



COMMONWEALTH OF DOMINICA

**Fourth Medium-Term
Growth and Social Protection
Strategy (GSPS)
2014 – 2018**



“Towards Economic Transformation: A Pathway to Sustainable Development”

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Preface

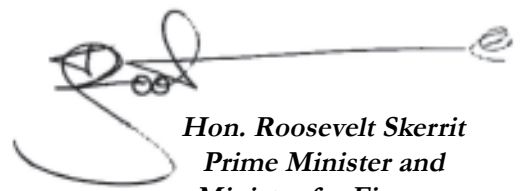
This fourth review of the Growth and Social Protection Strategy (GSPS) 2014 – 2018 reaffirms Government's commitment to the pursuit of Sustainable Development through sound policies geared at improving the quality of life of all Dominicans. Like many Small Island Developing States the country continues to grapple with the effects of the financial and economic crisis which started in 2008. However, the Government of the Commonwealth of Dominica remains steadfast in its efforts to accomplish the following:

- Sound fiscal policy and administrative reform, including creating an enabling environment for local private investment and the attraction of foreign direct investment;
- Sectoral strategies for growth; and
- Strategies for poverty reduction and social protection.

Consistent with earlier editions, this 4th medium-term review promotes sustained economic growth as the main route to poverty reduction. With a relatively small population of approximately 70,000 people, frequent exposure to external shocks, negative effects of natural disasters and difficult terrain, the Commonwealth of Dominica continues to face these challenges with determination. The island's susceptibility to natural disasters and catastrophes borne from climate change will continue to pose even more hindrances as the country advances through 2018. Hence, the support of the donor community will become even more vital as the Government seeks to build resilience by reducing vulnerabilities; thereby ensuring the safety and security of its citizens.

The Government will seek to undertake more vigorous strategies to awaken private sector interest for high sustained economic growth which will result in poverty alleviation, reduction in the levels of inequality, and decrease in unemployment. As we forge ahead, the Government of the Commonwealth of Dominica will hold fast to its commitment to the aforementioned objectives.

The Government would like to recognize the overwhelming support of the donor community over the years and anticipate their continued support to our beautiful country. The tasks ahead appears daunting, however, the Government and people of the Commonwealth of Dominica remain resolute in their quest for sustainable development; economic transformation, environmental development and continued poverty reduction.



Hon. Roosevelt Skerrit
Prime Minister and
Minister for Finance
Commonwealth of Dominica

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

1 INTRODUCTION

1.1 PURPOSE AND SCOPE OF THE GSPS

The Commonwealth of Dominica's fourth medium-term Growth and Social Protection Strategy (GSPS) 2014 – 2018 articulates a broad medium-term strategic framework for sustainable development and economic transformation over the next five years. The priorities outlined in this document are transformative in their approach guided by sound economic and environmental considerations as the main route to poverty reduction.

The GSPS is the Government's overarching framework for macro-economic policies, sector strategies and plans, the structural reform agenda, the annual Public Sector Investment Programmes (PSIP), the annual budgets and social protection and poverty reduction strategies.

The first edition of the GSPS was published in April 2006. In 2008 and 2012, updated versions of the GSPS were presented and adopted by the Government. The 2012 - 2014 revision was presented to the donor community at a Donor's Conference in December 2011 under the theme "Re-doubling the Effort". Attendees to the Conference included representatives from the United Nations Development Programme (UNDP), World Bank, CARICOM, Caribbean Development Bank, Embassies, OECS, International Monetary Fund, European Union, Eastern Caribbean Central Bank (ECCB), Inter-American Development Bank (IADB), United States Agency for International Development (USAID), and Organization of American States (OAS). This Conference formed part of the consultative approach towards the finalization of the GSPS. The Donor Community complimented the country and endorsed the GSPS as well as pledged their continued support to plans, programmes and projects through technical and financial assistance.

This fourth edition of the GSPS (2014 – 2018) is not a complete re-write of the original, but includes an update of the accomplishments, challenges and lessons learned and creates a revised platform for pivoting the development strategies to respond more directly to the new challenges which arose out of the 2008 global crisis and which continue to dominate the global economic landscape.

Post-2003, the Dominican economy reverted to sound economic footing following an economic stabilization programme. Having stabilized the fiscal situation and having made progress towards placing the country on a sustainable debt and growth trajectory, the challenge was to build on these gains and place the economy on a path towards sustainable growth, with a view to reducing poverty and improving quality of life. This was evident in the 2008/09 Country Poverty Assessment which registered a decline in poverty from 39% in 2003 to 28.8% in 2008/09.

This fourth edition of the Growth & Social Protection Strategy reaffirms Government's strategy for pursuing sustainable development (economic growth, environment development, social development) going forward in a comprehensive and integrated manner, with its three-fold focus on:

- Sound fiscal policy and administrative reform, including creating an enabling environment for local private investment and the attraction of foreign direct investment;
- Sectoral strategies for growth; and
- Strategies for poverty reduction and social protection.

Consequent upon the above, the country will continue to work towards improving its international competitiveness and its ratings in the 'Doing Business Report'. Given Dominica's structural impediments and vulnerabilities, export competitiveness is critical to economic growth and transformation. Natural resource-based industries such as renewable energy, particularly geo-thermal, eco-tourism, agro-processing, niche-focused agriculture, and water are industries in which Dominica enjoys some competitive advantage. To this end, the Government pledges its commitment to exploiting opportunities in these sectors to advance its quest for improved competitiveness.

Government recognizes that private investment has a major role in mobilizing and realizing 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 organizations 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 supports the ongoing process in the context of the Caribbean Growth Forum (CGF) and the Dominica Business Forum (DBF) in the expectation that they will facilitate a more structured relationship, with a view to improved communication and discussion of national issues as they affect that community.

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 over the past five years. This is very visible 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 sustainable development. As part of its investment strategy, Government will support appropriate public-private arrangements that will facilitate the implementation of critical investments.

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 realize the vision for Dominica as a place characterized 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 through economic transformation as a pathway to sustainable development.

1.2 DOMINICA'S MEDIUM-TERM CHALLENGES

The challenges facing Dominica are those related to attaining high sustained 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 according to the most recent Country Poverty Assessment (CPA 2008/09) 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 liberalization and globalization and the inability of the country to adjust quickly. 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, grant funding, visitor arrivals and suffered setbacks in foreign direct investment inflows. Further, the rehabilitation that became necessary in the aftermath of tropical weather systems has resulted in an increase in the value of the public sector investments which are being funded with loans and has delayed the implementation of projects which would have resulted in the creation of new assets. These challenges are critical determinants of the country's ability to achieve the economic and fiscal targets that are set by Government.

In the 2012-2014 version of the GSPS, physical infrastructure was identified as the binding constraint to development. This continues to be the case and several of the policy responses to address these challenges are well on the way, and this revised GSPS identifies the ongoing efforts to address this challenge.

Inevitably, the challenge of generating increased growth rests heavily on the performance of key sectors. Notably, growth in the agricultural sector, especially non-banana crops is imperative. A more focused, concerted and organized effort of will, planning and organizing is called for and is not beyond the capacity of the Government to bring about.

Similarly, the tourism sector faces the challenge of increasing the number of visitors to Dominica and a commensurate or greater increase in visitor spending. The implementation of the recently updated Tourism Master Plan (June 2013), will need to demonstrate a stronger determination to organizing 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 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 efforts at attracting this type of hotel plant will continue.

Considerable progress has been made in the development of geothermal energy. 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 realization of an efficacious and beneficial outcome. To this end, the Government has committed to establish a fully operational plant by 2015 with the expectation of a significant reduction in the cost of electricity.

The challenge on the environment is how the country continues to pursue its sustainable management practices and leverage its environmental endowment to enhance the tourism product and gain access to climate change funding facilities to meet some of its investment needs. The Low Carbon Climate Resilient Development Strategy - 2012-2020 provides the framework and strategies for critical investments. It is a document approved by the Government of the Commonwealth of Dominica and endorsed by the donor community.

It may be that the manufacturing (including agro-processing) sector needs additional support. At 3.6 per cent of GDP in 2013, 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 the development of the country.

In the social sectors the main challenges appear to be:

- (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 the rate of infant mortality;
- (b) health financing (health insurance); and
- (c) sustaining into the medium-term and beyond, the relatively high rate of Government’s social spending.

The gains made in reducing poverty will only be sustained through achieving success with these imperatives.

1.3 DOMINICA’S QUEST FOR GROWTH

The pursuit of sustained high 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. The recent experience from the global economic crisis has brought to the fore the complexity of attaining growth even at average rates. Despite numerous stimulus packages implemented by many developed countries to engender sustained high economic growth, the experience has not lived up to the expectations. That the process towards the attainment of sustained high economic growth has been difficult, is brought out in the available evidence on the growth performance of the countries of the Caribbean, in particular, the member states of the OECS (see Table 1).

Table 1
OECS Countries Growth Rates 2004 - 2013¹
(Percentages)

Country	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 ^P	Annual Average
Antigua & Barbuda	3.22	7.56	12.77	7.24	1.47	-10.67	-8.57	-2.1	2.79	0.14	1.38
Dominica	0.83	-1.74	3.67	3.94	7.77	-0.76	0.73	1.71	-0.19	0.8	1.7
Grenada	0.12	12.49	-4.38	6.28	1.69	-5.63	-1.99	0.14	-1.22	2.74	1
St. Kitts & Nevis	3.78	9.24	3.45	5	4.04	-3.77	-3.83	-1.88	-0.86	1.95	1.7
St. Lucia	5.98	-2.64	7.44	1.49	5.79	-0.23	0.14	1.49	-0.84	-1.59	1.7
St. Vincent & Grenadines	4.62	2.99	5.99	3.12	-0.6	-2.03	-2.26	0.28	1.52	3.14	1.7

¹ Source: ECCB’s National Accounts Statistics for 2011 electronically posted on 2 December 2011; ECCB’s Annual Economic and Financial Review 2013 electronically posted on 29 April 2014; Central Statistical Office - Dominica

Over the past ten years, 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 intervals of negative growth, 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 recorded. The average rates of growth over the past ten years in the OECS countries registered 1.5 per cent.

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 recognized 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 from the 1980s 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 stabilization 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 2011, negative growth in 2012 and positive growth again in 2013; 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.

2 POVERTY REDUCTION AND SOCIAL DEVELOPMENT

The 2011 Preliminary Population and Housing Census report recorded the country’s total population at 71,293, comprising of 36,411 males and 34,882 females. The number of births over the decade (2001 – 2010) recorded 10,207 which reflected a decline of 4,696 when compared to the previous decade. The country continues to record steady decreases in births, an increasing ageing population and outward migration of the productive population.

As per the 2008/09 CPA, 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. The

2008/09 CPA registered an improvement in the poverty situation in Dominica compared to 2003. The indigence rate fell from 10 percent in 2002/03 to 1.6 percent. The poverty rate fell from 39 percent in 2002/03 to 28.8 percent. Correspondingly, unemployment was estimated at the time of the survey at 14 per cent compared with over 20 per cent in 2002. In 2002/03, the poor were 29 percent of households as compared to 22.8 percent in 2008/09. 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 the framework for economic growth and good fiscal performance has been established and it can be said that poverty and living conditions have improved concomitantly.

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.

2.1 MILLENNIUM DEVELOPMENT GOALS

At the heart of social development in the Commonwealth of Dominica lies the thrust to achieve the Millennium Development Goals (MDGs) by the 2015 deadline. The Commonwealth of Dominica has remained steadfast in its monitoring of the indicators and implementation of relevant interventions.

In 2012, the country started the process to developing a MDGs Acceleration Framework (MAF) and Action Plan (MAP) aimed at targeting lagging indicators and outlining a way forward in order to meet the 2015 reporting requirements. In May 2014, the final MAP was adopted. This process was supported by the UNDP.

Based on the summary assessment derived from broad-based national consultations, the Dominica MAP identified the following as lagging indicators that should be addressed for acceleration into 2015:

Table 2 - MAP Targets

Goal 1: Eradicate Extreme Poverty and Hunger Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger Indicators: Prevalence of underweight children under 5 years of age, by sex per 1000 Proportion of population living below the poverty line
Goal 2: Achieve Universal Primary & Secondary Education Target 4: Ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary and secondary schooling, up to Form 5 Indicator: Proportion of students starting Form 1 who reach Form 5 in secondary school, by sex

Source: MDG Draft Acceleration Plan, Ministry of Finance

In addition to the MAP, the country prepared a progress report to on the MDGs 2012²; which indicated the following information.

With respect to Goal 1, poverty declined from 39.9 per cent in 2002 to 28.8 per cent in 2009. This reduction in poverty was a direct result of targeted interventions by the Government of the Commonwealth of Dominica in all areas as the country continues to improve its social protection strategy. The target for 2015 is a further reduction of not less than 15.0 per cent.

The country successfully achieved the indicators under Goal 2 (Achieve Universal Primary and Secondary Education) in 2005. However, the 2008/09 CPA observed that there were high drop-out rates among secondary school students which are currently being addressed under the MAP.

In regard to Goal 3 (Promote Gender Equality and Empower Women), though some progress have been made with women participation in decision-making, the proportion of seats held by women in National Parliament is relatively low; recording 10 percent in 2005 and 18.5 percent in 2010. This is not as a result of discrimination but rather indicates that fewer women explore careers in politics. The current review, update and implementation of the National Gender Policy and Action Plan initially adopted in 2006, will place added focus on the empowerment of women and encourage their participation in National Parliament.

Under Goal 4, Reduce Child Mortality, slight surges have been recorded particularly in the last four years. To this end, an intervention programme funded by the European Union is currently being implemented. The objectives of the programme are to:

- Provide recommendations for a sustainable intervention programme to reduce the Infant Mortality Rate from 29.9 per 1000 to 10 per 1000 by the end of the 2019 in keeping with objectives for reducing infant mortality as stated in the National Strategic Plan for Health 2010 – 2019
- Develop an action plan for the implementation of the programme with a time schedule and annual indicators
- Provide recommendations for implementation of comprehensive perinatal and neonatal databases, and;
- Provide recommendations for the resources required for implementation of the intervention programme and the comprehensive databases.

With respect to Goal 6 (Combat HIV/AIDS, Malaria and Other Diseases), the country made significant strides in combating HIV/AIDS and has virtually eradicated the incidence of malaria and other diseases. In relation to HIV/AIDS, the general population estimated prevalence rate currently stands at 0.75 percent, keeping within the less than 1.0 per cent population prevalence target. There are no recorded cases of malaria in the country.

As it relates to Goal 7, Ensure Environmental Sustainability, the Government has embarked on a vibrant housing programme for the underprivileged that focuses on improving sanitation and solid and liquid waste disposal. In terms of other environmental targets in keeping with green economy concept, the Government adopted the Low-Carbon Climate-Resilient Development Strategy 2012 – 2020 which seeks to address

² Commonwealth of Dominica, Millennium Development Goals Progress Report 2012

vulnerabilities, risks and measures to address climate change concerns. This Strategy will ensure that the country achieves sustainable development while meeting social development and poverty reduction goals. In fact, the approval of the strategy by the CIF has given Dominica access to US\$12 million in grant and US\$26 million in concessional loans, which, among other things, will finance projects aimed at reducing vulnerability.

For Goal 8, Develop Global Partnership for Development, the country maintains an open economy with a number of trading partners. The foreign policy stance of the Government of the Commonwealth of Dominica bears this in mind and all actions of government are geared at strengthening existing relationships and building new alliances which will provide new opportunities for mutual engagement. In December 2011, a Development Partner's Conference was convened, that sought to achieve the following:-

1. Present and discuss the draft GSPS to the regional and international institutions with a view to informing of the country's broad strategic framework going forward, what the country seeks to achieve, its growth targets, challenges, constraints, policies and expectations;
2. Elicit from the development partners their understanding and support for the broad strategy;
3. Elicit support for specific initiatives and programmes.

2.2 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*”.³ Government views social protection as a basic right, one that it has been able to translate into policies and programmes. This is a position consistent with the articulation of international agencies such as the United Nations (UN), European Union (EU) and the Department for International Development (DFID). In fact, Government is being supported by UNICEF in the preparation of a Social Protection Operation Strategy which will guide the implementation of Dominica's social protection 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.⁴ 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.

The 2011 Population and Housing Census observed a 28.5 percent increase in the number of persons attaining G.C.E or C.X.C certificate over the past decade. Additionally, the number of students attaining Associate Degrees rose exponentially by 972.5 per cent moving from 207 in 2001 to 2,220 in 2011. Bachelor's Degree achievement registered a 130.6 per cent increase moving from 842 in 2001 to 1,942 in 2011. Higher degree (masters or doctoral level) attainment recorded a 61.7 percent increase. A gender analysis of the data suggests that at every level of educational sphere, females accounted for higher percentages than males.

Dominica continues to have an extensive social safety net consisting of Government and NGO-administered programmes. These programmes:

- o 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).

³ DFID, Building consensus for social protection: Insights from Ethiopia's Productive Safety Net Programmes, 2009

⁴ DFID, Social Protection as an Essential Public Service, 2007.

- Cover all relevant sectors: agriculture, small business development, physical infrastructure and housing, education, health and social sectors.
- Target 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 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 and the AID Bank (4% and 5% interest respectively), the Housing Renovation 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 on children 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 continue to 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.

3 PRIORITY POVERTY REDUCTION ACTIONS

3.1 POVERTY REDUCTION POLICIES AND PROGRAMMES

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.

Table 3 - Priority Poverty Reduction Actions

SECTOR	ACTION
Health	Maintain immunization programme and distribution of primary health care facilities to assist in reduction of Communicable and Non-Communicable Diseases (CNCDs) and the reduction of infant mortality
	Implement HIV/AIDS/Teenage Pregnancy Awareness Programme
	Investigate feasibility of graduated health charges
	Maintain participation in OECS PPS
	Explore options for health financing
Education	Maintain Government pro-poor education assistance programmes
	Increase provision of vocational technical education in primary and secondary schools.
	Maintain funding of projects dealing with troubled children and drop-outs.
Social Safety Nets/ Social Sectors	Keep under continuous review the criteria and level of public assistance.
	Ensure integrity of Dominica Social Security
	Initiate research into poverty and crime
	Continue implementation courses in life skills education
	Implement community empower programmes
Housing/Infrastructure	Implement road maintenance schedules
	Monitor Squatter Regularization Programme/ Reduce vulnerability at squatter sites
	Implement housing and sanitation programme
	Ensure 100% access to potable water by 2015
Institutional	Implement public awareness on social assistance programmes
	Conduct workshops to create awareness of vulnerable groups
Legal	Improve operation of child maintenance system
	Implement 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

Source: GSPS 2012-14

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 identified poverty 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.

3.2 HEALTH

Government continues with its free immunization programme. In fact, all districts reported high immunization coverage for 2013 for all antigens offered under the Extended Programme on Immunization (EPI). Coverage for all antigens was 96.7%. This immunization programme was conducted across the 52 health centres over the seven districts on island. The State continues to upgrade health facilities as a major vehicle in the delivery of health care to the populace.

The OECS Pharmaceuticals Procurement Service (PPS) has proven to be successful in reducing the cost of pharmaceuticals in the OECS countries an initiative that has contributed towards cost efficiency for Dominica. Government therefore remains committed to this regional mechanism.

The Government acknowledges the economic and social consequences of HIV/AIDS. To this end, same day testing and counselling sites have been introduced in all type three centres in health districts, with the exception of Roseau. That facility enables community persons to have HIV test results within 45 minutes of having been tested. Going forward, Government will continue the support of the National HIV/AIDS Response Programme.

Another area of focus which has both social and economic implications for Government is that of the Communicable and Non-Communicable Diseases (CNCDs). Over the past few years, Government has been taking steps to improve its capacity for diagnosis and treatment of these diseases. In excess of \$3.0 million has been spent to procure new equipment in 2013/2014 financial year. It is the Government's intention to build technical capacity for the proper use and maintenance of equipment as well as to continue improving the physical health care plant to include the continued renovation of health centres and the construction of a new state of art hospital.

Government recognises the enormous cost of health financing at both the individual and State levels. In that regard, the identification of options for health financing is of great importance. The assistance of the Pan American Health Organisation (PAHO) is being solicited in identifying options that could work for Dominica.

3.3 EDUCATION

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. The Government of the Commonwealth of Dominica continues to operate a number of education support programmes (such as the Education Trust Fund, School Feeding, Textbook Scheme, Transportation and School Transition programmes), specifically targeted at the poor.

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. This thrust has been evident throughout the last 3 years while Government progresses with the implementation of the Technical Vocational Education & Training. Curriculum options for students in the areas of garment production, crop production and cosmetology are now available; and will lead to the award of Caribbean Vocational Qualification (CVQ) from 2016 onwards. The implementation of the project funded by the CDB and Government has ensured that all selected schools are fully equipped with the required equipment for achieving the goals set for technical vocational education. Looking ahead, Government will continue to implement its education reform programmes with particular reference to curriculum development and expanding vocational and technical education.

According to the 2011 census, the objective of having at least one university graduate in each household is being realised. Government will continue to provide some support for this policy but will consider new approaches through which that support will continue to be provided.

Government will continue to maintain and seek to expand funding for community education facilities such as Operation Youthquake, CALLS, (Centre where Adolescents Love to Learn and Serve), CHANCES and the other centres that cater for vulnerable youths.

3.4 SOCIAL SAFETY NET

Government will continue to review current criteria for and level of public assistance; and will continue to explore actions to ensure the sustainability and viability of social protection systems.

3.5 HOUSING AND SANITATION

Recognizing the need to improve the housing stock, Government has adopted a housing and sanitation programme that includes the eradication of pit latrines and provision of washroom facilities. Other aspects of the programme include repairs to houses and the provision of new houses to the poor and under privileged.

The Housing and Sanitation Programme is complemented by a programme to develop land which is made available for housing. Several housing lots have been made available in various communities around Dominica. To address the issue of squatting, Government adopted a squatter regularization policy in 2008 and is seeking to regularize those families who are in such a position but at the same time taking action to prevent the continuation of the practice of squatting.

3.6 SPECIAL FOCUS AREAS

Government has commenced the implementation of the *Special Focus Areas* (SFA) programme, with a view to improving living conditions in the areas identified in the 2008/09 CPA as needing special interventions. A

Social Transformation and Empowerment Program (STEP) consequently was developed. The Capacity Empowerment and Enhancement Project (CEEP) project was therefore an attempt to commence implementation of some components of the STEP with existing resources within various Government Departments while tapping on additional resources to ensure successful implementation of the project. UNDP provided significant support to the CEEP. Communities targeted for this programme are located mainly in the Parish of St. Joseph which recorded the highest headcount of poverty of 47.2% and the Parish of St. Andrew with headcount poverty of 38.1% and highest severity of poverty. Additionally three highly vulnerable communities, namely the Kalinago Territory, Dubique and Silver Lake also formed part of this programme. The programme comprised of the following components:-

- Capacity Enhancement in Leadership and Entrepreneurial Development
- Food Preparation
- Carpentry
- Sewing
- Basic Literacy

Table 4 - CEEP Programme Achievement

Training Programme Component	Target	Participation		
		Male	Female	Total
Dubique Parenting		1	14	15
Dubique Food Preparation		1	17	18
Dubique Sewing		-	10	10
St. Joseph Food Preparation		-	14	14
St. Joseph Arc Welding		7	-	7
St. Joseph Computer Repair		11	2	13
Layou Continuing Education		1	6	7
Bense Arc Welding		11	-	11
Thibaud Leadership		-	7	7
Penville Leadership		4	16	20
Portsmouth Parenting		-	9	9
Portsmouth Food Preparation		-	9	9
Portsmouth Sewing		-	9	9
Goodwill Sewing (for Gutter, Tarish Pit, Stock Farm		1	23	24
Total		37	136	173
OTHER COMPONENTS				
Upgrade of Tourism Centre	Chairs, fans and a network router installed			

Source: CEEP Final Report (MoF)

3.7 NATIONAL EMPLOYMENT PROGRAMME

As part of Government's ongoing efforts at addressing youth unemployment, the National Employment Programme (NEP) was launched in 2013. The overall goal of the programme is to generate employment opportunities for over 500 young persons within one year through a programme of internship and mentorship. The programme seeks to achieve the following objectives:

1. To increase employment opportunities within the short to medium term.
2. To increase the employability of the unemployed and underemployed through development of job skills and work experience.
3. To assist the public and private sector in building an experienced workforce.
4. To contribute to the community development around the island through direct injection of funds into the local economy.

The programme has six components which are geared towards addressing youth employability and performance in the work place. The components are as follows:

- On-the-job training and mentorship programme;
- Community Employment Initiatives;
- Graduate Internships;
- Education Mentorship;
- Adult-Education-to-Work Programme; and
- Marketing Assistance Programme.

The National Employment Programme (NEP) has provided employment opportunities for Dominicans around the island in various public and private sector organizations. The Government invested in excess of \$3.5 million into this employment and job creation initiative during the 2013/2014 financial year and over seven hundred (700) individuals have benefitted during that period, exceeding the initial target of 500.

3.8 THE KALINAGO TERRITORY

Coming out of the 2003 CPA, Government developed the Comprehensive Carib Territory Community Development Programme (CTCDP). The aim of the programme was to target specific investments in the Territory to achieve significant reduction in poverty.

Implementation of the CTCDP, now re-styled the Carib Territory Community Capacity Building Project, (CTCCBP), has seen significant progress. This \$8.6 million 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 through the construction of 1.4Km of road at Horseback Ridge. Cassava cultivation and processing has been an integral part of Carib Culture. The project has completed market research in the North American market to determine demand for cassava products. Now that the market research has been completed, the project will soon be providing support for production and undertake the construction of a modern cassava processing plant. The construction of the St. Cyr Resource Centre is carded for completion by November 2014.

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 has taken a longer-term look at the needs of the Territory and has developed along with a team of consultants, a strategic development plan. This plan took into account recommendations from the CPDP, CTCCBP and other documents and came up with a priority listing of programmes and projects.

In order to increase the employment opportunities and to place the Territory in a position to enjoy a greater slice of the tourism business, Government will support the construction of a three star hotel. In addition Government will also support the extension of the overnight services at the Kalinago Barana Aute (KBA).

Overall, in collaboration with community organisations, Government is seeking to uplift the Territory economically and socially through dealing with issues such as land tenancy, housing, education and human resource, 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. The Territory is also poised to benefit from the Pilot Program for Climate Resilience (PPCR) project that is intended to reduce the vulnerability of communities to natural and manmade hazards and improving on local capacities in that regard,

3.9 MAINTENANCE OF SOCIAL PROGRAMMES

Government currently administers several social protection programmes. Transfers through these programmes have shown an upward trend over the last five years. These programmes target every strata of the population. 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. Government will continue to review these programmes to improve their effectiveness through rationalisation⁵ and better targeting. This will make it easier to both maintain and expand the programmes.

4 TOWARDS CONTINUED INFRASTRUCTURAL DEVELOPMENT

In the third medium-term Growth and Social Protection Strategy, physical infrastructure was identified as one of the country's binding constraints to economic development. In acknowledgement of this fact, the Government allocated \$163 million in the 2013/14 fiscal year to the Public Sector Investment Programme (PSIP) with approximately 50% distributed among the Ministry of Public Works, Energy & Ports and the Ministry of Lands, Housing, Settlements & Water Resource Management, two of the key ministries involved in major infrastructural projects.

Government proposes to undertake major infrastructural works in the capital city Roseau and in the town of Portsmouth. These works will include road works, bridge replacement, improvement to tourism areas and improvement and or construction of administrative buildings.

⁵ Rationalization is taken to mean reviewing current programmes, improving their operational efficiency, revamping those that are less effective, and reducing overlaps.

Government will also continue the ongoing investment in the country's infrastructural development. Specifically, continued attention will be placed on the infrastructural areas of transportation, power, telecommunications and water. There are a number of ongoing projects in these sectors.

4.1 ROAD TRANSPORTATION

Considerable improvements have been made to the road network in Dominica over the past 10 years on the recognition that the road network needs continuous renewal and rehabilitation. Government's policy continues to be to improve the quality of the stock of roads 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.

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. 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 of Government in this regard in recent years. Government is well on its way to achieving the goals set.

There are many challenges related to road construction in Dominica and there is need for special strategies:

- 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.
- Given the environment conditions and topography, it may be necessary to utilize materials that are of a better quality than the standard requirements so as to extend the life of new roads.
- Any mandate to the Ministry of Public Works to maintain feeder roads and village and internal community roads must be done in a manner not to affect the maintenance on main roads.

- The Government may have to consider special funding arrangement for road maintenance.
- The Public Works Corporation has been handicapped in terms of its capacity to successfully operationalise its mandate for road maintenance.

The authorities will continue their engagement of regional and international development partners on matters related to building climate change resilience with a view to eliciting financial support for certain physical infrastructural works such as sea defenses under financing available for adaptation to climate change.

Government is ever-conscious of the critical importance of road infrastructure to the country's future economic growth and its 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. Government has already made progress with financing for the roads in the eastern part of the island provided for under the World Bank Pilot Programme on Climate Resilience (PPCR) the implementation of which started in 2014. Also, financing from the European Union will be used for other aspects of the east coast roads. Financing from the Government of Venezuela through PetroCaribe is being utilized for major community and city roads. Other multilateral partners such as the CDB finance other aspects of the road infrastructure programme. Government will also approach new bilateral partners in its quest to identify grant and concessional financing for its programme to improve road and road related infrastructure.

4.2 SEA TRANSPORTATION

Dominica's main seaport is located at Woodbridge Bay, which is the main artery for most of the imports into the country. The seaports are managed by the Dominica Air and Sea Port Authority (DASPA).

The port has been on a modernizing 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 (Woodbridge 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 DASPA 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 modernization of cargo handling, including further computerization of its operations and working in collaboration with the Customs Division to reduce bureaucratic and dated administrative procedures.
- 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.
- Construct a cruise ship village with modern port and shopping facilities.

Renovation works have been undertaken at the Cruise Ship Terminal in Roseau to improve its operations as regards the managing of cruise calls and ferry services. Additional and more substantial works will form part of the Roseau Enhancement Project all aimed at improving visitor experience upon arrival.

Fort Shirley, located in the north, offers a unique experience for cruise visitors and excursionists. 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. The Port upgrade forms part of the Portsmouth Enhancement Project.

4.3 AIR TRANSPORTATION

Government underscores the importance of an international airport to development but recognises the fiscal challenges that will be created if Government undertook such a project on its own. As such Government has expressed its desire to undertake the construction of an international airport using the BOT (Build, Operate & Transfer) Model and is currently in negotiation with a private sector firm in the People's Republic of China.

The improvements undertaken at the Melville Hall Airport has brought some relief to travelers who would otherwise have to overnight in regional hubs. The onset of night landing has facilitated same-day transfer into Dominica.

It is Government's policy, now that the modernization works at Melville Hall have been completed and the country has night landing facilities, to expend the necessary effort in maximizing 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. As these arrangements solidify, benefits of the new Melville Hall Airport will bring about additional spin-off benefits through increased hotel plants and employment in the sector;
- Ensure and maintain full technical readiness and documentation for ongoing 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 Airport, Government's strategic position is to keep under review alternative options for the use of this facility. One such venture is the aforementioned cruise ship village which is being considered by Government.

4.4 ENERGY

Government has decided to pursue renewable energy as the solution to its dependence on fossil fuel as well as the cost associated with the ever-rising price of oil. Dominica already 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. Currently, hydropower accounts for approximately 33 per cent of energy production and diesel generators for the remainder.

The ramifications of high and rising oil prices 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.

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. In the 2013/14 budget address Government announced its intention to remove the import duty on LED bulbs effective 1st October 2013. 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 attractive to interested investors.

Dominica has huge potential in the area of geothermal energy, the integrity of which has been established through preliminary technical studies and surface drilling. The results so far are promising and if all goes well, Dominica could begin to supply domestic demand within two years, with the prospect of also 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 over the medium-term are to:

1. Continue working with strategic partners towards the commencement of commercial geothermal operations;
2. Construct a commercial plant for purposes of servicing the domestic market in the first instance and to move towards a larger-scale operation for export of geothermal energy to the French 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".⁶

⁶ Draft National Energy Policy of the Commonwealth of Dominica, p. 34

Government is also giving attention to the identification of skills that are required for the management of the resource and as such, in collaboration with countries such as the New Zealand and agencies such as the EU, is providing training for interested persons to be employed in the sector.

In addition to the direct impact through the reduction of the cost of electricity, the development of the geothermal energy provides an opportunity for new industries and services which would not otherwise have been possible. Government will target such industries particularly those that will benefit from the lower cost of electricity.

4.5 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 ECTEL, having gone through the same liberalization process as those of the other members since 2000. If anything, Dominica was a liberalization 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 2012 Report points to a modest increase in mobile penetration rate between 2010-2013, moving from 140 percent to 143 percent.

Fixed internet service is offered by LIME Dominica which offers ADSL / High speed internet access and dial-up access, and by Marpin 2K4 and SAT Telecommunications which offer high-speed internet access via cable modem. LIME Dominica offers speeds of up to eight Mbs to residential customers, (and claims to have the capacity to provide speeds of up to 100 Mbs), while Marpin claims to be able to provide speeds of up to 15 Mbs. With the recent acquisition of SAT Telecommunications by Digicel, internet speed of up to 50Mbs is being proposed by the company, a service that will be provided to all schools on the island. These are very significant in enhancing the ICT potential for job creation and innovation necessary for the economic viability of the sector.

Mobile internet access is provided through ordinary mobile subscription using GPRS and EDGE technologies. While the availability and accessibility of telecommunications services are not constraints on the country's competitiveness in this area, affordability of services continues to be a major concern for both local and international investment opportunities and is a serious deterrent to promulgating the use of more efficient e-services. The Government of the Commonwealth 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.⁷

⁷ The Boston Consulting Group, "Socio-economic Impact of Internet in Emerging and Developing Economies", 2009.

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.⁸ Without question, the ICT sector presents a tremendous opportunity for enabling and energizing economic growth.

Government would want, working with and through the relevant national and regional regulatory and development bodies, to seek to maximize 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. Therefore a new paradigm of Public Private Partnership (PPP) and further collaboration with international organizations would serve to further enhance the entrepreneurial and innovative skills of our people towards economic independence through the ICT sector.

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 taken action to facilitate e-commerce and electronic transactions with the enactment of Electronic Transaction and Electronic Filing legislations.

Other pieces of legislation which will further enhance the sector are soon to be passed and include the Electronic Data Protection Bill and the Computer Mis-use laws which will provide the legal framework to create legislative certainty for online commercial and business practices. These measures are critical to enhance legislative business online and leap-frog the economic incentives through the use of ICT services.

It should also be noted that the establishment of a Computer Incident Response Team (CIRT) which is vital for network security in this new electronic and mobile environment (e and m environment) where the internet is being used to transact billions of dollars in goods and services will open a new avenue for job creation. It is important therefore that the relevant policies are instituted which would encourage innovation and entrepreneurial spirit in ICT leading to economic growth.

Government believes that ICT can be a high-efficiency enabler for growth and also for essential sectors such as health, education and finance. 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 so that the country remains on the cutting edge of the technology.

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

- Universal coverage of the island through broadband connectivity;
- Utilising the universal service fund not only for improving remote access to telecoms services but also to provide funding for ICT-related projects of national importance leading to revenue and employment generation. Universal service must then include broadband access for the continued development and expansion of telecommunications services island-wide;

⁸ Christine Shen-Wei Qiang and Carlo M. Rossotto, *Economic Impacts of Broadband, Information and Communications for Development*, World Bank, 2009.

- Building on the improvement in the network that has been brought about through the installation of fibre optic networks;
- Engaging in public/private sector partnerships with telecommunications companies to expand the use of computers;
- Reducing the cost of telecoms services, including use of the existing local internet exchange point (DANIX), negotiating for reduced interconnection costs, introducing number portability and improving the availability of wireless access to all areas in the country.

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

4.6 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.

DOWASCO provides service for over 96% of the total population with 16,590 domestic customer connections and 20,873 overall connections. Roughly 98% of the urban population and 70% of the rural population are connected to the water supply system via house connections, with the majority of remaining population having access to Government funded public stand pipes.

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 water systems are 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. However, there may be challenges during the dry season. Increasing storage capacity is therefore a priority for DOWASCO.

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. In an attempt to ensure its viability, the fact that water is a social good and a basic need, also has to be considered by the Company. Government will continue to strive for a socially acceptable balance between the two competing considerations.

Among the specific challenges are the following:

- The capital cost of upgrading and replacing water systems
- Funding the corporation’s operations remains a continuing challenge as water upgrade in Dominica is particularly costly;
- Electricity costs for running water systems are high, especially for remote rural areas with dispersed houses and small populations;

- Water tariffs cannot reflect the full cost of providing the service and as such tariffs in Dominica is among the lowest in the Caribbean;
- 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 by the end of 2015;
- Continue to focus on upgrading the country's water infrastructure as indicated in its draft Water Systems Development plan. Under this plan, DOWASCO has to date completed rehabilitation works between Canefield and St. Joseph as well as in Delices, Warner, Campbell, Penville, Vieille Case, Petite Savanne, Cocoyer, and on the West Coast (*i.e.* from Salisbury to Capuchin). Works will continue on the supply and treatment network of water Area 1, (which serves from Mero to Castle Comfort) and in Savanne-Scotts Head and commence in Belles/Penrice and on the East Coast;
- Continue the exploration of opportunities for exporting water regionally and internationally.

5 AGRICULTURE, FORESTRY AND FISHERIES

The GSPS (2012-14) captured 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 will be guided mainly by the implementation of the 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, strengthening rehabilitation efforts in coffee, cocoa and coconuts, root crops and tubers and continuation of the citrus rehabilitation programme. The government will also work with the technical agricultural mission of the People's Republic of China to improve agricultural technology and enhance vegetable production where possible introducing high demand and high price varieties. The Dominica – China Modern Agricultural Centre was launched during AgriFest on May 20, 2014 in One Mile Portsmouth and is already proving to be effective in driving increased vegetable production. Government views the centre as a catalyst for agricultural transformation.

Government's strategy in agriculture is also informed by the results of the National Export Strategy which identified a number of crops which have export potential. Among these crops are coconut, peppers, coffee and agro-processing of condiments, essential oils, herbs and spices, beverages.

Facilitation of trade and investment would come about through, inter alia, giving focused 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.

Considerable progress has been made towards achieving the objectives set out by Government. Through the Agricultural Investment Unit (AIU), Government made available \$1.9 million, which was disbursed to farmers. The investment has been operating as a revolving fund since 2010. In addition all farmers have had access to zero interest loans at the AID Bank, with banana farmers receiving 50/50 loan/grant financing at the same bank. Farmers also have had access to a 40% price subsidy on purchases of fertilizers. The structure and operations of the AIU will be undertaken to ensure that it meets the objective of providing support to commercial farmers who have the ability to increase production and export.

While Cabinet has approved the Organic Dominica concept, this has not been operationalized. 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. The Dominica Organic Agricultural Movement (DOAM) is actively engaging the farming community to observe a greater level of organic practices. However, it is well recognized that the concept of Organic Dominica extends well beyond the boundaries of organic agriculture.

Government continues its support for the sector through financial and technical support in production, pest and disease management, post-harvest technologies, market identification and facilitation and generally guidance in observance of Good Agricultural Practices (GAP). 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. It is expected that communication of market demand and the sourcing of new markets will be enhanced through the imperatives engendered by the packing houses. With financing from the CARICOM Development Fund, the pack houses are being operationalized in fiscal year 2014/15.

As part of its constant search for viable new crops, a Coffee Rehabilitation Programme covering over 1000 acres has commenced. Selection of areas for planting is based on maximum yield areas. Land has been identified and financial support is available. A coffee plant is being built in one mile Portsmouth and should be completed by December 2014. Furthermore a cocoa drying facility is expected to commence construction in financial year 2014/2015. The Division of Agriculture is working in partnership with DEXIA to train farmers through the farmer field school programme model. They are currently working with over 100 farmers to rehabilitate trees. In excess of 300 acres will be rehabilitated over the next three years.

In response to identified market demands, the Ministry of Agriculture 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. This programme is currently working with almost 1000 farmers to increase production in yams, dasheen, ginger, pineapple, peppers etc.

Livestock production continues to receive attention and in recent times has shown signs of growth. A modern abattoir is being constructed to spur the development of pork and poultry. The abattoir will have the capacity to process 4000 chickens and 50 pigs per day. A production support programme will be launched to help meet the demands of the abattoir. It is expected that this project will contribute significantly to job creation, foreign exchange earnings and will make available to the Dominican public fresher and healthier pork and poultry products. Support to the livestock sector also includes the introduction of new breeds as well as certification and standardization largely with funding from the Banana Accompanying Measures (BAM).

Government will continue to work towards the further modernization of the agricultural sector. One aspect of this will be the improved utilization of the agricultural information system, the hardware for which has already been installed. An agriculture census is programmed for 2014/15. This system is critical if government is to

improve its management of the sector especially better targeting and monitoring. Another aspect is the restructuring of the agricultural extension service to contribute 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. Efforts will be made to continue to provide technical expertise to the sector to increase productivity 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.

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 a support system similar to those enjoyed by the banana industry and which accounted for its success. 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 realized from bananas. Diversification can be accelerated by the utilization 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 the Government is committed to preparing through the support obtained from the Caribbean Development Bank (CDB) to develop a national land use policy and plan.

It is clear that Dominica's agricultural sector has some major challenges; 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. The Ministry of Agriculture is working on a comprehensive long-term policy and 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 creation of Export Dominica is expected to assist Government to better define its role in marketing and transportation. Government had already made provision for the procurement of a boat to facilitate the export of agricultural commodities in the 2013/2014 budget. It is hoped that progress can be made in this area during fiscal year 2014/2015.

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. Government has taken on the responsibility of providing an enabling policy and regulatory environment in support of the growth objectives of the sector. This includes reviewing and streamlining all procedures for investing or starting a business in the agricultural sector and the appropriateness of the incentives regime.

Finally, 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 recent introduction of the Core Farmer Programme is a step in that direction. 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.

5.1 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 catalyze 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”.⁹ The BAM has made 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 2013-2016. Fifty-five (55) per cent has been allocated to improving the competitiveness of the banana industry and forty-five (45) per cent towards non-banana agricultural production.

The target for banana production is 30,848 tonnes per annum, up from the average of 18,207 tonnes in recent 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 with the support of the office of the National Authorising Officer (NAO). The financing agreement was signed in May 2013 and the programme was formally launched in July 2013. Government will be taking steps to ensure the fullest possible use of these resources.

5.2 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 realization 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.

⁹ The Government of the Commonwealth of Dominica, National Adaptation Strategy, p.4.

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

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 realized.¹⁰ The policy framework is based on three pillars: environmental sustainability; competitive business; and food and nutrition security.

Government embraces the vision set out in 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 stabilizing 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 transparency, accountability and good governance and that agricultural policy is fully integrated into the national development agenda.

¹⁰ Commonwealth of Dominica, National Policy for the Agriculture-Environment System, 2007-2025.

5.3 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) Optimize 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:

- Strengthening the legal protection for forested lands;
- Harmonizing relevant policies and programmes with the National Forest Policy;
- Implementing a national "no net loss of forest" policy;
- Establishing enabling management arrangements, specifically with respect to tourism, including by, *inter alia*, strengthening the financial and human capacity of the Forestry Division;
- Developing and implementing technical instruments, including legally binding forest management plans;
- Developing and implementing financial mechanisms for the sustainable financing of forest management;
- Ensuring equitable and effective participation of the private sector and civil society in the management of forests;
- 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 emphasizing the relationship between sustainable forest management and livelihoods to target audiences;
- Providing effective technical support for forest management and sustainable forest use, including extension services and technical training;
- 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.

5.4 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 centralization 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 centres for fishing operations on the island. Government is working to increase the value and efficiency of use of all the major fisheries complexes so that they provide adequate storage and marketing support to the fisher folk.

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 has 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:

- The development of a Fisheries Policy and Action Plan document under the ACP Fish II European Union Funded project
- Continuation of infrastructural works and provision of other land-based support to the industry – landing sites, amenities, fuel stations, etc;
- Construction of a fiberglass boat building facility at Donkey Beach, Roseau, and of slipways at Stowe and Dublanc — all funded under ALBA Agreement;
- Attending to the safety of fisher folk and facilitating their navigation by providing facilities for communication via marine radios;
- Pursuing the implementation of the Caribbean Fisheries Co-Management Project (CARIFICO) within the fishing sector as an outcome of the study on the formulation of a Master Plan on the sustainable use of fisheries resources for Coastal Community Development in the Caribbean; Dominica is playing the lead role in this regional project;
- A marine environment education programme targeting school children and others is ongoing;
- Re-tooling and re-educating the youth on the importance and value of eating local (fish) in an effort to reduce national food import bill and stimulate local entrepreneurship and the economy; and
- Encourage and support fishers to optimize the use of the offshore resources while conserving the inshore resources as a long term reserve.

While the fisheries sector remains poised for expansion in the medium-term, the realization 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 small scale 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:

- An unwillingness on the part of fishers to engage in cooperative management of their limited resources;
- 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;
- Poor management of the resources, including the lack of capacity for effective surveillance of Dominica's Exclusive Economic Zone (EEZ);
- Rapid rate of habitat degradation from multiple factors including the impact of poor land management and fishing practices;
- Lack of appreciation by the general populace of the potential and importance of the sector;
- Inadequate written policies for the fisheries sector;
- Lack of adequate legislation to manage the fisheries sector;
- Natural disasters causing changes in areas fished, such as Layou; and
- 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 make 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 Government will continue to pursue.

Government will 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:

- The establishment by Government of a policy on the commercialization 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.
- 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.

- 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;
- 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.

6 TOURISM

6.1 THE POLICY OBJECTIVE

Government's strategic objective for the tourism sector is to further the creation of a higher standard of living and well-being for the people of Dominica through the development of tourism on a sustainable level.

The Government remains 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 commitment is demonstrated by the adoption of the Tourism Master Plan in 2013. To this end, proposed interventions going forward include:

- Re-organization and strengthening of Institutional Arrangements;
- Improvements in destination marketing and research;
- Improvements in air and sea connectivity;
- Enhancement of urban environment;
- Improvements to tourism economic infrastructure;
- Maintenance and enhancement in the quality of the natural environment;
- Strengthening community involvement and sector linkages;
- Improvement in human resource development for the sector;
- Better sector management;
- Upgrading, diversification and expansion of tourism product.

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 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.

It is estimated that the contribution of tourism to Dominica's GDP was 1.95 per cent in 2013, with an annual average over the period from 2004 to 2013 of 1.97 per cent. The average annual rate of growth over the period was 1.82 per cent.

6.2 CHALLENGES FACING THE SECTOR

Dominica's tourism continues to face some critical issues and questions. The Revised Master Plan (2012 – 2022)¹¹ identifies five constraints that will have a bearing on the successful development of the sector as follows:

- Inadequate air and sea connectivity
 - Poor connections, which can mean over-nighting at regional hubs
 - Clients do not want to spend two (2) days travelling to/from Dominica
 - L'Express des Iles ferry schedules unreliable
- Shortage of 'Market Ready' Accommodation
 - Just 460 international standard 'market ready' rooms available
 - Not enough boutique hotels
 - No flagship resorts
- Poor tourism infrastructure
 - Poor state of some roads, inadequate directional signage
 - Urban environment in extreme disrepair, particularly Roseau's streets, sidewalks, streetscapes
 - No waterfront or focal point on the island like Sandy Ground in Anguilla, St Lawrence Gap in Barbados, where locals and visitors congregate to mix, dine and relax
- Dissatisfaction with quality of cruise product
 - Fewer things to see and do
 - Adverse passenger feedback/low overall satisfaction
 - Dissatisfaction with shore-side welcome (particularly increased levels of harassment)
- Dominica is not well known in the market place
 - Low level of awareness in source markets
 - With the exception of France and FWI (and Germany), few enquiries received by tour operators and travel agents for Dominica.

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 realize this potential while ensuring that tourism is sustainable. Into the medium- to long-term, significant new investments are contemplated in the tourism sector to include new hotel plant construction. The attention now being paid to the implementation of the Roseau Development Plan and the proposed improvement to the town of Portsmouth, should contribute to a more supportive environment for the sector.

¹¹ Commonwealth of Dominica, Tourism Master Plan 2012 - 2022

6.3 ROSEAU DEVELOPMENT AREA

Government will foster the development of Roseau in a manner that the city is part of the 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 and developing walking tours.

Government has presented its vision for a revitalized Roseau and has proceeded to initiate discussions and prepare a draft proposal to undertake the following investments:

- West Bridge Replacement;
- Botanic Gardens Bypass;
- Road network in the city;
- Improvement to drainage;
- Repositioning of utility lines;
- Goodwill Road; and
- Dame Eugenia Charles Boulevard including the cruise ship arrival area.

In general a visitor-friendly Roseau will include a more visitor friendly waterfront, provision for access to the river system (*e.g.* riverside walkways and bicycle trails), better quality roads, improved drainage and provision for a conducive night-time experience for dining and entertainment activities.

In addition to the aforementioned works, the construction of the Roseau River Promenade will soon commence; as well as proposals for consideration for the construction of a modern indoor sporting facility on the outskirts of the city at Stock Farm and a community sporting facility in the city.

In order to attract private foreign direct investment in the tourism sector, Government has re-launched a revised economic citizenship programme under the title of Citizenship by Investment. The programme includes the option for investment in real estate and is particularly targeted at investment in tourism-based infrastructure.

6.4 OTHER TOURISM-RELATED DEVELOPMENT PROPOSALS

Into the medium-term, other tourism or tourism-related development plans will 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 assist 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 capitalize on the tremendous potential of this area and enhance its appeal. The plans for this zone include:

- Full completion of the road improvement programme;
- Community development programmes (arts and crafts, food and beverage outlets);
- The ongoing nature site improvement programme, including rehabilitation of trails, viewing platforms and increasing the carrying capacity at Trafalgar Falls; and
- Working with operators to upgrade the thermal facilities; and
- Continued 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

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.

North Resort Area

Under the Citizenship by Investment Programme, construction of a major resort is expected. It will include in excess of 125 rooms and related amenities and will be operated by an internationally recognised named brand. This will increase the number of high quality, export-ready rooms in the north of the island.

This new hotel will complement the Government of Morocco funded Cabrits Hotel and Spa.

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:

- Work in partnership with parks management to manage and plan for the sustainable use of the protected areas.
- Support the development of buffer zones around the protected areas to control future development.
- 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.
- Ensure environmentally sensitive design principles are applied in any form of development within the protected areas and buffer zones.

- Assist in the development of themed trails.
- Work in conjunction with park managers to jointly present and market potential tourist resources and sites.
- 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. 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. It is acknowledged that the needs of eco/nature tourists may differ from those of cruise passengers, hence, care will therefore be taken to ensure that the needs of one group do not conflict with those of the other.

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.

6.5 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 recognize 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 Community Tourism projects/initiatives on the basis that they have the potential to be of significant benefit to local communities. These are

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

6.6 ATTRACTING TOURISM INVESTMENT

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

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

As a direct action to encourage investment in tourism infrastructure, Government introduced a real estate option to the Citizenship by Investment Programme. Under this programme, an investor who participates in a real estate project could be eligible for Dominican citizenship if the investor meets the citizenship requirements. Government is currently considering two such projects.

Government will also leverage the opportunities available through its bilateral arrangements to approach investors willing to invest in hotel plant. One such approach is being pursued with the intention of constructing a hotel in the vicinity of the capital, Roseau so that the number of export ready rooms in the capital is increased.

The recent opening of the Rosalie Bay Resort, the Regents, Atlantic and Secret Bay hotels, and the opening of the Cabrits Hotel and Spa, will add approximately 140 rooms to Dominica's hotel plant.¹² To this list one can add, potentially, the still-being-pursued developments in Hampstead, Woodford Hill and the Carib Territory as well the new projects anticipated as a result of the new component of the Citizenship by Investment Programme.

¹² The Cabrits Hotel and Spa is financed through grant resources from the Kingdom of Morocco.

6.7 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 attract affluent persons and others who are on a guaranteed income to take up residence in Dominica. 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.

6.8 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.¹³ 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. An Air Access Strategy (AAS) was developed and is being implemented.

This strategy is premised on the following, among others:-

- That tourism is a key export sector based on its contribution to GDP and a tourism strategic marketing plan forms the basis of marketing to the managements of its international airports, targeted international airlines and regional airlines
- Dominica has three major advantages. It is small, with a small population and hence the quantified GDP contribution should be relatively small. Its primary product generally does not compete with those of its neighbouring countries. It has five international airports, albeit located off-island, to service its air access needs.
- Dominica should work closely with the governments of its five international airports to attract more service to these airports from gateways of source markets of mutual interest and encourage the regional airlines to provide effective connection service to Dominica from the banks of increased flights at these airports so as to minimize elapsed travel time.¹⁴

DDA will continue actively to seek to bring more visitors into the country and to get them to increase their expenditure in the country. The target is to bring ninety thousand stay over visitors per year into Dominica by the end of 2015.

¹³ Niche Marketing Strategy and Action Plan for the Commonwealth of Dominica, Tourism Intelligence International, 2004.

¹⁴ Dominica Air Access Strategy

6.9 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. In that regard, special programmes have been instituted in collaboration with the State College. In addition, one component of the National Employment Programme is on the job training for people for seeking employment in the tourism sector.

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.

7 MANUFACTURING/AGRO-INDUSTRY AND BUSINESS DEVELOPMENT

Dominica's manufacturing sector has remained small. 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 2002,¹⁵ 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;

¹⁵ Agro-Processing Sector Policy Paper to Promote Agro-Industrial Development.

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

Government is taking steps to increase the visibility of the manufacturing sector in the short-term. In that regard, the Invest Dominica Authority (IDA) is working with the Dominica 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. A draft Manufacturing Policy for the stimulation and expansion of the manufacturing sector was prepared by the IDA in consultation with the Dominica Manufacturers Association. The next step is the development of an implementable action plan to better position the sector to contribute to the economic transformation of the country.

7.1 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 NDFD).

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”¹⁶ Among the types of services that micro and small businesses may need are:

- Training;
- Business advisory/consulting services;

¹⁶ Barton, Clifton, “Micro-enterprise Business Development Services: Defining Institutional Options and Indicators of Performance”, U.S. AID, 1997.

- Market development services for both inputs and outputs, including market intelligence and facilitating linkages with buyers and suppliers;
- Support facilities (*e.g.* business incubators); and
- 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 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 will be doing what it can in that regard.

The Government is pleased with the 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 record keeping, book keeping, preparation of financial statements, business and marketing plans, and the completion of forms and documents needed for VAT and income tax returns and 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 is making a significant contribution to business development in Dominica with a focus on youth. For the fiscal year 2013/14, under its Entrepreneurship Development Programme (EDP), it has trained 226 people (107 males and 119 females) of which 64 are currently in business. Sixty one (61) EDP loans have been granted (27 males and 34 females). Under the Small Business Facility (SBAF) 249 (126 males and 123 females) have been trained, of which 186 are currently in business. Forty three (43) SBAF loans have been granted (24 males and 19 females). Employment generated under the two facilities is 245.

There was also the EU-supported Business Gateway Project that spawned a number of small business enterprises. Lessons learnt from this programme will inform similar models going forward.

Government has in place an Employment and Small Business Unit (ESBU) located within the Ministry of Employment, Trade, Industry & Diaspora Affairs which is in the process 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. By June 2014, 1,600 business persons had received small business grants and loans to the tune of EC\$10.0 million. For the financial year under review 608 beneficiaries were recorded from programmes and initiatives with expenditures of \$1,065,930.82. The Unit will be encouraging and supporting the formation of small or micro-business clusters that can benefit from joint sourcing of materials, collective marketing, common training and other services. Selected businesses primarily in the agro-processing sector have received technical assistance in

the area of marketing. A number of training sessions have also been conducted for rural businesses throughout the island with the intension of improving marketing and general business management skills. Over 150 individuals have benefited from capacity building activities organized by the unit. 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 continue and seek to strengthen the management of the apprenticeship programme in partnership with the local private sector. The unit has successfully conducted apprenticeship training programs in Stone Cutting, Culinary Arts, Creative Manicure and Pedicure, and Hospitality Services. To date over 200 young persons have received certified apprenticeship training including certification from the Dominica State College. Over 120 young people are currently engaged in training in Building & Construction, Stone Cutting, and Landscaping. The programme will target an equivalent number of persons over the next three years.

Government will take advantage of opportunities that present themselves for sourcing additional funding for small business development which it will provide through existing institutions so that support can be made available to an increased number of persons willing to get into 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 will continue to 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.

Government continues to give consideration to the scope for rationalization of the delivery of small business services that could potentially include the NDFD, the ESBU and the Agricultural Investment Unit. Such rationalization 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.

8 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 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.¹⁷

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 utilization of government-owned lands and delivering serviced lots.

¹⁷ CDB, A Report on the Preparation of Shelter Development Projects – Dominica.

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. At the end of June 2014 a total of \$53 million had been spent on the Housing Revolution funded through grants and contributions from the Government of the Commonwealth of Dominica.

Squatter Regularization Programme

Government has continued its squatter regularization programme that involves regularizing 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 empowered a large number of persons and families, and added to their quality of life. At the end June 2014, 683 households 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 serviced lots for purposes of constructing houses. These lots are available at various communities throughout the island. Over the past five years, 266 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, Cotton Hill in Portsmouth 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 \$26 million by way of procurement of building supplies and other services to assist with rehabilitation of private residential accommodation of the poor and disadvantaged. Government has heightened its focus on the sanitation component of this programme and will focus on improving the sanitation facilities particularly in poor households. A greater focus moving forward will be on the eradication of pit latrines.

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 \$5.0 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. It is hoped that the success of these facilities will serve to inform the sustainability of the Housing Revolution going forward.

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 to date, there are still gaps in the housing programme that have not yet been adequately addressed. In that regard, Government proposes to embark on an expanded programme to construct 1500 low-cost housing units starting in the fiscal year 2014/15. In this new focus, there will also be attention on eradication of pit latrines and provision of washroom facilities. 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 \$53 million to date would have created close to 1,000 construction-related jobs. Using a multiplier of say, 1.2, this will mean an economic benefit to the economy of approximately \$63.6 million.

PetroCasa Initiative

In its continuing quest to find housing solutions, Government has launched its PetroCasa initiative with the support of the Government of Venezuela. Forty (40) houses have been built on four (40) sites – Chance, Grand Bay, Lily Valley and Stock Farm. This project used new construction technology for low-cost housing, involving the pouring of concrete into PVC moulds. This pilot project targeted low-income persons, the selection of whom was guided by the recent Country Poverty Assessment. The Government provided the land, infrastructure and utility connections. Ten (10) houses will be completed in Castle Bruce using this technology by end of financial year 2014/2015.

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 sixty-eight (68) two-bedroom units, complete with all amenities, (electricity, water and sanitation), in the various communities within the Territory with support from the Government of Venezuela (\$3.5 million) and the Government of the People's Republic of China (\$3.8 million)

Roseau Social Housing

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. The first six (6) unit apartment building is now complete at a cost of approximately \$1.0 million. Construction works has also commenced on the sixty (60) apartment unit complexes at Elmshall and Bath Estate

General

One of the challenges that will have to be addressed is the payment for housing and land sold by Government. Generally, the rate of payment is slow and this may have the effect of delaying the provision of similar services

to other potential beneficiaries. In addition, as the housing needs of more disadvantaged people are met, 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.

8.1 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 government to deal with specific areas such in the North East, Sultan and Pond Case 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 recognizes the relationship between natural resource use, environmental consequences and future economic viability”.¹⁸

A project, funded by the CDB, is addressing the matter of a Land Use Policy and Physical Development Plan. This project 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.

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.

The entire range of issues relating to land administration, (including the issue of leasing versus sale of Government lands), is being addressed under the proposed Land Tenure Administrative Reform Programme. However, as government develops policies that have implications for the land ownership by non-nationals, it will be necessary to review the Aliens Landholding Legislation.

8.2 CONSTRUCTION

The Construction sector has been an important contributor to economic growth in Dominica. Government’s policies and programmes, in particular the housing and physical infrastructure programmes, have contributed to the performance of the construction sector.

¹⁸ Source: Physical Planning Unit.

Improved efficiency in the execution of Government's physical infrastructure projects, combined with other policies such as the fiscal incentive and other regimes, Government will continue to facilitate the generation of activities in the sector. Further, the effort to increase the level of investments in the tourism sector growth sectors of the economy through the PSIP will receive increased attention as government seek to improve the competitiveness of the country through investments in renewable energy and export ready hotel rooms. 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. A combination of public and private investments should see the sector's contribution to GDP continue to increase.

9 IMPROVING EXPORT COMPETITIVENESS

In 2012, the Government announced its intention to form a new entity "Export Dominica" with the mandate of increasing exports and thereby creating employment, generating economic activity and reducing poverty. This entity poised to replace "DEXIA", will be the main coordinating arm for export promotion in Dominica.

The operationalization and management of two fresh produce multi-purpose pack houses by Export Dominica will stimulate growth in the agricultural sector and will complement the goals outlined in the National Export Strategy. The pack house operations are expected to:

- Provide certifiable, efficient handling, packaging and storage facilities that will enable all produce handled by the operations to be fully compliant with the requirements in all markets; and
- Facilitate the implementation of the Fresh Produce Export Quality Control Act 2008.

The CARICOM Development Fund has approved funding in an amount of EC\$3.3 million for the operationalization of the pack houses and for the provision of equipment. Operationalization of the multi-purpose pack houses will begin by September 2014. Two important components of the operationalization of the multi-purpose pack houses are the production and marketing support programmes. The operationalization of the pack houses will support the production and marketing of crops which were identified under the National Export Strategy.

Export Dominica 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, probably with a focus on enhancing the quality/adequacy of the shipping vessels.

9.1 TOWARDS ENHANCED COMPETITIVENESS AND PRODUCTIVITY

"World economic history shows that sustained growth demands sustained growth in productivity".¹⁹ 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.

¹⁹ World Bank, A Time to Choose: Caribbean Development in the 21st Century, April 2005

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.

9.2 COMPETIVENESS IN THE CONTEXT OF FOREIGN POLICY AND TRADE POLICY

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 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.

9.2.1 OECS and CSME

Government sees the establishment of the OECS Economic Union 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 globalization 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 operationalize a set of harmonized 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.

Even as Government presses on with its contribution to making the OECS Economic Union operational, the country remains steadfast in its 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. 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.

9.2.2 The EU-ACP Economic Partnership 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, Dominica Manufacturers Association), to seek to take advantage of the provisions of the EPA, including the 'development' provisions of the Agreement.

A National Implementation Plan for the EPA has been validated and the EPA Unit is currently involved in public awareness activities with the relevant government and private sector agencies informing them of procedures, obligations and opportunities under the EPA.

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.

9.2.3 Other Trade and multilateral 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 liberalized trade and increased market access arrangements. It aims to do this by channeling 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.

The World Bank Group is in the process of finalizing a Regional Partnership Strategy (RPS) which will cover the period 2015 – 2019 building on the gains of the previous strategy implemented from 2010 – 2014. The overarching goal for the RPS is to lay the foundation for the return of sustainable and inclusive growth in the OECS. The RPS will stand on two (2) pillars with the related objectives as follows:

- **Pillar 1: Revitalizing Sources of Growth**
 - Facilitating private sector development and job creation
 - Enhancing effectiveness in managing public resources
- **Pillar 2: Strengthening Resilience**
 - Managing Disaster Risks
 - Increasing Social Resilience
 - Promoting, Economic, Fiscal and Financial Resilience

9.3 RENEWED EFFORT AT INCREASING INVESTMENT

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\$ 31.6 million average annual inflows over the period 2004-2013 were by far the lowest of the countries. The next lowest was Grenada whose average annual inflow was more than double Dominica's. As a percentage of all FDI coming into the OECS Region between 2004 and 2013 Dominica's share was approximately 5.2 per cent, (US\$ 316.6 million out of US\$ 6,131.5 million).

Table 5 - FDI Inflows to the OECS, 2004 - 2013

Country	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Average Annual
Antigua/Barbuda	66.4	233.6	343.5	267	102.8	43.7	35.5	32.1	75.3	138	133.79
Dominica	27.5	32.2	28.9	47.9	56.8	43	24.9	14.2	23.2	18	31.66
Grenada	66.3	73.3	95.6	172.4	140.7	104	63.6	45.2	34.3	78	87.34
St Kitts and Nevis	62.7	104.3	114.6	140.8	183.9	136	118.8	111.6	94.1	112	117.88
Saint Lucia	81	82	237.7	277.5	166.2	151.9	126.6	100.3	80.1	88	139.13
St Vincent/G'ines	66.1	40.7	109.8	121	159.3	111	97.4	85.8	115.4	127	103.35
Total OECS	370	566.1	930.1	1027	809.7	589.6	466.8	389.2	422.4	561	6,131.50

Source: In US \$ millions. Compiled from CARICOM Secretariat and ECLAC. Foreign Direct Investment Flows of CARICOM Member States 2014.

Government is aware that the country has to do better in this area. The benefits of FDI are well known; the links between FDI and economic growth and poverty reduction have also been well documented. It is also assesses that the low level of FDI inflows corresponds with the comparatively under-developed state of the

country's tourism infrastructure. It is towards this end, that the Government introduced the real estate option of the Citizenship by Investment (CBI) Programme. It is intended that investors wishing to participate in major infrastructural projects and who meet the requirements of the CBI programme, will have the opportunity to obtain Dominican citizenship. New regulations and guidelines have been issued for the administration of the programme and new marketing arrangements have been made aimed at lifting the profile. Government is engaging interested investors who wish to take advantage of the opportunities available under the programme with a view to increasing the investment in tourism infrastructure.

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. This mandate resides in the *Invest Dominica Authority* (IDA), "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* which provides guidance for the Authority.

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 continue to 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.

"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.)

Government will keep under review the legislative framework and the package of incentives available to the sector to make it more attractive to prospective investors. Efforts at developing a programme of incentives to spur development in a number of *special development areas* will continue. The IDA continues to scope opportunities for increasing investment in manufacturing given that this sector appears to be the most labour intensive and has more potential for economic impact. It is hoped that the investments currently being made in renewable energy and the anticipated reduction in the cost of electricity, will result in an increased level of investments in the manufacturing sector.

10 KEY CROSS-CUTTING SECTORS

Government recognizes that in addition to the sectors already identified in this document for prioritization, there are other areas or sectors of the national economy and society that cut across our traditionally recognized 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 maximized and that the whole of the enterprise becomes greater than the sum of its parts.

10.1 DEVELOPING AND PRESERVING OUR HUMAN RESOURCES

10.1.1 Education

“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 emphasize 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 continue to seek ways 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) refocusing the education and training systems on building skills demanded by employers. Government will continue working to expand access to education at all levels by:

- 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;
- 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
- Continuing to provide a financial subsidy to the Dominica State College, (DSC), with a view to making tertiary education available to students at the lowest possible 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*:

- Placing continued emphasis on teacher education and development and in this regard, fully implementing the CDB-funded Dominica Education Enhancement Project, (DEEP);
- Ensuring complementarities between the human resource development plans of the Government and its growth and poverty reduction goals;

- Through literacy and numeracy training of teachers, working to ensure that primary school leavers are in a position of readiness to enter secondary school;
- Addressing the issue of the pupil-teacher ratio, and working on the rationalization of primary schools;
- Through expansion of technical and vocational training, addressing issues of quality improvement, and working through the CVQ's, addressing standards and quality;
- 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
- Ceasing the appointment of unqualified teachers.

The DEEP is a US\$4.0 million project that will see the upgrading and equipping of sixty (60) primary and fifteen (15) 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 seventy-five (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:

- 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;
- Expanding skills training in some key areas such as IT, hospitality, tourism services, accounting and management;
- 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;
- 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;
- 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;
- Making it mandatory that agriculture is available in all primary and secondary schools; and
- Reviewing the undergraduate scholarship programme with a view to better alignment with national priorities.

Government continues to invest heavily in its human resource. The modernization and expansion of the Dominica State College has been completed with minor external works (car park) to be undertaken.

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 regional and international educational institutions.

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:

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

10.1.2 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 care 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. The cost of health care financing is therefore of grave concern. Much of the cost is borne by the State including the cost of overseas treatment that is not available locally. To ensure sustainability on the fiscal side and to guarantee that inability to pay is not a barrier to accessing care options for health financing are necessary.

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

- 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;
- Securing an acceptable balance between the provision of primary health care and the provision of treatment;
- The high costs to the State and private individuals of chronic non-communicable diseases;
- The monitoring and evaluation of health programmes; and
- Further reduction in the rate of infant mortality.

Government has sought the assistance of PAHO to find options to address the issue of health financing. It is expected that the recommendations from this exercise will be available for implementation by fiscal year 2015/16.

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. In 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 pending adoption, and the National Food Safety guidelines are now complete. The country's overall Health Strategy and Action Plan (HSAP) is already established and the operational plan is being prepared.

The Health Promotion Strategy is built on six (6) pillars, as follows:

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 five (5) goals, each with a set of medium-term strategic objectives, as follows:

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

10.2 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.

10.2.1 Gender

Government acknowledges the importance of gender in social and economic planning. Over the years, a number of initiatives have been advanced by the Government to highlight the benefits of gender equality particularly as policies, programmes and projects have different impacts on men, women and children. The continued empowerment of women while addressing gender disparities across sectors remains an integral part of the Government's functions. It is well accepted that 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".²⁰

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 Government is also collaborating with the Caribbean Development Bank on finalizing the Country Gender Assessment Report for the Commonwealth of Dominica.

Among the documents addressing issues of gender are:

- updated National Gender Policy and action plan
- National Action Plan on gender violence
- national strategic plan for gender mainstreaming

²⁰ M Buvinic and E.M. King, *Smart Economics*, in Finance and Development, June 2007.

The Government supports the elimination of discrimination against women and continues to make investments in policies and programmes designed for the desired effect. The Government also condemns abuse of children and supports the work of the Bureau in joining forces with local, regional and international NGOs in ending all forms of abuse against children.

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; and making the country's environment conducive for advancement of both men and women.

10.2.2 Culture

The proposed cultural industries thrust will be implemented within the framework of the National Cultural Policy of the Commonwealth of Dominica.²¹ The Government's Culture Policy goals are to:

- 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;
- Mobilize 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 organized 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.”

10.2.3 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.

²¹ The National Cultural Policy document was officially launched in 2007.

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 organizations.

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

- To develop a holistic response to challenges that young men and women face in endeavouring to develop their potentials;
- To facilitate the establishment of good role models, strong family and community support and positive value systems for young men and women; and
- 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:

- 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;
- The creation of opportunities for young people to acquire the skills and experience required to access existing and future employment opportunities;
- 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;
- Provision of career guidance and counseling programmes to young persons;
- 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;
- Organizing programmes in conflict management and resolution to assist the young at school and other community based institutions;
- Drug prevention initiatives and programmes will be developed and implemented to reduce the malaise of drug trafficking and use; and
- 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.

10.2.4 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.

Additional, investment in sports infrastructure is a priority for Government. The development of playing fields and hard court construction at the community level are important activities in this regard. Further, the Government has announced the proposed construction of an indoor sporting facility to be located in Stock Farm. This facility will no doubt improve Dominica's chances at hosting regional and international games as is the case with the construction of the Windsor Park Stadium.

10.3 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 2 ½ years."²² 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.

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:

- 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.
- Improving the country's capacity for disaster management. The National Emergency Management Organization 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.

²² Tobias Rasmussen, "Natural Disasters and their Economic Implications", *The Caribbean: From Vulnerability to Sustained Growth*, IMF, 2006.

- 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.
- 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.
- 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.
- 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-organized and functioning meteorological department. This will include its becoming eligible for relevant regional certifications and the clearing house for all meteorological data in Dominica, thus making such data more readily available for development and other purposes.
- Dominica's participation in the World Bank funded Pilot Programme for Climate Resilience (PPCR) allows access to grant and concessional climate change resources. As part of the process, Dominica prepared and presented its Low Carbon and Climate Resilience Strategy to the Climate Investment Fund (CIF). The PPCR project has given the country access to funding of almost US\$39.0 million consisting of grants and near zero concessional loans. The project will formally commence in July 2014 and will be implemented over a Six (6) year period. The Government is committed to the successful implementation of this pilot project to help lay the basis for similar climate change projects in the future.

Dominica's Low Carbon Climate Resilience Development Strategy will serve as a key platform providing support to the attainment of the goals and objectives of the GSPS. This strategy is being implemented in response to continued global economic challenges and the direct effect on Small Island Developing States (SIDS) like Dominica, which is being aggravated by the impact of climate change. This strategy will ensure that Dominica, the Nature Island of the Caribbean, will achieve its sustainable development aspirations while meeting critical social development and poverty reduction goals.

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 popularizing 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.

10.3.1 Towards a Green Economy

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, transformative economic growth. Government will also be contributing to ensuring that in individual personal behaviour, a consciousness of and pride in the 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 greenhouse 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:

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

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 climate 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.

Government has recently acquired membership of the Green Climate Fund (GCF). The CGF will promote a paradigm shift towards low-carbon and climate-resilient development pathways by supporting developing countries to address their climate change mitigation and adaptation needs. The Fund is expected to provide financial and institutional support to allow the country to achieve its sustainable development goals. Dominica is positioning itself into mainstreaming climate change into national, economic development.

10.4 NATIONAL SECURITY

Government is mindful that proper management of crime and national security is critical to the overall development effort and it will continue to focus national efforts on ensuring an organized 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”.²³

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 recognizing the various factors surrounding crime and justice such as the breakdown in extended families, informal social control and marginalization 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.

²³ Commonwealth of Dominica, National Policy on Crime Prevention and Control in Dominica, September 2006.

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. Over the past three years, Government has been steadily increasing the number of Police Officers. 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, and opportunities have also been provided for specialized training.

It is Government's policy over the medium term to ensure continued attention to equipping and modernizing the protective services, and the strategy will include both human resource development and provision of modern equipment. This modernization will include the acquisition and installation of a state-of-the-art communications network, as well as a modern Command and Control Room at Police Headquarters. 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. A unit will be established to specifically focus on the assessment of integrity and the implementation of professional standards within the police force.

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. Government will continue to seek external resources for national security enhancement to include the fire, prison and police facilities.

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 rationalization of the number of police stations and the efficiency of use and management of police vehicles.

Other areas that will receive attention include:

- Putting in place a cohesive and robust border security and intelligence system through its ongoing border control management system;
- Enacting needed legislation to provide the legal authority to make use of the fingerprinting equipment that is already on island;
- Expanding crime prevention programmes to the school system;
- Increasing public education programmes through public service announcements;
- Conducting literacy testing and risk assessment programmes in the penal system;
- Providing training in crime prevention strategies to persons who work with children and at risk groups;
- Establishing counselling and mentorship programmes;

- Early identification and treatment of children presenting behavioural problems, drug and alcohol abuse and learning disabilities; and
- 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 modernizing 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.

10.4.1 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. A programme to review the policies governing inmate management is presently ongoing with the aim to bring rules and procedures in line with the changing environment and move towards rehabilitation and reform rather than confinement. Strategies to be pursued over the medium term and beyond will include:

- 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;
- Instituting a parole system;
- Starting or improving training programmes in functional literacy; drug treatment; skills marketing; rehabilitation; and after-care services for all prisoners on release from prison;
- Establishing a new Juvenile Rehabilitation Facility and
- Increasing probation opportunities and putting in place community service sentencing for certain offences.

Additionally, Government will continue with its efforts to develop a national strategy to address issues relating to justice for juveniles and focusing on restorative and rehabilitative justice.

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 in conjunction with the RSS and CARICOM. Such cooperation at the regional level will assist in improving and professionalizing 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.

10.5 IMMIGRATION

Government will soon be taking steps to put together a coherent policy document on the country's Immigration Policy. Contingent on the policy will be the development of legislation in keeping with modern practices. These will 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 10 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 1983-1989.²⁴

Table 6 - Population Growth

1990	71,513
2000	71,443
2005	70,836
2010	72,936
2011	71,293
2012	69,868

Source: Central Statistics end of year estimates

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;
- 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, and relevant conditions.

²⁴ "... in 1983, when a mass exodus, 2392, exceeded that of 1960" Central Statistical Office Demographic Statistics, 2004.

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.

10.6 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 as its competitive standing with regard to aspects of the country's investment climate.

Execution of the comprehensive public sector modernization activities has continued apace and aims at:

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

There have been a number of important achievements in this direction over the past few years, including:

- Work has proceeded on the updating of public service laws. The Public Service Act and General Orders have been revised and formulated into draft Public Service Management Bill and Regulations. These are 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 e-Government services. ASYCUDA World and a Unified Land Information System (ULIS) have already been introduced to the Customs and the Land Management Agencies, respectively.
- With a view to improved efficiency and management of the public service, a human resource audit of the service is underway. This activity will be upgraded into the conduct of comprehensive organizational reviews for all Ministries and Departments across the public service. Approved recommendations from these reviews will be implemented incrementally.

- A new, modern Public Finance Administration Bill has been drafted and will be further updated. However current efforts are centered on improving procedures for better financial management.
- In the sphere of local government the four Local Authority Acts have been reviewed with a view to their harmonization and incorporation into a single Act. New draft legislation has been prepared. The draft harmonized 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 modernize 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 harmonized 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 modernize and computerize 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 2014 Doing Business Indicators show an improvement in Dominica's doing business rankings in the sub-region, recording second place in the OECS in terms of the ease of doing business. However there is little room for complacency since Dominica's ranking relative to the rest of the world dropped.

The *Invest Dominica 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 approval process.

Government has decided to construct 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 realization 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 the Commonwealth 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.

10.7 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.²⁵ 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.²⁶ 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.

²⁵ Dominica Academy of Arts and Sciences, (2004), Draft Dominica-Diaspora Policy Paper.

²⁶ http://www.dominica.gov.dm/cms/files/diaspora_policy_2010.pdf

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 utilization 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 the Commonwealth 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.

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”*.²⁷

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

- Minimizing 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”*.²⁸

11 MACRO-ECONOMIC UNDERPINNINGS

11.1 PERFORMANCE OF THE ECONOMY

The Commonwealth of Dominica's fiscal and economic situation over the past decade has been influenced heavily by the global economic crisis and the effects of natural disasters. Between 2004 and 2013, the country experienced 7 years of positive growth and 3 years of negative growth. However, the average annual growth levels were less than the desired minimum target of 3 per cent. The programmes presented in this GSPS are geared at attaining growth rates of between 5 and 7 per cent which would then allow for the transformation of the economy.

²⁷ 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”.

²⁸ Prachi Mishra, *ibid*.

Table 7 - Rates of Growth, 2004 - 2013

2004	2005	2006	2007	2008	2009	2010	2011 <i>preliminary</i>	2012 <i>projected</i>	2013 <i>projected</i>
0.83	-1.74	3.67	3.94	7.77	-0.76	0.73	1.71	-0.19	0.8

However, given the continuing turmoil and economic uncertainties that characterize the global economy, the growth prospects for developing countries must of necessity be very guarded. Extrapolating from past trends and factoring in foreseeable circumstances, growth is projected to be 1.4 per cent in 2014 and 1.2 in 2015.²⁹ The IMF has predicted that economic growth for Dominica will be between 2.0 percent and 2.5 percent 2016-2018.

Agriculture, manufacturing and tourism all registered a lower contribution to GDP in 2013 than they did in 2004. However, within agriculture, other crops production has shown a steady increase due mainly to Government's diversification efforts. While tourism's contribution has fluctuated over the period, the manufacturing sector has shown a declining trend. Government hopes that through ongoing engagements with the Dominica Business Forum (DBF), the Dominica Manufacturers Association (DMA) and access to finance facilitation through Aid Bank and the National Bank of Dominica (NBD this declining trend can be curtailed.

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.

11.2 REVIEW OF FISCAL PERFORMANCE

In the after-math of the structural adjustment programme, the Government adopted a two-pronged approach to responding to the fiscal and economic challenges. Government endeavoured to strengthen fiscal policy to reduce the financing gap and elicit additional external financial support. Secondly, once the fiscal efforts showed results, it embarked on a more comprehensive reform programme to foster growth and move towards debt sustainability.

Table 8 - Revenue and Expenditure Balances, 2003/04-12/13 (\$m)

Fiscal Year	Current Revenue	As % of GDP	Recurrent Expenditure	As % of GDP	Current Balance	Primary Balance as % of GDP	Grants	Debt/GDP
2003/2004	220.77	23.42%	231.50	24.56%	-10.73	208.00%	57.15	95.45
2004/2005	245.71	25.38%	216.35	22.35%	29.36	4.24	43.47	83.73
2005/2006	237.98	23.87%	219.77	22.05%	18.21	5.32	60.68	81.52
2006/2007	291.05	27.12%	237.58	22.14%	53.47	4.99	67.47	76.21
2007/2008	320.38	27.44%	269.58	23.09%	50.8	4.14	101.20	69.98
2008/2009	339.05	26.87%	287.00	22.75%	52.05	2.44	113.82	62.70
2009/2010	360.74	27.91%	293.29	22.69%	67.45	1.44	114.14	62.70
2010/2011	348.11	26.68%	311.15	23.85%	36.96	-2.46	126.86	67.49
2011/2012	343.60	25.78%	309.24	23.20%	34.36	-3.11	63.90	71.06
2012/2013	370.93	27.36%	336.75	24.84%	34.18	-3.43	35.90	72.59

Source: Ministry of Finance.

²⁹ Central Statistical Office -Dominica

The country continues to work towards improved efficiency in revenue collection and expenditure control. The Value Added Tax (VAT) continues to be the biggest contributor to revenue, accounting for above 80 per cent of taxes on domestic goods and services. Income tax has also remained stable with positive signs for increasing as a result of implementation of initiatives aimed at improving tax administration.

Table 8 above, reflects the generally steady improvement in the country's fiscal position between the years 2003/04 and 2009/10. The deterioration from 2010/11 onwards, is as a result of external economic shocks and natural disasters. The favourable primary balance outcomes have been a direct result of prudent financial management and considerable efforts by Government to continue to attract grant funding, this in a period where grant financing has generally been declining.

It should be noted here that both recurrent revenue and expenditure have registered increases. The Government remains committed to achieving the primary surplus of 2.4 per cent of GDP over the medium term cycle and to keep debt on a sustainable path, making the necessary fiscal adjustments as required.

11.3 FISCAL POLICY ISSUES AND CHALLENGES

Expenditure management remains 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. The policy of expenditure containment will be undertaken within the context of a public expenditure framework (recurrent/capital) that is more growth oriented.

Government will keep social expenditure under review but remains committed to those persons requiring support.

In addition to improved efficiency in revenue collection and expenditure management, some structural reforms maybe necessary in the medium-term as follows:

- (a) Introducing a strategic review of the efficacy of ongoing public investment initiatives;
- (b) Streamlining the lengthy process for seizing collateral and improving contract enforcement; and
- (c) Strengthening the functioning of labor markets (*e.g.* through a better analysis of the skills demanded by the business sector, and curbing the growth of wages in the public sector and link them to productivity) and design of social programmes to avoid hampering incentives to work.

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.

11.4 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;
- Target and strive to achieve a primary surplus of 2.4 per cent of GDP. This has been Dominica's pivotal fiscal indicator over the past six years and has served the country well;
- Continue striving towards achieving a debt-to-GDP ratio of 60 per cent by 2020;

- Begin as soon as 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 that there will have to be some flexibility to deal with uncertainties that arise from factors external to Dominica.

11.5 MAIN FISCAL STRATEGIES

Government will continue to review and improve its revenue collection systems, building on the reforms already undertaken within the key revenue agencies.

It will be a matter of policy to emphasize 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. Government will continue to review and re-prioritize its 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. Fiscal strategies must consider key outcomes relating to sustained high growth, job creation and poverty reduction.

Government has expressed its commitment to continue the review of the Dominica Social Security to ensure the viability of that scheme. In the 2013/14 Budget Address, the Government announced its intention to expand existing provisions relating to voluntary coverage of insured persons which was accomplished during the fiscal year. Additionally, efforts are ongoing to explore the arrangement whereby nationals of some CARICOM Countries are able to enjoy increases in their pensions from the British System even after they would have departed the United Kingdom during their retirement.

11.6 DEBT MANAGEMENT

Government will continue its strict and prudential management of the national debt. 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.

The financial and economic crisis (2008) and the effects of natural disasters have placed pressure on Government's efforts to achieve debt sustainability. The Government of the Commonwealth of Dominica supports the regional position that it may be necessary to reassess the feasibility of the attainment of the 60% target within the context of changed global conditions. To manage these factors and to attempt to keep the debt ratio on a downward trajectory, Government will keep open its options to identify and implement fiscal adjustment measures in order to achieve the primary surplus target of 2.4 percent of GDP in ensuing fiscal

years. 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 has been strengthened. With the support of the ECCB and CARTAC, the debt management functions of the Unit will be informed by the results of more regular Debt Sustainability Analyses (DSAs) and the Debt management Performance Assessment (DeMPA) Action Plan. A Debt Strategy covering the period 2013/18 was prepared by the Debt Unit. An assessment of the first year of the strategy is being undertaken with assistance from the ECCB.

11.7 THE PUBLIC SECTOR INVESTMENT PROGRAMME (PSIP)

The Public Sector Investment Programme (PSIP) is aimed at channeling resources into growth enhancing activities such as the economic and physical infrastructure which in turn, will contribute improved competitiveness to job creation, reduction of poverty and development of human capacity. Two issues are critical to achieving these objectives.

The first issue relates to the financing of the capital programme. It has been evaluated that an annual capital programme of ten (10) percent of GDP financed by ten (10) percent from local funds, twenty-five (25) percent from loans and sixty-five (65) percent from grants is ideal to meet the primary balance target of 2.4 percent of GDP. Due to global economic challenges over the last few years, grant financing has declined and hence an increase in the demand from local and loan resources to finance development activities. This scenario has the potential to affect the final fiscal outcome.

Table 9 shows a general decrease in the estimated grants for FY 2010/2011 to FY 2012/2013 and also an increase in the local financing requirements. Table 9 depicts the actual percentage of funding sources and it can be clearly seen that grants were on a decline.

Table 9 - PSIP Estimated and Actual Funding (in %)

Fiscal Year	Estimated				Actual			
	Total	GoCD	Loan	Grant	Total	GoCD	Loan	Grant
2010/11	100%	18.82%	15.78%	65.40%	100%	16.24%	26.16%	57.60%
2011/12	100%	25.86%	24.87%	49.28%	100%	27.72%	29.92%	42.36%
2012/13	100%	22.49%	36.92%	40.59%	100%	33.44%	41.39%	25.17%

Projections are for grant resources to increase in the medium term as large grant financed projects come on stream. Among the projects to be implemented are the hospital project funded by the People's Republic of China, projects funded under the grant component of the Disaster Vulnerability Reduction Project, projects funded under the Banana Accompanying Measures (BAM) and project to be financed under new bilateral agreements.

The financing arrangement for the capital programme is an important factor in debt sustainability and as such Government will continue to adopt progressive foreign policy through which financing for development projects will be a key objectives.

The second issue relates to the efficiency of implementation of the capital programme. Part of the solution to improving efficiency is the structure of the planning process. To ensure the efficiency and effectiveness of the capital investment programme, it is of utmost importance that project prioritization is in keeping with priorities for economic growth, poverty reduction and job creation.

Adherence to the planning process by implementing agencies is critical in this regard. Every effort will be made to ensure compliance and where the required capacity does not exist the necessary training will be provided. During implementation the general approach is to limit the opportunity for cost overruns, the need for variations and the delivery of completed projects in the contracted time.

Within the context of the presentation of a three-year budget, Government has identified a portfolio of projects for implementation over the medium term. The portfolio is sufficiently flexible to accommodate new projects which become a priority on an annual basis. However, whatever the project selection, the objectives of growth, poverty reduction and employment and the principle of efficiency will be pursued.

11.8 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 unpredictable natural or exogenous shocks. There is need for continued careful management of the public finances as well as a focused redoubling of the growth effort.

On the baseline scenario growth for 2014 is estimated at 1.4 percent and 1.7 percent for 2015. Given the programme of investment being pursued by Government, and the enhanced level of attention being paid to more efficient planning and implementation and higher allocation in the productive sectors, growth is projected to be slightly higher for 2016, 2017 and 2018. A major challenge in making these projections is the global growth outlook. The projection is for global growth to remain subdued. However, Government will continue its efforts to boost investments and growth.

Table 10 - Projected Sectoral GDP Growth, 2014

Sectors	2014
Agriculture	4.4
Manufacturing	2.0
Hotels/Restaurants	9.0
Construction	2.0
GDP Growth	1.4

Source: CSO/ECCB

The above projections are based on a careful examination of trends and available knowledge regarding planned actions and activities in key sectors.

Table 11 - Fiscal Projection, 2014/15 - 2016/17

	<i>2014/2015</i>	<i>2015/2016</i>	<i>2016/2017</i>
Total Revenue + Grants	540.3	625.8	593.9
Total Revenue	460.3	481.1	441.4
Grants	80.0	144.8	152.5
Total Expenditure	513.6	580.8	520.9
Current Expenditure	316.6	312.2	312.6
Capital Expenditure	173.8	244.6	185.1
Current Account Balance	100.4	111.0	117.8
Primary Balance (PB)	11.6	16.2	90.3
Current Revenue as % of GDP	28.3	27.8	28.3
Current Expenditure as % of GDP	21.5	20.5	20.5
Wage Bill as % of GDP	10.1	9.8	9.8
Capital Expenditure as % of GDP	11.8	16.1	12.2
Total Expenditure as % of GDP	34.9	38.2	34.2
PB as % of GDP	1	2	6
Nominal GDP	14,715.00	1,467.00	1,527.00

Source: Ministry of Finance

Notwithstanding the challenges with growth, 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 mobilized 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. A review of the income tax regime is scheduled for 2014/15. Also, Government continues to work towards strengthening public finance management and this process will 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.

In terms of further structural reforms, the enactment of procurement legislation marked a significant milestone in the enhancement of good governance in Dominica. To this end, the Government enacted the Procurement Legislation which takes effect in November 2014. There is now an established Procurement Unit with relevant staffing that will oversee the implementation of the Procurement Act. This will allow 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 provides for the building of institutional capacity within government departments, local government authorities and statutory bodies and the modernizing 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 new or enhanced legislation will set out fiscal targets for a primary balance that is consistent with reducing the national debt over time; 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 Stabilization 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.

12 FINANCIAL SECTOR ISSUES

Now that progress has been made in settling the CLICO/BAICO fiasco, Government is clearer in its responsibility in that regard. The challenge remains to strengthen the legal and regulatory framework for non-bank financial intermediaries. The Financial Services Unit is continuing to work with these institutions to ensure their compliance with prudential financial management requirements.

The Money Laundering (Prevention) Act and the suppression of the Financing of Terrorism (Amendment) Act and Proceeds of Crime Code of Practice 2014 were 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 authority has been extended to cover domestic banks as well as non-bank financial institutions. The Commonwealth of Dominica has been recognized by the Caribbean Financial Action Task Force (CFATF) as one of the jurisdictions which has achieved compliance in the country's AML/CFT framework.

The legislative and administrative actions which Dominica has undertaken have addressed all the deficiencies for the core recommendations, while for the key recommendations the only outstanding issue is in relation to the country not having any stipulated timeframe for the execution for extradition requests.

The new Insurance Act enacted in 2012, is meant to modernize the regulatory requirements for insurance companies and 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 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.

13 IMPLEMENTATION AND MONITORING

13.1 ISSUES OF IMPLEMENTATION

In recent times, Government has taken action to strengthen its development planning, implementation, coordination, and follow-through in the entire government system. The position of Chief Development Planner was upgraded with special focus on improving the performance of the Public Sector Investment Programme and to strengthen implementation and monitoring of the GSPS.

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 guide policy formulation and preparation of strategies and plans at the sector level.

The Ministry of Finance has responsibility for laying out the overall macro-economic and fiscal framework and outlining its annual fiscal plans and policies, and monitoring their implementation. Line ministries, through their departments and agencies, are responsible for implementing and reporting on their strategies, programmes and annual work plans.

Steps have been taken to improve the management and efficiency of the Public Sector Investment Programme and make a greater effort to accelerate the process from project conceptualization to execution. To this end, the monitoring system was strengthened to place greater emphasis on outputs, outcomes and impacts. In the process, training programmes were conducted to build the capacity of ministries and implementing agencies to better understand and to effectively utilize the revised monitoring instruments. In addition, a training programme in Project Cycle Management was also conducted with support from the National Authorizing Office for project officers from the respective line ministries. The Ministry of Finance will keep under review the implementation and monitoring of the PSIP with the intention to improve the efficiency and effectiveness of the programme.

The Committee of Permanent Secretaries now constitutes the inter-ministerial monitoring mechanism for the Public Sector Investment Programme. Meetings are convened monthly which are coordinated by the Ministry of Finance.

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*³⁰. 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.³¹ Success or failure of a

³⁰ Ecorys Macro Group, Development of a Performance Assessment Framework for the Growth and Social Protection Strategy of Dominica, 2011.

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 on 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”.

The selection of performance indicators must also be informed by the fact that 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. In the fiscal year 2013/14, the Ministry of Finance supported the line ministries in the preparation of Annual Work Programmes.

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.

14 CONCLUSION

The most recent data from the CPA (2008/09) has indicated that the Government of the Commonwealth of Dominica has achieved significant reduction in poverty especially at the indigence level; but sustained poverty reduction requires high sustained economic growth.

Over the next few years Government will focus on providing support to and expanding the agro-processing sector with greater linkage to local production. The construction of the coffee plant and the abattoir will assist in further developing the coffee and livestock sub-sectors. Government will also provide support to existing agro-processors to expand output and foster greater use of local raw materials. The focus here will be based on niche agriculture in order to enhance the sector's competitiveness.

The operationalization of the packhouses and its support to production component will advance Government's efforts at export diversification and expansion. It is hoped that the proposed export development machinery “Export Dominica” will provide impetus to agricultural production and related services.

Tourism remains a critical sector in Dominica's quest for economic transformation. The focus going forward will remain on niche tourism within which the country enjoys a level of competitive advantage particularly in

the areas of eco-tourism and nature tourism. An expanded eco-tourism sector, community tourism, will contribute significantly to growth, employment and poverty reduction. The recently adopted concept of premium sites, Trafalgar Falls and Emerald Pool, should contribute to increased numbers of visitors and visitor expenditure. The proposed Roseau Enhancement Project will also provide additional incentives for stay over as well as cruise visitors.

Government's efforts in renewable energy especially the current exploration of geothermal energy will complement the strategy going forward to advance the agro-processing and tourism sectors particularly the hotel industry. It is hoped that the clean energy concept will take root in Dominica and attract additional foreign direct investments in green industries. To this end, the Government has developed the '*Geothermal Wheel of Opportunities*'³² which outlines the multiplier effects of the geothermal project.

In the medium-term, the Nature Isle Concept must be advanced and emerge as a national brand to improve the country's competitiveness. The adoption of the Low-Carbon Climate Resilient Development Strategy 2012 -2022, and its implementation of the PPCR as well as government's continued engagement with the UNFCCC should advance Dominica's green economy endeavors.

Government believes that successful pursuit of alternative energy, niche agriculture, niche tourism, niche ('nature') island may have good potential to secure Dominica's chance of survival and competitiveness in today's world.

³² Appendix 1 – Geothermal Wheel of Opportunities

ECONOMIC GROWTH INDICATORS

<i>Priority Area/ Policy Objective</i>	<i>Proposed Actions</i>	<i>Indicators</i>	<i>Baseline situation</i>	<i>Projection for 2014</i>	<i>Projection for 2015</i>	<i>Projection for 2016</i>	<i>Projection for 2017</i>	<i>Projection for 2018</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 -0.56% in 2013.	1.46	1.7	2	2.2	2.4
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 4.1 % in 2013.	1.0	1	2	3	3
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%	12.40%	11.90%
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.	(1.8)% for FY 2011/2012	0.60%	0.80%	1.00%	1.20%	1.50%
Agriculture Increase the viability (productivity & competitiveness) of the agricultural sector.	Implementation of the National Adaptation Strategy.	Export value of non-banana crops.	1.0 million in 2010	\$15 million	\$23 million	\$10 million	\$5 million (end of project)	

<i>Priority Area/ Policy Objective</i>	<i>Proposed Actions</i>	<i>Indicators</i>	<i>Baseline situation</i>	<i>Projection for 2014</i>	<i>Projection for 2015</i>	<i>Projection for 2016</i>	<i>Projection for 2017</i>	<i>Projection for 2018</i>
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. ^[33]	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).	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).

³² 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.

**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 Sewerage</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
Undclassified	3,310,600	3,787,745	2,937,745

ACRONYMS

ACP – African, Caribbean and Pacific	GDP – Gross Domestic Product
ADSL – Asymmetric Digital Subscriber Line	GDP – Gross Domestic Product
AID – Agricultural, Industrial and Development	GPRS – <i>General Packet Radio Service</i>
AIDS – Acquired Immunodeficiency Syndrome	GSM – Global System for Mobile Communications
AIU – Agricultural Investment Unit	HBS – Household Budget Survey
ALBA – Bolivarian Alternative for the Americas	HIV – Human Immunodeficiency Virus
ASYCUDA – Automated System for Customs Data	IA – Institutional Assessment
BAICO – British-American Insurance Company	IADP –
BAM – Banana Adjustment Measures	ICT – Information and Communications Technology
BRP – Banana Recovery Programme	IDA – Invest Dominica Authority
CALLS – Center where Adolescents Love to Learn and Serve	IICA – Inter American Cooperation on Agriculture
CAREC – Caribbean Epidemiology Centre	IMF – International Monetary Fund
CARICOM – Caribbean Community and Common Market	IRC – Independent Regulatory Commission
CARIFC – Caribbean Fisheries Company Management	LED – Light-Emitting Diode
CARILEC – Caribbean Electricity Utilities Corporation	LIAT – Leeward Island Air Transport
CBI – Citizen By Investment	MDG – Millennium Development Goal
CDB – Caribbean Development Bank	NAO – National Authorising Officer
CDC – Centre for Disease Control	NAS – National Adaptation Strategy
CLICO – Colonial Life Insurance Company	NCCS – National Commission on Crime and Security
CPA – Country Poverty Assessment	NDFD – National Development Foundation of Dominica
CPDP – Carib People Development Plan	NDPC – National Development and Productivity Council
CSME – CARICOM Single Market and Economy	NES – National Export Strategy
CSO – Central Statistical Office	NGO – Non-governmental Organisation
CTCCBP – Carib Territory Community Capacity Building Project	NIAC – National Intelligence Advisory Committee
CTCDP – Carib Territory Community Development Programme	NJIC – National Joint Intelligence Centre
CVQ – Caribbean Vocational Qualifications	NSC – National Security Council
CXC – Caribbean Examination Council	NTRC – National Telecoms Regulatory Commission
DASPA – Dominica Air and Sea Ports Authority	NYP – National Youth Policy
DDA – Discover Dominica Authority	OAS – Organisation of American States
DEEP – Dominica Education Enhancement Programme	OECS – Organisation of Eastern Caribbean States
DEXIA – Dominica Export Import Agency	PAF – Performance Assessment Framework
DFID – Department For International Development	PEFA – Public Expenditure & Finance Accountability
DOAM – Dominica Organisation Farmers Association	PFD – Policy Framework Document
DOMLEC – Dominica Electricity Services	PFM – Public Finance Management
DOWASCO – Dominica Water and Sewerage Company	PMU – Project Management Unit
DPU – Development Planning Unit	PPA – Participatory Poverty Assessment
DSA – Debt Sustainability Assessment	PPCR – Pilot programme for Climate Resilience
DSC – Dominica State College	PPIU – Planning and Public Investment Unit
DSS – Dominica Social Security	PPS – Pharmaceuticals Procurement Service
ECCB – Eastern Caribbean Central Bank	PSIP – Public Sector Investment Programme
ECE – Early Childhood Education	PSRS – Public Sector Reform Strategy
ECTEL – Eastern Caribbean Telecommunications Authority	PWC – Public Works Commission
ECU – Environmental Coordinating Unit	SBF – Small Business Facility
EDGE – Enhanced Data rates for GSM Evolution	SLC – Survey of Living Conditions
EDP – Entrepreneurship Development Programme	SPCR – Strategic Plan for Climate Resilience
EEZ – Exclusive Economic Zone	TMP – Tourism Master Plan
EPA – Economic Partnership Agreement	TPU – Tourism Planning Unit
ESBU – Employment and Small Business Unit	ULIS – Unified Land Management Information System
EU – European Union	UN – United Nations
FDI – Foreign Direct Investment	UNDP – United Nations Development Programme
FWI – French West Indies	UNICEF – United Nations Fund for Children
GCE – General Certificate of Education	USAID – United States Agency for International Develop.
GPS – Growth and Social Protection Strategy	VAT – Value Added Tax
GCI – Global Competitiveness Index	WNT – Waitukubuli National Trail
GCR – Global Competitiveness Report	

