in Dominica.

Government reaffirms its continued adherence to the regional monetary policy framework administered by the Eastern Caribbean Central Bank and overseen by its Monetary Council. Indeed, going forward, Dominica will play its full part in supporting and continuing to implement the *Eight Point Stabilisation and Growth Programme* that was adopted by the Monetary Council in 2009 in the wake of the global economic and financial crisis. This programme consists of the following: financial programming; fiscal reform; debt management; PSIP development; a social safety net programme; financial safety net; commercial bank amalgamation; and insurance company restructuring.

13.9 GROWTH PROJECTIONS

In its quest towards increased employment generation and poverty reduction into the medium-term the country faces a considerable challenge. The growth projections carried out by the Central Statistical Office (CSO), (see Table 20 below), are for 1.94 per cent in 2011, 1.74 in 2012, 1.82 in 2013 and 1.71 in 2014.⁶¹

Table 20. Projected Growth Contributions of Selected Sectors, 2011-2014

	2011	2012	2013	2014
Bananas	23.10	1.71	6.0	7.42
Other crops	4.00	5.00	3.0	1.0
Crops	6.31	4.54	3.41	1.89
Manufacturing	5.95	0.78	1.19	1.95
Hotels/Restaurants	6.09	1.91	1.46	1.46
Construction	4.45	(4.0)	7.06	5.04
GDP Growth	1.94	1.99	1.82	1.71

⁶¹ In percentages. Note that projections for 2014 are only very preliminary and are not to be referenced.

These projections by the CSO are based on a careful examination of trends and available knowledge regarding planned actions and activities in key sectors. It is interesting that the projections all come out at less than the two per cent growth assumption adopted for purposes of the fiscal projections. In this scenario only crops and construction show any indication of increasing their contributions to GDP. Clearly, under these scenarios the prospects for unemployment and poverty reduction are not at all encouraging.

Under the CSO scenario, merchandise exports and the merchandise trade balance in 2013 will be less they were in 2010, (see Table 21), although the services balance, (mainly tourism receipts), will have shown growth by \$13.68 million or 6.26 per cent over the three-year period. Accordingly the current account of the balance of payments will have improved by \$22.17 million.

The 2.4 per cent target primary surplus target adopted by the Government takes into account the imperative of improving the country's debt profile, (and moving closer to the target of 60 per cent of GDP), and another imperative that is increasing in urgency, i.e. the need to begin a disaster emergency fund that can be built up over time.

Table 21. Balance of Payments (Current Account), 2010-2013⁶²

	2010	2011	2012	2013
Merchandise Exports	92.11	85.22	86.51	88.48
Merchandise Trade Balance	(441.53)	(427.08)	(430.91)	(439.29)
Services Balance	218.64	220.83	227.41	232.32
Goods and Services Balance	(217.23)	(201.02)	(198.19)	(201.53)
Current Account Balance	(192.43)	(173.14)	(177.09)	(170.26)

The fiscal and growth projections are made within the frame of a monetary and exchange rate system and policy that, it is assumed will remain essentially unchanged into the medium-term.

Government is aware that the consuming challenge of the time is for Dominica to redouble efforts at sectoral levels to increase the performance of the key economic sectors and the economy as a whole, and is determined to bring about the attitudinal change, focused commitment and strength of leadership in the entire government service that will make for the steady improvement in sectoral and overall performance that is absolutely essential to keep Dominica on a steady growth path, meeting fiscal and growth targets, creating opportunities and reducing poverty.

An increased growth effort will be required from non-banana crops, manufacturing and tourism. As is indicated above, in 2011 their respective contributions to GDP were 8.48, 3.37 and 1.93 per cent. A three percent growth in national output, assuming the same relative contributions from these three sectors as they were in 2011, would require a corresponding increase in each of these areas.

⁶² EC\$ million.

Table 22. Required Sectoral Contributions, 2012-2014

	Contribution to GVA, 2011 ⁶³	2011 Sector Contributions	Required 2012 Contributions	Required Growth ⁶⁴
Other crops	8.48%	\$83.3 m	\$85.9 m	3.10%
Manufacturing	3.37%	\$33.2 m	\$34.1 m	2.70%
Hotels & Restaurants	1.93%	\$19.0 m	\$19.5 m	2.60%
Total GVA (2011)	\$983.1 m			
Total GVA (2012) ⁶⁵	\$1,012.6 m			

Table 22 might facilitate goal-setting in regard to the three selected sectors, non-banana crops, manufacturing and tourism. The first would need to grow by a minimum of 3.1 per cent, the second by 2.7 per cent and the third by 2.6 per cent. We say ‘minimum’ because this assumes that the other sectors would also be growing correspondingly. If we take non-banana agriculture and tourism to be drivers of Dominica’s economy, we might want them to set goals for their sectors of three per cent growth per annum going forward. Government considers these goals to be attainable.

Government expects to hear the sectoral leaders concerned rallying their troops around the question: what do we need to do to achieve three per cent per annum from here on? We expect to see the national and sectoral planners figuring out the best way to achieve three per cent growth in these sectors and what the other sectors need to be doing to support this effort. And we expect to see everyone working complementarily and in concert, with all the necessary cross-cutting complementarities being brought in to play. Government is committed to bringing in to play the full array of the State’s resources in this national effort.

13.10 FINANCIAL SECTOR ISSUES

The challenge of the financial sector could impact on Government’s fiscal position if it is required to provide assistance to resolve any matter within the sector. One of the challenges that will continue into the medium-term is that regarding the financial sector vulnerabilities that have been exposed as a result of the Clico/Baico debacle in 2009. As with other Caribbean countries non-bank financial institutions in Dominica have significant exposure to these two institutions and the potential systemic threat to the country’s financial system is real. Government will continue to work through the Currency Union in pursuit of the agreed two-fold approach to dealing with this matter. One element of the approach has seen the appointment of regional judicial managers for Baico, the sale of some aspects of the insurance business to another provider, payment of health insurance claims all with a view to minimising losses and finding ways to satisfy the claims of policy holders.

The second has involved strengthening the legal and regulatory framework for non-bank financial intermediaries. A new Co-operatives Societies Act was enacted and came into force in May, 2011. This Act provides for the regulation and supervision of Credit Unions by the FSU. In addition to other prudential requirements, it calls for making good the adequacy of the capital base of these entities within three years of enactment of the Act. The Money Services Business Act came into force in May, 2010. This Act requires the holding of a license in order to carry on money services business in Dominica. The FSU functions as the supervisory authority for these businesses.

⁶³ GVA – Gross Value Added.

⁶⁴ Over 2010.

⁶⁵ Assuming 3 % over 2010 in constant basic prices.

The Money Laundering (Prevention) Act and the Suppression of the Financing of Terrorism (Amendment) Act were two pieces of legislation recently passed to upgrade Dominica's anti-money laundering and counter terrorism financing legislative landscape. Under these pieces of legislation, the FSU's regulatory and supervisory authority has been extended to cover domestic banks as well as non-bank financial institutions.

The new Insurance Act enacted in 2012, is meant to modernise the regulatory requirements for insurance companies and insurance intermediaries operating in Dominica. Increased capital requirements will be mandated, in addition to other prudential requirements to ensure that policyholders are adequately protected. More frequent reporting to the FSU will also be required.

Consideration is being given to the feasibility of regionally-coordinated regulation and supervision of the insurance sector. The proposal is for a central regulatory body for the insurance sector, supported by a strong in-country presence. A uniform insurance law and uniform prudential requirements would also be needed.

Government believes that the new legislation will go a long way towards ensuring a secure financial infrastructure in Dominica.

14. IMPLEMENTATION AND MONITORING

14.1 ISSUES OF IMPLEMENTATION

There is a clear need for capacity enhancement in the government system, not for 'implementing' the GSPS *per se*, but to make for more effective development planning, implementation, coordination, and follow-through in the entire government system.

As indicated above, the GSPS provides the broad frame. In certain cases, (where sector strategies and plans were available), it was to a large extent informed by these sector strategies and plans. In other cases it is expected that the GSPS will assist policy formulation and preparation of strategies and plans at the sector level.

Ministries, through their departments and agencies, are responsible for implementing and reporting on their strategies, programmes and annual operational plans. The Ministry of Finance has responsibility for laying out its annual fiscal plans and policies, and monitoring their implementation.

The intention is to improve the management and efficiency of the public investment programme and make a greater effort to accelerate the process from project conceptualisation to execution. Greater focus will be placed on results-based management and efficiency of execution. It is the Government's goal in the medium-term to increase the monitoring and overall management of the Public Investment Programme.

The Planning and Public Investment Unit (PPIU) of the Ministry of Finance incorporates both economic and social planning. The PPIU will have oversight of the implementation of the GSPS and will have the following responsibilities:

- ✓ Formulating and monitoring the public investment programme;
- ✓ Assisting the line ministries in project conceptualisation and formulation;
- ✓ Assessing economic and social impact of projects and programmes, including social protection programmes;
- ✓ Monitoring poverty levels at national and community levels with a view to influencing policy and programmes;

- ✓ Proposing social development programmes or programme enhancements;
- ✓ Forging the necessary inter-ministerial and inter-agency coordination to make for the most efficient and cost-effective project execution, managing cross-cutting issues;
- ✓ Assisting line ministries to prepare their sector strategies and plans; and
- ✓ Preparing and refining the country's development strategy and securing buy-in for it.

The staffing structure for the PPIU will be:

- Chief Development Planner, (also Head, PPIU, the level will be reviewed as part of the job evaluation exercise to determine if that position should be set at a higher level);
- Social Development Planners, (with competence in handling social statistics);
- Senior Economists and
- Project Economists.

The PPIU is best placed to identify and manage the complementarities and cross-cutting issues that arise between programmes and projects. There is no shortage of cross-cutting issues and it will be the responsibility of the Unit to identify other portfolios, areas, programmes across the spectrum of portfolios that would need to be involved or taken account of in any particular programme or project under focus.

The monthly inter-ministerial planning meetings, (chaired by the Prime Minister and in his absence, a designated Minister or the Financial Secretary), will be the forum for monitoring and reporting on the progress being made towards achieving the objectives and targets set out in the GSPS. They will also be used for exchange of information and identification of coordination opportunities and imperatives. The Ministry of Finance will also meet on a quarterly basis with the Panel of Non-State Actors to review and discuss progress with implementation of the GSPS.

14.2 PERFORMANCE INDICATORS

In this section, we lean on the indicators suggested in the EU-sponsored *Development of a Performance Assessment Framework (PAF) for Dominica's GSPS*⁶⁶. It assesses the performance tools and mechanisms used for the GSPS and makes recommendations for improving monitoring and evaluation of the implementation of the national strategy. The PAF itself takes account of the EU-sponsored PEFA assessment. Success or failure of a performance assessment framework hinges on a number of elements, including the realism of the targets set and the quality and availability of the data behind the indicators. The Government is aware that the government system is severely challenged in terms of capacity and care must be exercised in agreeing performance indicators.

Indeed the Ecorys Macro Group claims that their accumulated experience over recent years and across countries “provides many incidences of unrealistically formulated policies, over-ambitious targets, badly chosen indicators, poor data and inaccurate reporting”. They acknowledge that “the over-loading of the currently limited capacity for a bigger range of indicators will be counter-productive at this stage”, and find that “generally speaking, the existing indicators are quite sufficient for monitoring the presently set objectives, and can be improved by some supplementary indicators along the process”.

⁶⁶ Ecorys Macro Group, *Development of a Performance Assessment Framework for the Growth and Social Protection Strategy of Dominica*, 2011.

The selection of performance indicators must also be informed by the fact the GSPS is not intended to constitute a plan of action but a broad strategic framework for guiding policy across sectors into the medium-term. In a few cases it is informed by sector strategies; otherwise it is hoped that the GSPS will spawn sector strategies and plans, with strategic direction, setting the parameters by which development activities must be defined. Their absence is one of the reasons for the frequently observed absence of clear strategic focus. Ideally annual action plans with set priorities and full costings would be prepared.

The PAF that the authors propose “is based on a number of the key sectors, relevant to the key priorities of the GSPS as well as the PEFA results ... taking into account the institutional and financial constraints in the short run”. The indicators proposed by the EU-sponsored team constitute a starting point for the indicators that the GSPS adopts, except for those relating to the PEFA since these go beyond the scope and content of the GSPS. The GSPS has modified the proposed indicators for growth, and job creation, poverty reduction, exports of non-banana crops and road infrastructure. In the case of poverty reduction and the social sectors they relate to aspects of education and health.

The monitoring and evaluation function, (M & E), of the Ministry of Finance will be strengthened through the addition of M&E capability within the Ministry of Finance. This capability will be made available through the Office of the NAO.

15. CONCLUSION

The Government of Dominica has done a lot by way of poverty reduction and alleviation but sustained poverty reduction requires sustained economic growth. Most CPA/PPA interviewees zeroed in on the economic dimension as the fundamental cause of their poverty.

The next few years will be characterised by four major pursuits – initiatives that will be pursued with vigour, determination and focus. One of these will be **agro-processing/agri-business**, an initiative that is broadly in line with one of the CPA Report’s recommendations. The focus here will be based on niche agriculture in order to enhance the sector’s competitiveness.

A second will be the concerted pursuit of **niche tourism** for which Dominica is acknowledged to be well suited – eco-tourism or nature tourism. An expanded eco-tourism sector will contribute significantly to growth, employment and poverty reduction. It has been suggested that developers of the kinds of boutique or eco-hotels that Dominica would want to target are not necessarily deterred by air access limitations.

The third ‘idea’, already being pursued, is the exploitation of the country’s **geothermal energy** potential not only for domestic consumption but for export to neighbouring French islands. Dominica’s volcanic make-up has given the country a huge potential for low-cost energy self-sufficiency and foreign exchange earnings. It is a medium- to long-term proposition but this will allow time for serious planning of downstream industries and ‘green’ job creation, through development partnering, regionally and internationally.⁶⁷

⁶⁷ Here’s a sampling of specific jobs related to geothermal development (in the US): welders; mechanics; pipe fitters; plumbers; machinists; electricians; carpenters; construction and drilling equipment operators and excavators; surveyors; architects and designers; geologists; hydrologists; electrical, mechanical, and structural engineers; HVAC technicians; food processing specialists; aquaculture and horticulture specialists; resort managers; and spa developers.

The fourth 'idea' calls for a comprehensive plan to position the island as the 'greenest' island in the Caribbean – the genuine **Nature Isle**. Dominica's advantageous position in this area requires a concerted effort at genuinely 'greening' the country and doing so in a manner that is pro-poor and job creating.

In pursuing these initiatives, Government will seek to take advantage of opportunities that exist regionally. For example, the recently launched Eastern Caribbean Enterprise Facility (ECEP) could be most beneficial to agro-processing/agribusiness initiative.

Government believes that alternative energy, niche agriculture, niche tourism, niche ('nature') island – successful pursuit of these may have good potential to secure Dominica chance of survival and competitiveness in today's world.

Economic Growth Indicators

<i>Priority Area/Policy Objective</i>	<i>Proposed Actions</i>	<i>Indicators</i>	<i>Baseline Situation</i>	<i>Projection for 2012</i>	<i>Projection for 2013</i>	<i>Projection for 2014</i>
Economic Growth Sustain improvement in standard of living.	Implementation of PSIP; proactive investment promotion; hotel development; destination; increased effort in agriculture.	Real GDP growth rate.	The economy grew by 0.33%	1.99	1.82	1.71
Non-banana crop agriculture. Increase the performance of this sub-sector.	More focused planning and management; implementation of the National Export Strategy, in particular its linkages with the agriculture sector.	Real growth of the non-banana crop sub-sector.	The sub-sector grew by minus 13.0 % in 2010.	2.81	2.15	2
Job Creation Increase employment and income opportunities.	Implementation of PSIP & SME development programmes. Promotion of investment through the implementation of the Action Plan of the NIS.	Unemployment rate.	The CPA (2010) reports unemployment in 2008/09 at 13.9%.	13.90%	13.40%	12.90%
Fiscal Policy Generate a primary surplus.	Containment of discretionary spending. Increased collection of revenue arrears; More efficient execution of PSIP. Implementation of the debt management strategy.	Primary surplus as a % of GDP.	(1.8%) for FY 2010/2011.	(-0.1%)	1.40%	2.80%

Priority Area/Policy Objective	Proposed Actions	Indicators	Baseline Situation	Projection for 2012	Projection for 2013	Projection for 2014
Agriculture Increase the viability (productivity & competitiveness) of the agricultural sector.	Implementation of the National Adaptation Strategy.	Export value of non-banana crops.	\$21 million in 2010	\$25 million	\$30 million	\$35 million
Infrastructure Improve road maintenance to ensure good roads and to maintain the capital stock, reducing the future need for rehabilitation.	Rehabilitation and maintenance of main roads to ensure efficient accessibility to main economic and social centres. Between 2008-2016, 60 percent of the road network will be upgraded to an IRI of less than 5, that is, improved to a good condition. ⁶⁸	Percentage of existing roads network improved	Conditions of Roads (2008): Main roads: IRI 6.8—Fair condition; Secondary Roads: IRI 7.5— fair to poor condition; Urban roads: IRI 7.5 —Fair to poor condition.	Upgrading of 15% of urban roads. Rehabilitation of 15% of national roads network (including urban and rural areas). Maintenance of 15% of national road network (including urban and rural areas).	Upgrading of 15% of urban roads. Rehabilitation of 15% of national roads network (including urban and rural areas). Maintenance of 15% of national road network (including urban and rural areas).	Upgrading of 15% of urban roads. Rehabilitation of 15% of national roads network (including urban and rural areas). Maintenance of 15% of national road network (including urban and rural areas).

⁶⁸ The International Roughness Index is a measure of the roughness of a road. The higher the index is the poorer the condition of the road.

Poverty Reduction and Social Sector Indicators

<i>Priority Area/ Policy Objective</i>	<i>Proposed Action(s)</i>	<i>Indicators</i>	<i>Baseline Situation</i>	<i>Target for 2012</i>	<i>Target for 2013</i>	<i>Target for 2014</i>
Primary and Secondary Education Improve quality of primary and secondary education.	Training of teachers at certificate level.	Percentage of teachers trained.	57% of primary school teachers are trained.	20% of untrained teachers being trained at Associate degree level.	20% of untrained teachers completed training at Associate degree level.	10% of untrained teachers being trained at Associate degree level.
	Upgrade of certificate-level trained teachers to Associate, undergraduate and graduate degree levels		39 % of secondary school teachers are trained.	16% of certificate or Associate degree trained teachers upgraded to Bachelor's degree level	21% of certificate or Associate degree trained teachers upgraded to Bachelor degree level.	26% of certificate or Associate degree trained teachers upgraded to Bachelor degree level.
	Use of technology in the classroom		57% of schools are equipped with adequate ICT equipment.	10% increase in number of schools using technology.	20% increase (relative to the baseline figure) in the number of schools using technology.	30% increase (relative to the baseline) in the number of schools using technology.
	Implementation of a system- wide EMIS.	Centralised information system for all schools data.	Phase 1 of development of EMIS completed.	Phase 1 of EMIS implemented in at least 50 schools.	Phase 1 of EMIS fully implemented in all schools.	

Priority Area/ Policy Objective	Proposed Action(s)	Indicators	Baseline Situation	Target for 2012	Target for 2013	Target for 2014
Technical & Vocational Education and Training	Provision of facilities and equipment.	Percentage of public secondary schools equipped with facilities and trained instructors.	Approximately 75% of TVET facilities in urgent need of repairs and equipment.	First phase of TVET programme and 5 CVQ courses implemented in 20% of public secondary schools (equipment procured, facilities upgraded and teachers trained).	Second phase of TVET programme and 3-5 more CVQ courses implemented at 40% of public secondary schools.	All public secondary schools equipped and implementing at least one CVQ course and 10% of students graduating from secondary schools are writing CVQ level 1 courses at CXC.
Improve the employment prospects of young persons in various trades and meet market demand for skills in various occupational categories.	Training of instructors and internal and external verifiers to meet CVQ standards.	Number of TVET instructors trained at a minimum of CVQ level 2. Number of internal and external verifiers trained to facilitate implementation of CVQs in school.	No TVET teachers certified as CVQ assessors. No certified internal and external verifiers.	20 instructors trained and certified. At least 7 internal and external verifiers trained.	15 additional instructors trained and certified.	
Health Reduction in infant mortality.	Preparation of birth database. Interventions to reduce infant mortality.	Database prepared. Evidence-based interventions selected to improve maternal and neonatal care.	Poor-quality information and tracking system.	Data base completed.	Progress in coverage of interventions during pregnancy, labour and delivery, postpartum and neonatal.	50% of interventions on track to reach targets set as regards pregnancy, labour and delivery, postpartum and neonatal health.

Social Protection Institutions and Programmes in Dominica

1. Small Business and Employment Unit
2. Basic Needs Trust Fund
3. Dominica Youth Business Trust
4. *Yes We Care* Programme
5. Education Trust Fund
6. Public Assistance Programme (Welfare)
7. Child Welfare
8. Care of the Elderly
9. Agriculture Investment Unit
10. Probation
11. Blind Welfare
12. CHANCES
13. Primary Health Care (Free Medical Care to under 16 and above 65)
14. Assistance for overseas medical care
15. Assistance to cancer patients
16. Dominica Social Security
17. National HIV/AIDS Response Programme
18. Adult Education Division
19. Co-operative Division
20. Workshop for the Blind
21. Education Enhancement Project
22. School Feeding Programme
23. Schools Transfer Grant
24. Grants to Primary and Secondary Schools
25. Housing Revolution
26. Skills Training Programme
27. Public Support Programme

Physical Infrastructure Projects: Competed, Ongoing and Proposed

Roads, River/Sea Defenses Completed over the past three years (2007/2008-2010/2011)

Loubiere to Grand Bay Road Rehabilitation
Soufriere Scotts Head Sea Defense
Tan Tan Sea Defense
Rehabilitation of Savanne Road in Wotten Waven
Fond St. Jean Road and Sea Defense
Vieille Case Road Rehabilitation Phases 1 and 2
Improvement of Pichelin By-pass
Indian River Bridge
Rehabilitation of Layou River Wall
Roseau River Embankment Protection/UWI Project
Road Improvement in Mahaut and Massacre
Tacquet Road Rehabilitation Project - Laudat
Retaining Wall at Kings Hill
St. Aroment Road Rehabilitation
Lagoon (Portsmouth) Road and Bridge
Joe Burton Road Rehabilitation
Paix Bouche/Moore Park Road Rehabilitation
Rehabilitation of Bellevue Rawle Road Phase 2
Road Improvement in the North
Carib Territory Road Rehabilitation - Pagua to Sineku
Road improvement in Capuchin and Guillette
Warner/Sultan Road Improvement Project
Rehabilitation of Eggleston Wall and Road
Rehabilitation of Atlee Feeder Road
Campbell Road Rehabilitation Phase I and II
Rehabilitation of Laudat /Byack Road
Rehabilitation of Belles Road
Rehabilitation of Carib Road in Delices
Roseau River Embankment Protection/UWI Project
Yam Piece Road Construction
Rehabilitation of Roads in Penville
Rehabilitation of roads in Vieille Case
Bense Road Improvement
Carib Territory Road Improvement
Rehabilitation of Anse-De- Mai Bridge
Riviere Cyrique Road Rehabilitation
Road Repairs in Portsmouth
Road Repairs in Castle Bruce
Road Rehabilitation in Bellevue Chopin
Road Rehabilitation in Pichelin
Road Rehabilitation in Dubuque
Road Rehabilitation in Fond St. Jean
Road Rehabilitation in Bagatelle
Construction of Community Road in Bolom, Grand Bay
Road Improvement in Savanne Paille, Calibishie
Road Improvement in Cut Plaisie, Anse Soldat Road, Bense
Rehabilitation of Bay Front Road in Colihaut

Road Rehabilitation in Delices
Road Rehabilitation in Laplaine
Completion of Dublanc Village Road
Construction of Calibishie Ridge Road
Construction of Laplaine Village Road
Rehabilitation of Mopo Feeder Road, Geneva
Rehabilitation of Woodford Hill main road and Mangrove Gutter Roads
Rehabilitation of Poor Man's Road - Wesley
Repairs to Delices Road
Rehabilitation of Woodford Hill Road
Repairs to Point to Pee Road in Atkinson

Roads, River/Sea Defenses Ongoing (2011/2012)

Roseau Melville Hall Road Upgrade-Lot 2-PC to Melville Hall
Roseau Road Reinstatement
Road Improvement and Maintenance Programme
Rehabilitation of West Coast Road
Roseau Melville Hall Road Upgrade - Lot 1 -PC to Canefield- Phase 2 - Antrim Slope Stabilisation
Point Michel Sea Defense

Roads, River/Sea Defenses for the Medium Term (2011/2012-2013/2014 and beyond)

Pont Cassé to Rosalie Road Improvement
Dubique to Fond St Jean Retaining Wall and Road
Giraudel Road Reinstatement and Slope Protection Retaining Wall
Jimmit to Warner Road Improvement
Portsmouth (Lagoon/Purple Turtle) Road Improvement
Ravine Bernard River Control Works and Road Improvement
Elmshall River Crossing
Campbell to Despor Road Rehabilitation
L'allée Cocoa to Loubiere Road Rehabilitation
Roseau Old Market to Newtown Road Rehabilitation
White River Delices to Grand Bay Road Improvement
Loubiere to Grand Bay - Phase 2 - Ancillary Safety Enhancement and Drainage Works
Road Improvement and Maintenance Programme (RIMP)- phase 2 - Ancillary Safety and Slope Stabilisation
Bois Diable to Castle Bruce Road Improvement
Pond Cassé to Bois Diable Road Rehabilitation
Bois Diable to Rosalie Road Rehabilitation
Castle Bruce to Hatton Garden Road Improvement
Point Michel Sea Defense - Phase 2
Roseau Melville Hall Road Upgrade-Lot 2-Phase 2 -Bridges and Ancillary Works
West Coast Road - Phase 2 - Mahaut and Massacre
Wotten Waven -Trafalgar Bridge
Rosalie to Laplaine River Road Improvement
Laplaine to White River Road Improvement
Pointe Michel to Soufriere Road Improvement and Slope Stabilisation
Repairs to Boetica River Crossing
Woodford Hill Road Rehabilitation
Morne Prosper Road - Phase 2
Toucarie to Cottage Road improvement
Hillsborough Street (Bath Rd to Independence St) Road Rehabilitation

**Public Sector Investment Programme
by Economic Classification 2011/2012-2013/2014**

	Budget Estimates 2011/2012	Budget Estimates 2012/2013	Budget Estimates 2013/2014
Total Public Sector Investment Programme	128,292,559	131,876,575	126,325,260
Economic Infrastructure	54,130,169	57,637,226	60,478,075
<i>Airport Development</i>	-	-	2,079,174
<i>Roads and Bridges</i>	39,695,901	38,241,969	26,600,000
<i>Sea Defenses</i>	9,000,000	2,600,000	2,600,000
<i>Water and Senerage</i>	-	5,828,257	9,764,901
<i>Other Economic Infrastructure</i>	5,434,268	10,967,000	19,434,000
Productive sectors	24,211,840	11,414,351	13,290,189
<i>Agriculture</i>	2,496,356	431,500	495,000
<i>Forestry</i>	4,338,591	200,000	-
<i>Livestock</i>	4,954,474	-	-
<i>Fisheries</i>	1,487,974	-	-
<i>Micro-enterprise Development</i>	4,357,396	2,978,851	1,000,000
<i>Tourism Development</i>	6,577,050	7,804,000	11,795,189
<i>Other Productive Sectors</i>	-	-	-
Public Administration	17,027,208	23,402,143	14,594,444
<i>Administrative Infrastructure</i>	6,317,161	11,600,000	7,026,000
<i>Environmental Management</i>	-	-	-
<i>Information Systems Development</i>	815,500	2,173,520	1,674,020
<i>Offshore Investment</i>	-	-	-
<i>Public Safety</i>	6,594,148	9,113,623	5,884,424
<i>Public Sector Modernisation</i>	3,300,400	515,000	10,000
Social Infrastructure	29,612,741	35,635,110	35,024,807
<i>Community Development</i>	13,026,288	2,515,240	150,000
<i>Education</i>	4,544,913	14,505,770	21,178,000
<i>Health</i>	4,574,081	4,214,929	5,414,929
<i>Housing and Settlement</i>	6,232,905	13,899,171	7,781,878
<i>Sports and Recreation</i>	331,000	-	-
<i>Other</i>	903,553	500,000	500,000
Unclassified	3,310,600	3,787,745	2,937,745

ACRONYMS

ACP – African, Caribbean and Pacific	GDP – Gross Domestic Product
ADSL – Asymmetric Digital Subscriber Line	GPRS – General Packet Radio Service
AID – Agricultural, Industrial and Development	GSM – Global System for Mobile Communications
AIDS – Acquired Immunodeficiency Syndrome	HBS – Household Budget Survey
AIU – Agricultural Investment Unit	HIV – Human Immunodeficiency Virus
ALBA – Bolivarian Alternative for the Americas	IA – Institutional Assessment
ASYCUDA – Automated System for Customs Data	ICT – Information and Communications Technology
BAICO – British-American Insurance Company	IDA – Invest Dominica Authority
BAM – Banana Adjustment Measures	IICA – Inter American Cooperation on Agriculture
BRP - Banana Recovery Programme	IMF – International Monetary Fund
CALLS – Center where Adolescents Love to Learn and Serve	IRC – Independent Regulatory Commission
CAREC – Caribbean Epidemiology Centre	LIAT - Leeward Island Air Transport
CARICOM – Caribbean Community and Common Market	MDG – Millennium Development Goal
CARILEC – Caribbean Electricity Utilities Corporation	NAO – National Authorising Officer
CDB – Caribbean Development Bank	NAS – National Adaptation Strategy
CDC – Centre for Disease Control	NCCS – National Commission on Crime and Security
CLICO – Colonial Life Insurance Company	NDFD – National Development Foundation of Dominica
CPA – Country Poverty Assessment	NDPC – National Development and Productivity Council
CPDP – Carib People Development Plan	NES – National Export Strategy
CSME – Caricom Single Market and Economy	NGO – Non-governmental Organisation
CSO – Central Statistical Office	NIAC – National Intelligence Advisory Committee
CTCCBP - Carib Territory Comm'ty Capacity Building Project	NJIC – National Joint Intelligence Centre
CTCDP – Carib Territory Comm'ty Development Programme	NSC – National Security Council
CVQ – Caribbean Vocational Qualifications	NTRC – National Telecoms Regulatory Commission
DASPA – Dominica Air and Sea Ports Authority	NYP – National Youth Policy
DDA – Discover Dominica Authority	OECS – Organisation of Eastern Caribbean States
DEEP – Dominica Education Enhancement Programme	PAF – Performance Assessment Framework
DEXIA – Dominica Export Import Agency	PEFA – Public Expenditure & Finance Accountability
DOMLEC – Dominica Electricity Services	PFD – Policy Framework Document
DOWASCO – Dominica Water and Sewerage Company	PFM – Public Finance Management
DPU – Development Planning Unit	PMU – Project Management Unit
DSA – Debt Sustainability Assessment	PPA – Participatory Poverty Assessment
DSC – Dominica State College	PPCR – Pilot programme for Climate Resilience
DSS – Dominica Social Security	PPIU – Planning and Public Investment Unit
ECCB – Eastern Caribbean Central Bank	PPS – Pharmaceuticals Procurement Service
ECE – Early Childhood Education	PSIP – Public Sector Investment Programme
ECTEL – Eastern Caribbean Telecommunications Authority	PSRS – Public Sector Reform Strategy
ECU – Environmental Coordinating Unit	PWC – Public Works Commission
EDGE – Enhanced Data rates for GSM Evolution	SBF – Small Business Facility
EDP – Entrepreneurship Development Programme	SLC – Survey of Living Conditions
EEZ – Exclusive Economic Zone	SPCR – Strategic Plan for Climate Resilience
EPA – Economic Partnership Agreement	TMP – Tourism Master Plan
ESBU – Employment and Small Business Unit	TPU – Tourism Planning Unit
EU – European Union	ULIS – Unified Land Management Information System
FDI – Foreign Direct Investment	VAT – Value-added Tax
GCI – Global Competitiveness Index	WNT – Waitukubuli National Trail
GCR – Global Competitiveness Report	

Notes

