



EUROPEAN COMMISSION  
DG DEVELOPMENT

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**Caribbean**

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## **BARBADOS – EUROPEAN COMMUNITY**

**Country Strategy Paper**

**and National Indicative Programme**

**for the period 2002 - 2007**

The Government of Barbados and the European Commission hereby agree as follows:

- (1) The Government of Barbados, (represented by Mr. Andrew F. Cox, Permanent Secretary, Ministry of Finance and Economic Affairs and Mr. Carson O. Browne, Permanent Secretary, Ministry of Economic Development), and the European Commission, represented by John CALOGHIROU, Head of Delegation, hereinafter referred to as the Parties, held discussions in Barbados from October 2000 to March 2002 with a view to determining the general orientations for co-operation for the period 2001 – 2007. The European Investment Bank was represented at these discussions by Stephen McCARTHY.

During these discussions, the Country Support Strategy and an Indicative Programme of Community Aid in favour of Barbados were drawn up in accordance with the provisions of Articles 2 and 4 of Annex IV to the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000. These discussions complete the programming process in Barbados.

The Country Strategy Paper and the Indicative Programme are annexed to the present document.

- (2) As regards the indicative programmable financial resources which the Community envisages to make available to Barbados for the period 2001-2007, an amount of €6.5 million is foreseen for the allocation referred to in Article 3.2 (a) of Annex IV of the ACP-EC Partnership Agreement (A-allocation) and of €0.3 million for the allocation referred to in Article 3.2 (b) (B-allocation). These allocations are not entitlements and may be revised by the Community, following the completion of mid-term and end-of-term reviews, in accordance with Article 5.7 of annex IV of the ACP-EC Partnership Agreement.
- (3) The A-allocation is destined to cover macroeconomic support, sectoral policies, programmes and projects in support of the focal or non-focal areas of Community Assistance. The indicative programme under chapter VI concerns the resources of the A-allocation as well as uncommitted balances of former EDFs, for which no projects and programmes have been identified under the respective National Indicative Programmes. It also takes into consideration financing from which Barbados benefits or could benefit under other Community resources. It does not pre-empt financing decisions by the Commission.
- (4) The B-allocation is destined to cover unforeseen needs such as emergency assistance where such support cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate adverse effects of instability in export earnings, the B-allocation shall be triggered according to specific mechanisms and procedures and does therefore not yet constitute a part of the indicative programme.
- (5) Pending the entry into force of the Financial Protocol of the ACP-EC Partnership and within the framework of the present Country Strategy Paper and Indicative Programme, financing decisions for projects and programmes can be taken by the Commission at the request of the Government of Barbados, within the limits of the A- and B-allocations referred to in this document and under the condition that sufficient resources are available under the general reserve of the eighth EDF. The respective projects and programmes shall be implemented according to the rules and

procedures of the eight EDF until entry into force of the Financial Protocol for the Ninth European Development Fund. corresponding amount shall be provided as a supplementary allocation to the eighth EDF

- (6) The European Investment Bank may contribute to the implementation of the present Country Strategy Paper by operations financed from the Investment Facility and/or from its own resources, in accordance with Articles 3 (a) and 4 of the Financial Protocol of the ACP-EC Partnership Agreement.

In accordance with Article 5 of Annex IV to the ACP-EC Partnership Agreement, the National Authorising Officer and the Head of Delegation shall annually undertake an operational review of the Indicative Programme and undertake a mid-term review and an end-of-term review of the Country Support Strategy and the Indicative Programme in the light of current needs and performance.

The mid-term review shall be undertaken within two years and the end-of term review shall be undertaken within four years from the date of signature of the Country Support Strategy and the National Indicative Programme. Following the completion of the mid- and end-of-term reviews, the Community may revise the resource allocation in light of current needs and performance.

- (7) The agreement of the two parties on this Country Strategy Paper and the National Indicative Programme, subject to the ratification and entry into force of the ACP-EC Partnership Agreement, will be regarded as definitive within eight weeks of the date of the signature, unless either party communicate the contrary before the end of this period.

Signatures

For the Government of Barbados

For the European Commission

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## ACROYNMYS

ACP	-	Africa Caribbean Pacific
ACS	-	Association of Caribbean States
CARIBCAN	-	Caribbean-Canada Trade Agreement
CARICOM	-	Caribbean Community
CARIFORUM	-	Caribbean Forum of ACP States
CBI	-	Caribbean Basin Initiative
CDB	-	Caribbean Development Bank
CDE	-	Centre for the Development of Enterprise
CET	-	Common External Tariff
CIDA	-	Canadian International Development Agency
CSME	-	Caribbean Single Market and Economy
CSS	-	Country Support Strategy
DFID	-	Department for International Development
ECCB	-	Eastern Caribbean Central Bank
EC	-	European Commission
EDF	-	European Development Fund
EIB	-	European Investment Bank
EPA	-	Economic Partnership Agreement
EU	-	European Union
FAO	-	Food and Agricultural Organisation
FATF	-	Financial Action Task Force
FTAA	-	Free Trade Area of the Americas
GDP	-	Gross Domestic Product
GIP	-	General Import Programme
GNP	-	Gross National Product
IFAD	-	International Fund for Agricultural Development
KFAED	-	Kuwait Fund for Arab Economic Development
MTES	-	Medium Term Economic Strategy
NAO	-	National Authorising Officer
NAFTA	-	North American Free Trade Agreement
NGO	-	Non-Governmental Organisation
OECD	-	Organisation for Economic Co-operation and Development
OECS	-	Organisation of Eastern Caribbean States
PAHO	-	Pan-American Health Organisation
PSIP	-	Public Sector Investment Programme
RNM	-	Regional Negotiating Machinery
ROC	-	Republic of China
SAP	-	Structural Adjustment Programme
SFA	-	Special Facility of Assistance
WHO	-	World Health Organisation
WIBDECO	-	Windward Islands Banana Development Company
WTO	-	World Trade Organisation

## **PART I**

### **Country Support Strategy**

## **Executive Summary**

Barbados is a small open economy which in the past had been dependent on sugarcane cultivation and related activities, however in recent times the economy has diversified into manufacturing and tourism. Tourism is the largest foreign exchange earner and the main growth element in the economy with a GDP contribution of around 15%. Offshore financial services and informatics are also important foreign exchange earners. Barbados' main export partner is CARICOM and its main import partner is the USA. The Barbados economy experienced an eight year period of economic growth in the 1990s with an annual average real GDP growth rate of 2.9%. This trend was reversed in 2000 and again in 2001 largely the result of the global economic slowdown with unemployment rising for the first time in eight years. Current projections suggest that if the pick-up in the US economy in the latter part of 2002 is sufficient to stimulate the global economy, a small rise in real output is likely for 2002. Barbados is ranked 30 among 174 countries on the basis of adult literacy, school enrolment, life expectancy at birth and per capita GDP. The overall goal of the Government is to maximise the economic potential of the country in an effort to deliver higher and sustainable growth, eradicate poverty and reduce unemployment. This objective is being pursued through the creation of an enabling environment for sustainable broad-based growth and development so as to reposition and the restructure the economy in an effort to make it more competitive in the context of the new regional and global economic order (WTO, Free Trade Area of the Americas (FTAA), Economic Partnership Agreements (EPA)).

Past EC assistance to Barbados has focussed on the development of human resources while some support has also been provided to the agriculture and fisheries sectors. Support for small and medium sized enterprises has been provided by the European Investment Bank, which has also provided assistance for the airport development project and south coast sewerage project. Barbados also benefits from the EU/ACP Sugar and Rum Protocols.

It has been agreed that health should be the focal sector for its National Indicative Programme under the 9<sup>th</sup> EDF (EUR 6.5 million) with the possibility of budgetary support being considered. The balance of previous EDFs totalling approximately EUR 3.87 are also to be used for this purpose. The Government of Barbados is currently finalising its draft Strategic Health Plan 2001 – 2010. The objective of the intervention in the health sector is to improve the effectiveness of the sector, the quality of care provided and the development of a pro-poor approach. Towards this end it is intended to provide support through a sector-wide approach. Activities in the sector will be carried out in collaboration with other donors working in the sector. In particular, the EC intervention will take place in partnership with the Ministry of Health, the World Bank which provides assistance for the national HIV/AIDS programme, PAHO which provides technical assistance to the Ministry of Health and has played an integral role in the development of the ten year strategic plan for the health sector and the Inter American Development Bank which is to provide support for the rationalisation of the health sector.



## **1. EU/EC co-operation objectives**

In accordance with Article 177 of the Treaty Establishing the European Community, community policy in the sphere of development co-operation shall foster:

- The sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them;
- The smooth and gradual integration of the developing countries into the world economy;
- The campaign against poverty in the developing countries.

These objectives have been confirmed and reinforced in Article 1 of the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000, which puts main emphasis on the objective of reducing and eventually eradicating poverty. Co-operation between the Community and Barbados shall pursue these objectives, taking into account fundamental principles laid down in Article 2 of the Agreement – especially the principle of encouragement of the development strategies by the countries and populations concerned - and essential and fundamental elements as defined in Article 9.

In their Statement on the European Community's Development Policy of 10 November 2000, the Council of the European Union and the European Commission determined a limited number of areas selected on the basis of their contribution towards reducing poverty and for which Community action provides added value: link between trade and development; support for regional integration and co-operation; support for macro-economic policies; transport; food security and sustainable rural development; institutional capacity-building, particularly in the area of good governance and the rule of law. The Statement also specifies that in line with the macro-economic framework, the Community must also continue its support in the social sectors (health and education), particularly with a view to ensuring equitable access to social services.

The Treaty establishing the European Community foresees that the Community and the Member States shall co-ordinate their policies on development co-operation and shall consult each other on their aid programmes, including in international organisations and during international conferences. Efforts must be made to ensure that Community development policy objectives are taken into account in the formulation and implementation of other policies affecting the developing countries. Furthermore, as laid down in Article 20 of the Agreement, systematic account shall be taken in mainstreaming into all areas of co-operation the following thematic or cross-cutting themes: gender issues, environmental issues and institutional development and capacity building.

The above objectives and principles and the national policy agenda presented in the next chapter constitute the starting point for the formulation of the present Country Strategy Paper, in accordance with the principle of national ownership of development strategies.

## **2. The Government's Policy Agenda**

The Government's Medium-Term Economic Strategy paper 2000-2002 has been used as the basis for this paper. A poverty reduction strategy does not exist for Barbados. The Government's overall goal is to maximise the economic potential of the country in an effort to deliver higher and sustainable growth, eradicate poverty and reduce unemployment, and improve the general welfare of the population. The Government shall pursue this objective through the creation of an enabling environment for sustainable, broad-based growth and development so as to reposition and restructure

the economy in an effort to make it more competitive in the context of the new regional and global economic order.

Part of the strategy of the GOB is the reform of the public sector so as to establish an efficient and effective public sector, seen as critical for the achievement of the major economic and social objectives.

The Public Sector Investment programme (PSIP) is the vehicle by which the Government implements its national strategic development objectives, transforming the Government's development strategy into a coordinated, prioritised and financially attainable capital programme. Under the 1999-2003 PSIP, infrastructure and the productive sectors account for almost half of the investments in the Programme with 49.5% of the allocated expenditure for the programme period. These two areas are expected to have direct and immediate impact on the rate of economic growth. Capital financing of the PSIP is derived from recurrent revenue, multilateral lending agencies, public-private partnerships and domestic debt instruments. Total expenditure for the plan period is as estimated BBD\$ 1,212.50 million of which BBD\$365.15million is from foreign financing.

### **3. Assessment of the Political, Economic and Social Situation**

#### **3.1 Political situation**

Barbados obtained independence from the United Kingdom in November 1966 and now operates as an independent sovereign state within the Commonwealth. The Prime Minister is the Right Honourable Owen Arthur, head of the Barbados Labour Party (BLP). The Cabinet is appointed by the Governor General on the advice of the Prime Minister. Among proposals currently under consideration is the change to a republican form of government with a Barbadian head of state. A referendum on the matter is likely to be held in the foreseeable future.

Barbados has maintained a tradition of parliamentary democracy. The bicameral Parliament consists of the Senate (21-member body appointed by the governor general) and the House of Assembly (28 seats; members are elected by direct popular vote to serve five-year terms). The political scene is dominated by the Barbados Labour Party (BLP) and the Democratic Labour Party (DLP), whose social and political objectives do not differ significantly, as both follow moderate socialist philosophies. The last elections to the House of Assembly were held in January 1999 with the BLP taking 26 seats and the DLP the remaining 2 seats. The third main political party, the National Democratic Party, therefore does not hold any seats. Under the constitution the next elections must take place no later than May 2004, but given the current economic downturn, are expected to take place as early as January 2003.

The legal system is based on English common law as exercised by the Eastern Caribbean Supreme Court of Justice. Provision is made for appeal to the Privy Council in London. However, this situation is likely to soon change with the establishment of a Caribbean Court of Justice, expected to be operational in 2003. Even if death penalty is still applicable, Barbados is not considered to have significant problems with human rights or protection of civil liberties, and freedom of speech and freedom of the press is maintained. Barbados is a signatory to the Universal declaration of Rights; the

International Convention on the Elimination of all forms of Discrimination against Women and the American Convention on Human Rights.

## 3.2 MACROECONOMIC OVERVIEW

<b>Population</b>	270,700 (Dec. 2001)	<b>Population growth</b>	0.55%
<b>GDP per capita</b>	EUR 9,045	<b>Real GDP growth</b>	-2.8% (2001)
<b>Total landmass</b>	430 sqkm	<b>Unemployment</b>	9.9% (2001)

### 3.2.1 Demographic Structure

The resident population of Barbados reached 270,700 as at December 31, 2001. The population growth rate is 0.55 per cent and life expectancy at birth is 73 years. Approximately 40 per cent of the population live in or around the capital Bridgetown. The net migration rate is -0.32 migrant(s)/1,000 population (2000 est.). The island measures 430 sqkm, with 97 km of coastline.

### 3.2.2 Economic Structure

Historically, the Barbadian economy had been dependent on sugarcane cultivation and related activities. However, in recent years the economy has diversified into manufacturing and tourism. Following the decline of the economy in the late 80s and early 90s largely owing to global economic recession and high debt service payments, Barbados embarked on a structural adjustment programme aimed at economic stabilisation with a series of decisive fiscal measures, within a process of managed structural change. The Government successfully reduced the unacceptably high unemployment rate, encouraged direct foreign investment, and privatised some remaining state-owned enterprises. The start of the Port St. Charles Marina project in Speightstown helped the tourism industry to continue to expand between 1996-99. Tourism is the largest foreign currency earner and the main growth element in the economy with a GDP-contribution of around 15%. Offshore financial services and informatics are important foreign exchange earners, and there is a light manufacturing sector. GDP per capita stands at about EUR 9,045. Barbados Dollar rate to US \$ is 0.5. In the past decade high local/labour costs have become a serious constraint for development.

### 3.3.3 Trade

Barbados' main export partners during 2001 were CARICOM 57.2%, followed by the USA with 21.0 per cent, the EU 8.9 per cent and Canada 3.9 per cent. In 2001 imports in EU from Barbados amounted to EUR 89 mio, or 6.6 per cent of all exports of Barbados and exports from EU to Barbados to EUR 184 mio or 11.9 per cent of all imports to Barbados. Trinidad & Tobago was the chief CARICOM market with 13.4 per cent of domestic exports, followed by Jamaica with 10.6 per cent. The main import partners were the USA 40.8 per cent, CARICOM 19.8 per cent, the UK 8.1 per cent, Japan 5.2 per cent and Canada 4.2 per cent. The main commodities imported are consumer goods, machinery, foodstuffs, construction material, chemicals, fuel and electrical components. The economy remained heavily dependent on sugar, rum, and molasses production through most of the 20th century.

### **3.2.4 Recent Economic Performance**

The Barbadian economy contracted by 2.8 per cent in 2001 compared to growth of 3.0 per cent in 2000. This performance interrupted the record eight consecutive years of positive real GDP growth at an average annual rate of 2.9 %, recorded in the Barbadian economy since 1993. This performance was attributed to several factors including the global economic slowdown, which was compounded by the September 11 terrorist attacks on the United States and the subsequent fight against international terrorism, and the adjustment to the trade liberalisation process by some sectors.

The year 2001 marked the first year of increased unemployment after the longest sustained period of economic growth in the island's history. The unemployment rate at the end of December 2001, was 9.9 %, an increase of 0.7 percentage points over the 9.2 per cent recorded at the end of 2000. This was the first increase in year on year unemployment in eight years as the economy recorded its first year of no-growth. The rate of inflation was estimated at 2.8 per cent compared to 2.5 per cent at the end of 2000, an increase of 0.3 percentage points.

### **3.2.5 Balance of Payments**

Barbados has had a surplus in its balance of payments in nine of the past ten years. At the end of December 2001, the Net International Reserves (NIR) of the Central Bank of Barbados (CBB) were \$1.4 billion, representing a rise of \$439.7 million above the figure at the end of 2000. This increase, the largest on record, reflected the proceeds from the international bond issue placed in the last month of 2001 and a strong first quarter reserves outturn. Consequently, liquid foreign assets represented roughly 37 weeks of imports at the end of 2001, compared to 21.8 weeks at the end of 2000.

### **3.2.6 Fiscal Performance**

As part of its overall macro-economic strategy, the Government has sought to keep the fiscal deficit under 2.5% of nominal GDP at factor cost. This has been achieved since FY 1991-1992, with the exception of FY 1996-1997. Provisional estimates of revenue and expenditure for fiscal year 2001/2002 revealed a financial programme comprised of total revenue of \$1,747.8 million and current and capital expenditures of \$2,187.3 million. This produced an overall fiscal balance of \$439.5 million representing 8.5 per cent of nominal GDP at market prices. Net of amortization, the deficit totalled \$198.6 million and represented 3.8 per cent of nominal GDP at factor cost. The increase in the deficit reflects the slow growth in Government revenue as a result of the current weak economic situation whilst a contributory factor, outstanding tax arrears, were estimated to be BB\$ 341 million for 2001. It is the intention of Government to keep the fiscal deficit under 4.0% of nominal GDP at factor cost.

### **3.2.7 Debt Management**

At the end of December 2001, the national debt totalled \$3,733.6 million, an increase of \$464.2 million over the previous year. During the year, three new loans were obtained, the largest of these was a US \$150 million foreign bond obtained through Bear Stearns and Co. Inc. This loan was

obtained by the Government to finance its future capital development programme, in the event of a downturn in the economy as a result of the events of September 11.

### **3.3 SECTOR PRIORITIES**

#### **3.3.1 Tourism**

The year 2001 was a challenging one for the tourism sector especially after the attacks of September 11. Activity in the tourism sector declined by 5.9% compared to buoyant growth of 7.7% in 2000; this weak performance in the sector also ended seven years of successive growth. Long-stay arrivals declined by 6.9% below 2000 levels; cruise passenger arrivals declined by 1.1% compared to 2000.

Challenges and the future: competition from both traditional tourist destinations and emerging tourism markets; improvement in the quality of the tourism product so as to meet the needs of visitors while at the same time preserving the integrity of the resource base; given the high unit-cost of the Barbados tourism product there is a need to boost the competitiveness and profitability of the industry; the sector ought to be diversified in order to exploit potential linkages with the manufacturing, agricultural and cultural/entertainment sectors and capitalise on the comparative advantages in Eco-tourism and sports heritage tourism.

#### **3.3.2 International Business and Financial Services**

The International Business Sector in 2001 continued to operate in a very challenging and complex environment. Activity in the sector declined during 2001, a turn around from the positive performance a year before. For the period January – September 2001 there were 215 entities licensed compared to 638 in 2000 and 648 in 1999. This decline was partly due to the listing of Barbados as a tax haven by the Organisation for Economic Cooperation and Development (OECD) which created a large measure of uncertainty among investors and was reflected in the fall of entities licensed during the year. Also there were no Foreign Sales Corporations (FSC) registered in 2001 whereas 118 were registered in 2000 and 249 in 1999. The cessation of the FSC regime resulted from the ruling of the WTO which deemed the regime to be contrary to WTO rules. It has been estimated that the international business sector contributes 40% to government's overall tax revenue.

Challenges and the future: provision of high value-added business services within a context of strong regulatory oversight. In order to do so Barbados needs to firmly establish itself as a responsible jurisdiction free from money laundering and other illegal activities. This should be pursued through the appropriate strengthening of the legislative framework and ongoing cooperation with international criminal investigations. To this end the GOB has already amended legislation in relation to the insurance sub-sector and enacted anti-money laundering legislation, whilst the Offshore Banking Act and the International Business Companies Act are currently under review. The Eastern Caribbean Central Bank and its constituent members are participating in the World Bank/IMF financial sector assessment programme and are currently undertaking a self-assessment of the offshore financial activities. Barbados was removed from the OECD blacklist in early 2002.

### **3.3.3 Manufacturing**

The manufacturing industry contributes around 10% to GDP and has maintained an annual average of 10% – 11% of the total workforce, the second highest after tourism. The traditional areas of manufacturing have been in decline as a result of heightened regional and extra-regional competition within the context of trade liberalisation, combined with the high-cost nature of domestic production. For the third consecutive year, real output in the manufacturing sector fell. The decline in activity for 2001 was estimated at 7.7% compared to 0.5% in 2000.

Challenges and the future: Further expansion of the sector is constrained by limited resource endowment and issues associated with economies of scale whilst external constraints include the competitive threat of the globalised economy and the deepening of international rules which govern trade. The availability of subsidies and protective measures, traditionally available to infant manufacturing industries will be reduced whilst the removal of the Surtax will lead to an increase in the level of products imported from extra-regional sources. In order to remain viable, firms in the manufacturing sector need to become internationally competitive and to capture export markets both intra-regionally and extra-regionally.

### **3.3.4 Agriculture**

The average contribution of agriculture to real GDP over the 1995-2000 period was 6.4%, of which, sugar accounted for approximately 39%. In order to maintain the projected long-term acreage for cane and sugar production the GOB is taking steps to maintain the technological support to the industry as well as offering incentives for independent farmers. The Barbados sugar industry enjoys a preferential export regime with the EU. While the goal of increased output and overall profitability seem unattainable, the possibility of continued subsidising of the industry is being questioned. A Government task force has completed a report on the long-term future of the industry in which it supports limited losses on the part of the government (BBD \$5-10 million) but not underwriting ever-increasing subsidies. Following two years of increased production, the sugar harvest contracted during 2001, with a 14.7 per cent decline in sugar harvested, as a result of adverse weather conditions.

Challenges and the future: With the anticipated reduction in the preferential market access for ACP sugar it is expected that the decline in the sugar industry will be accentuated. It is therefore necessary for agricultural activities to be diversified into non-sugar activities. Agricultural diversification will allow for more effective lands use, provide balance of payments support within the context of lower sugar receipts, and provide agricultural employment for those displaced from a declining and increasingly mechanised sugar industry. The focus for the non-sugar agricultural sector are the cotton industry, development of the food crop industry which will include onions, hot peppers, tomatoes, pawpaws and mangoes, development of the root crop sub-sector, promotion of wet season vegetable production, development of the livestock industry and the development of the floriculture industry.

Fisheries: In order to promote the fisheries sector the GOB is engaging in a series of measures to upgrade the standard of fishing facilities, to improve the handling, storage and display of fish, promoting the product quality and consumer confidence in the sector, facilitating access to new

technology to improve the efficiency of the sector, cooperating with other nations in the management of shared, straddling and highly migratory stocks. GOB is also actively participating in the Regional Fisheries Mechanism (RFM), the planned successor to the CARICOM Fisheries Resource Assessment and Management Programme (CFRAMP) in order to coordinate the management of the region's fisheries resources; to ensure compliance with the International Commission on the Conservation of Atlantic tunas (ICCAT) within the context of regional and international agreements; to prioritise management of stocks of species identified as being sensitive.

### **3.3.5 Other**

The GOB is looking at methods to promote Barbados as an e-commerce domicile. Efforts towards this end include supporting the work of the World Intellectual Property Organisation (WIPO) and WTO in order to safeguard the intellectual property right of Barbadian firms offering services through the internet; promoting the use of new technology in areas such as electronic signatures and encryption, the creation of an enabling legislative environment, the promotion of e-commerce opportunities; rationalising tax policy for e-commerce in order to safeguard government revenue whilst maintaining the sector's competitiveness, introducing legislation to guard against the abuse of the internet for pornographic and other criminal purposes.

## **3.4 SOCIAL SECTOR ANALYSIS**

According to the UNDP Human Development Report for 2000, Barbados is ranked 31 among 174 countries on the basis of adult literacy, school enrolment, life expectancy at birth and per capita GDP.

Incidence of serious crime has increased and presents a threat to social stability with an increase in gun use and drug related homicides. The most commonly found drug however is marijuana and is part of the life of many communities, particularly Rastafarians. A drug supply reduction strategy is being implemented through the work of the Royal Barbados Police Force in concert with the Coast Guard and Customs Department. The National Council on Substance Abuse is heading the fight on demand reduction. Both aspects of the fight against drugs will be assisted by the Forensic Centre which is currently being built and the overall criminal judicial system, alongside other measures targeted at demand reduction and rehabilitation for addicts.

### **3.4.1 Poverty**

In 1997, 14% of the population fell below the poverty line of Bds\$5, 5,502 per annum. However, the absence of household surveys makes it difficult to determine the nature and distribution of that poverty. No data is available for the proportion of the population living below the international poverty line. In 1997 the Government of Barbados embarked on a poverty eradication programme and a Poverty Alleviation Bureau was established in the Ministry of Social Transformation. The main components of the poverty eradication programme involved enterprise and skills development for young people and a welfare programme for the disadvantaged and aged. There is relatively adequate provision for the employed population to receive benefits through the National insurance (Barbados is the only country in the Caribbean which has an unemployment insurance scheme) and contributory pension schemes. Public assistance for the poor, elderly and other deprived groups are also satisfactory.

Through the Poverty Eradication programme funds have been made available to Non-Governmental Organisations to establish programmes for skills acquisition, small business expansion and development and community enrichment. Among the NGOs to benefit were the Workshop for the Blind, Barbados Professional Women's Club, Pinelands Creative Workshop (PCW), the Israel Lovell Foundation and the Young Men's Christian Association (YMCA).

### **3.4.2 Health**

Barbados has health indicators within the range of those from OECD countries. Life expectancy is 79 for women and 74 years for men. Infant mortality is 12 per thousand and overall under five mortality 14 per thousand. There were five maternal deaths in the 1992–1995 period (3.3 per 10,000 live births) (source: UNICEF, PAHO). However, the 20% of the population under the poverty line most likely show a quite different picture.

The first cause of morbidity and mortality are cardiovascular diseases which have an annual mortality rate of 375, 8 times higher than the mortality due to all communicable diseases. However, HIV seroprevalence reaches now 2,8% and threatens to soon become a major cause of morbidity and mortality. Some of the non-communicable diseases are related to genetic influence, lifestyle and epidemiological and demographic transition. The Government of Barbados funds all EPI vaccines and the full vaccination coverage is close to 90%. Contraceptive rate is 55% and total fertility rate is 1.5.

Health is one of the priorities for the Barbadian Government, as expressed by the accorded benefit of 14% of total Government expenditure and 6% of GDP to this sector. The health sector allocation for the fiscal year 2001/2002 was \$299 million, representing a 6% increase over the revised estimate for 2000/2001. Hospital services consume the largest share of expenditure with the Queen Elizabeth and Psychiatric Hospitals, the Medical Aid Scheme and the Emergency Ambulance Service accounting for 52% of the budget. In the 2002/2003 estimates announced in February 2002, a record \$111.8 million was allotted to the Queen Elizabeth Hospital. The allocation to Primary Health Care services in 2001/2002 was 33%, the pharmaceutical programme 9.4%, Care of the Disabled, 0.7%, and expenditure on direction and policy formulation services was 4.5% of the total expenditure.

The Government of Barbados views health care as a fundamental right of all Barbadians. The Government aims to provide comprehensive health care to all its citizens at an affordable cost to the country and to ensure that environmental concerns are considered in all aspects of national development. Further, the Government is committed to ensuring that all citizens have access to clean drinking water, proper sanitation, and a safe environment free from health hazards.

The Ministry's priority programs are committed to improving the conditions of vulnerable, high-risk population groups such as the elderly, the disabled, women of childbearing age, children, adolescents, the physically challenged, and the mentally ill.

Health care is primarily the responsibility of the Ministry of Health. The Government runs Queen Elizabeth Hospital (QEH), which is a 547-bed facility. The QEH is the pivotal component of the health care system at secondary, tertiary and emergency care. The hospital houses more than 90% of the country's acute care beds. Five Geriatric/District Hospitals mainly provide inpatient care for the elderly; they have a combined bed capacity of 744 and an annual average occupancy rate of 95.5% .



There is a psychiatric hospital and a half-way house, two rehabilitation institutions for the physically and mentally handicapped, an AIDS hostel and a development centre for disabled children and adolescents. In addition there are eight polyclinics which provide a wide range of preventive and curative services, as well as limited rehabilitative services. The services provided by these polyclinics and four satellite stations provide traditional public health services such as maternal and child health, family life development, communicable disease control, community mental health, chronic disease programmes, dental health, nutrition and general practice, as well as environmental health.

Although there are 13 physicians for every 10,000 citizens and twice as many nurses, the major problem at the primary health care level is the shortage of staff resources, especially at the clinical level.

Between 80% and 90% of essential drugs are available on location at most facilities, and the remainder can be made available at the Barbados Drug Service. Services at government facilities are free of cost at the point of delivery. In this respect, government health services mainly cover health care of the less favoured.

Significant private care is also available, providing approximately 55% of the primary care being delivered. The private sector is well developed, with about 100 general practitioners and consultants (senior doctors working in government hospitals or polyclinics) also have private practices. There is only one small private hospital in the country—Bayview Hospital—with fewer than 30 beds, representing under 4 % of the country's total acute bed capacity. Private sector health services and facilities also include 18 homes for long-term care, as well as pharmaceutical, laboratory, diagnostic, dental, psychiatric, and physical therapy services. Those who can afford to pay mainly use private health services. 20% of Barbadians are covered by private health insurance.

The health sector has been undergoing reforms in response to the changing social and economic environment as Barbados has had to face an increasing number of new and demanding challenges. These include, among other factors, an ageing population, violence, environmental risks, HIV/AIDS and new and re-emerging diseases. The demographic profile of Barbados reflects an ageing population with an increase in life expectancy from 69 years in the 1960's to 74,5 years in the 1990's, low infant mortality (14.0 per 1000) and low death rates. Statistics confirm this tendency for the growth of ageing population. The 45-64 age group is estimated to increase from 16,6% to 27,3% between 1995 to 2010, which constitutes a radical change in the structure of the population age and will press the health system to find new solutions to deal with the elderly.

A rising number of health services are provided by the private sector. However, the collaboration between the public and private sectors with respect to the delivery of health care needs to be extended. The importance of community participation in the provision and delivery of health care cannot be over-emphasised. Therefore the empowering of individuals and communities to accept responsibility for their personal health, as most of referred diseases are originated by personal behaviour, will require the strengthening of linkages between the public and private sector agencies as well as NGOs. The present administrative structure of the Ministry of Health has been experiencing difficulties in responding effectively to the challenges presented by an increasingly complex health care system.

With respect to health care financing, the challenge facing the Ministry of Health is to ensure equity in access to care, improved efficiency in the delivery of care and the sustaining of the current levels of health care. To achieve this it will be necessary to explore an appropriate mix of financing mechanisms in order to ensure sustainability in the quality of health services. Furthermore it will also have to find ways and means to influence the life style of the less well -informed and health-aware segments of the population, i.e. the poor.

The main challenge for the MOH is to develop pro-poor health approaches, coordinate public and private service delivery and increase efficiency and affordability of health policies.

To cope with these major challenges, a draft Strategic Plan for Health 2001 – 2010 has been produced by the Government with the assistance of PAHO which when finalised is intended to shape the future orientation of health reforms in light of the current challenges facing the country. It is now a real opportunity for Barbados to involve main partners and develop a comprehensive and coherent sector strategy and co-ordinate inputs around a sector wide approach. The EC together with the main partners in health, PAHO, can play a lead role.

### **3.4.3 Education**

The objective of the Ministry of Education, Youth Affairs and Culture (MEC) is to provide lifelong quality education and opportunities for training and continuous development for all citizens according to their aptitude and the needs of the economy. The education system in Barbados provides educational opportunities from pre-primary to the university level with free public education. Education is compulsory for children of the ages 5-16 and a number of programmes such as the provision of school meals at primary level, a text book loan scheme, transport assistance, a uniform grant and bursaries at the secondary level, and a wide range of grants and scholarships at the tertiary level are designed to ensure the active participation of all students. One of the principal projects in the field of education in Barbados is the IDB/CDB/GoB funded EDUCTECH 2000 project which seeks to invest, prepare and equip Barbadians to participate optimally in the global market place by increasing the efficacy of the teaching/learning processes. The programme includes teacher training, repairs and refurbishment of deteriorating schools and institutional strengthening including the computerisation of schools.

In view of the prevailing and projected skills requirement of the economy, training will be encouraged in the vocational and technical areas pertinent to the services sectors, including tourism and international business services. To this end the Manpower, Research and Statistical Unit (MRSU) of the Ministry of Labour, Sports and Public Sector Reform has designed a computerised Labour Market Information System (LMIS) which will help to provide information on areas including job-skills matching.

### **3.4.4 Gender**

Women constitute approximately 48% of the labour force and are predominantly involved in the service sectors, in particular the hotel industry and in the teaching service. The number of women in senior positions in the public and private sectors has increased in recent years. Two of the most senior

posts in Government, that of Deputy Prime Minister and the Attorney General are held by women, the Governor of the Barbados Central Bank is female, while of the 309 doctors listed with the Barbados Association of Medical Practitioners, 109 are female.

A Women's Desk was established in 1980. Consideration is being given to the extension of the work of the Bureau of Women's Affairs to gender affairs. Women are relatively well protected by law. The right to maternity leave is enshrined in the Maternity Leave Act and is provided for in civil service regulations. Figures indicate that violence against women including rape and indecent assault has been on the increase.

### **3.5 External Challenges**

#### **3.5.1 International Context**

The Caribbean region is currently facing huge challenges on the external front as it grapples with the effects of globalisation and international trade commitments under the World Trade Organisation (WTO) alongside pressures arising from economic groupings such as the Free Trade Area of the Americas (FTAA). In the WTO framework, the countries of the Caribbean are involved in a round of trade negotiations under the Doha Development Agenda, which are due to be concluded by 2005. The DDA's trade liberalisation and development agenda is particularly relevant for a developing country such as Barbados, where trade relations in the past have been premised on preferential market access arrangements while conventional trade policy in the sub-region has been characterised by high tariffs and robust use of quantitative restrictions, special/discretionary treatment as well as discretionary licensing. With aspects of the Lomé Conventions being viewed as derogations to fundamental WTO trade-based disciplines, under Cotonou the preferential access of the commodities produced by the ACP countries to the EU will be restructured in the context of the WTO-compatible ACP-EU Economic Partnership Agreements (EPA). The EPA, as envisaged under the Cotonou Agreement will progressively eliminate barriers to trade between the parties and enhance cooperation in all areas relevant to trade. By virtue of deeper trade liberalisation imperatives and being signatories to hemispheric and multilateral trade-related disciplines in particular, trade strategies and policy governing trade relations with countries outside the Caribbean region must now evolve.

#### **3.5.2 Regional Cooperation**

On the regional front, Barbados is a member of CARICOM (the Caribbean Community) and the Association of Caribbean States (ACS). CARICOM members are in the process of establishing a Common Single Market and Economy (CSME) that will include not only a fully functioning common market, but also the harmonization of macroeconomic policies and eventual monetary integration. The new regional trade arrangements are expected to be finally in place by 2005 alongside those of the FTAA and WTO. The ACS, established as a mechanism for consultation, cooperation and concerted action, brings together all the countries of the Caribbean Basin (the sovereign states of Central America, CARICOM, Cuba, Colombia, Mexico and Venezuela) with an overall population of some 200 million. Together they have pledged their commitment to strengthen cooperation in trade, tourism, transport, the environment, language training, and cultural cooperation.

### **3.6 Future Challenges and Prospects**

Current projections suggest that over the period 2000-2002, real GDP growth will decline marginally, but if the expected pick-up in the US economy in the second half-year is strong enough to stimulate global demand, a small rise in real output is likely. While manufacturing and non-sugar agriculture are projected to register some gains in 2002, these are expected to be offset by declines in sugar and tourism. The magnitude of the decline in tourism, however, is not expected to be as steep as in 2001. The non-traded sectors are projected to experience marginal growth in 2002. Construction-related activity should provide the main impetus for this outturn. The NIR is expected to fall by between \$120 million and \$150 million in 2002, owing to a deterioration in the current account deficit. The capital account is projected to be approximately \$86 million, less than one-fifth of the surplus achieved in 2000, primarily because of net long-term public and private sector capital outflows.

## **4. Overview of past and ongoing EC cooperation**

Barbados signed the first Lomé Convention in 1975. The total amount of European Community aid given to Barbados since 1975 is estimated to be more than €130 million, of which over €25 million has been channelled through the National Indicative Programmes. The main assistance stems from the EIB (see section 4.4 below).

### **4.1 National Indicative Programmes (NIPs)**

Barbados's first three NIPs were devoted to conserve and improve the productive capacity in the more traditional sectors of agriculture, livestock and fisheries. The 7<sup>th</sup> EDF NIP amounts to €5.5 million. The main focal sector is Human Resources Development, with a secondary focal sector aimed at the development of industrial estates. The main project under the human resources development component was the Hospitality Institute while the main project under the secondary focal sector was the upgrading of Fishing Facilities at Consett Bay and Skeetes Bay, carried out using funds from the 6<sup>th</sup> and 7<sup>th</sup> EDF.

The 8<sup>th</sup> EDF NIP was €7 million. The focal sector was human resources development including the Community College Language Centre Project and a scholarships programme. Additional support included exports of manufactured goods and for services, a forensic laboratory and decentralised co-operation.

### **4.2 Regional Cooperation**

In addition to bilateral programmes, Barbados also benefits from a wide range of regional programmes. The focal sectors for Community aid under the 7<sup>th</sup> EDF Regional Indicative Programme for which a global envelope of €105 million was made available were agriculture/fisheries, trade, tourism, education, human resource development, environment and telecommunications. The 8<sup>th</sup> EDF Regional Programme had €90 million available to it for activities in support of regional economic integration and co-operation, human resource development, institutional strengthening and capacity building. Within these priorities special attention is given to the enhancement of the region's competitiveness and to private sector development. Outside the focal sectors, priority programmes

include decentralised co-operation, regional disaster preparedness and the Caribbean action plan for drug control. The Caribbean Trade Development Programme, aiming at strengthening the export capabilities of Caribbean enterprises is managed by the Caribbean Export Development Agency, based in Barbados.

The present regional tourism development programme sees the coordination unit and the main implementing agency based in Barbados. The same will apply for the new programme, scheduled to start in 2003.

Further funds have been made available for the development of private sector through the Centre for Industrial Development (CDE), the aim of which is to strengthen industrial enterprises in the ACP countries. The CDE antenna in Barbados is the Barbados industrial Development Corporation (BIDC).

#### **4.3 Assistance to the Private sector-Sugar and Rum Aid schemes**

In addition to the regional funds, Barbados's private sector has also benefited from all-ACP activities promoted by the EU.

EBAS (EU-ACP Business Assistance Scheme) is a programme active in the field of business development services. The Caribbean regional office is based in Barbados, which has enabled the country to benefit substantially from the programme. At the end of March 2002, 26 projects, for more than €900,000, were approved.

PRO-INVEST, a new all-ACP programme, with a budget of €10 million aims to promote foreign direct investment and partnership agreement through the institutional strengthening of relevant intermediary organisations, and the organisations of sectoral fora. The demand driven approach should make Barbados a potentially high beneficiary of this programme.

Barbados is a beneficiary of the EU/ACP Sugar and Rum aid schemes. The advantage for Barbados derived from the sugar protocol is the significant difference between quota and world market prices (almost three times higher). The annual value of access to the EU market at approximately € 375/tonne is in the region of €8.9 million. In addition to advantages under the protocols technical assistance was provided for the export and market development of rum under the 7<sup>th</sup> EDF. Furthermore, in 2001 a €70 million project has been approved by the EU to support the Caribbean rum sector in facing the challenges determined by the incoming liberalisation of the spirits market. The programme aims at supporting the modernisation of present distilleries, helping them in facing the environmental impact, providing technical assistance to strengthen their competitiveness and targeting in an effective way the European markets. Barbados being the location of some important distilleries, is likely to benefit substantially from this programme. Bearing in mind the decline of cane sugar, this programme may play an important role in diversifying into higher value added products.

#### **4.4 European Investment Bank (EIB)**

The EIB provided over 10 % of the overall financing for the PSIP over the 1999-2002 period. Under Lomé I, II and III it made lines of credit available to the Barbados Development Bank, and to the

Industrial Credit Fund in order to finance small and medium-sized enterprises in Industry and Tourism. Loans to the Barbados Light and Power Company under Lomé IV and Lomé IVbis have amounted to €50 million, while loans totalling €25 million have been made available for the South Coast Sewerage project and the Airport Development project. The total funding made available to Barbados by the EIB under the successive Lomé Conventions is almost €100 million.

The EIB also participates in the funding of sub-regional initiatives designed to promote regional integration such as; CFSC and CDB (global loans), Tiona and CIF (venture capital funds). The EIB is working on the development of instruments which will assist towards developing the financial sector in an integrative fashion.

#### **4.5 Past experiences of Community aid**

Following difficulties in the absorption of aid in the area of rural development, it was decided to shift NIP weight towards Human Resources Development and Economic Infrastructure in Lomé IV. Donor/EDF-funded activities are administratively included in the PSIP. In the 1995 evaluation of EC assistance it was noted that greater flexibility in utilising NIP funds could allow EC assistance to be more effective.

In the 1995 review of EC cooperation in Barbados it was concluded that the assistance provided was responsive to important needs of Barbados, as expressed in Government development policies and plans. This is clearly shown through the provision of assistance at an early stage to the bodies responsible for promotion of export and tourism, along with the successful establishment of a self-sustaining Hospitality Institute, for training management and staff in the hotel and catering business, through the 7th EDF.

The sugar and rum protocols, in addition to providing a substantial contribution to Barbados's balance of payments, has assisted in maintaining production and employment in agriculture and related industries in the past decades. While the EIB have provided a considerable and successful lending programme in crucial areas for development.

#### **4.6 Programmes of EU MS and Other Donors**

Apart from the EU, the principal donors are the Caribbean Development bank (CDB), UN agencies, Canada (CIDA), the Inter-American development bank (IDB), PAHO, USAID, the People's Republic of China, the Kuwait Fund for Arabic Economic Development and the World Bank. Donor coordination mechanisms are in place in the following sectors: drugs, education, environment, governance and disaster management, while consultations are held in other areas of common interest. The Government channels most donor assistance through the Public Sector Investment Programme. The major international and regional agencies from which assistance is provided to fund the Public Sector Investment Programme are the EU and the European Investment Bank (EIB), the Inter-American development bank (IDB), the Caribbean Development Bank (CDB), the People's Republic of China and the Kuwait Fund for Arabic Economic Development. When sources of financing for the PSIP were being established, funding from the World Bank was not an option as Barbados had graduated from the World Bank's lending programme over a seven year period starting in the financial year 1985/86. This decision has been reversed in the current Country Assistance Strategy of

the World Bank through which US\$15million was made available to Barbados to pursue a programme in the field of AIDS/HIV related activities.

The IDB is the largest donor with a project pipeline in excess of US\$300 million in a three-year replenishment cycle. Since 1999 the Caribbean Development Bank (CDB) has approved a mixture of loans and grants, the equivalent of \$125m, with emphasis on such sectors as agriculture/forestry/fishing, small business development, manufacturing, tourism, power/energy, water, transportation/communication, housing, education, health, and basic needs. The World Bank has funded a study on aspects of the development of Manufacturing/Export. The small enterprises sector has been supported by the USAID funded small enterprise assistance project, the Canadian based foundation for International training and by the Caribbean Organisation for Development Foundations.

CIDA, DFID, UN agencies, USAID and the World Bank are largely concentrating their activities in the Eastern Caribbean on sub-regional strategies. The principal areas receiving support from these agencies (outside of the World Bank funded HIV/AIDs initiative) are regional strategic objectives such as institutional support, including support to the Regional Negotiating Machinery (RNM) which is charged with the responsibility of representing the members of CARICOM in international trade and financial negotiations, implementation of the Common Single Market and Economy (CSME), HIV/AIDS programmes, environment programmes, social recovery through economic diversification and job creation, emergency reconstruction and disaster mitigation, increased efficiency and fairness of legal systems, telecom reform, and the development of primary and secondary education.

Assistance has been received from the Republic of China for infrastructure projects including secondary roads, St. Georges Polyclinic, education facilities including the provision of IT equipment, rural sports facilities, and computerisation of the police network.

The funding distribution of the donors is included in the attached matrix, Annex III.

## **5. Response strategy**

### **5.1 Principal Elements**

As indicated in the country analysis and the past performance and result of EU cooperation, the following elements are the principle factors for consideration in the EC response strategy:

- the challenges and opportunities presented by globalisation and trade liberalisation and the need to adapt a country of limited natural resources to these new realities;
- the implementation of a medium-term strategy by the Government of Barbados in which human resources development, tourism, international business and financial services, and health provisioning constitute the core sectors.
- The sectors covered by past and on-going EC co-operation as well as by co-operation from other development partners.

## **5.2 The EC Support Strategy**

Taking into account the initiatives being funded by the Government and other donors for the most pressing needs of Barbados and in view of the already existing schemes of both bilateral and regional EC funds, the funds under the 9<sup>th</sup> EDF programming cycle are to be used for the improvement of health, especially among the poor, through support for health sector reforms and the development of an integrated and comprehensive sector strategy.

The need for reform has arisen from increasing concern at the nation's capacity to sustain current levels of health care amidst rising costs and increasing demand for services, together with the phenomena of an ageing population and the increasing prevalence of non-communicable diseases. In view of the funds available, we see an opportunity for the EC in participating with PAHO to take a leading role in developing this sector wide approach.

## **5.3 Proposed Focal Sector For EU Support**

It is proposed to concentrate 90% of the A envelope on the Health sector to support health sector reform in accordance with the strategic plan for health 2001-2010 through sector-wide budget support.

Particular attention will be given to three areas:

- Development of a comprehensive sector wide approach focusing at pro-poor policies and fair financing for the poor.
- Institutional strengthening and capacity building in the context of the health sector reform aimed at increasing efficiency and improving health outcomes among the poor.
- Programmes of prevention and care, with special attention to cardiovascular diseases and HIV/AIDS.

This approach and focus are justified for the following reasons:

Although there have been responses to the issues affecting health in Barbados, the Government recognises that there is need for investment in the health sector to improve managerial capacity and policy making. The national priorities in health in Barbados include a reduction in morbidity and mortality from selected diseases, strengthening of health systems management, implementation of the health promotion strategy, the development of human resources management, and an appropriate financing mechanism for health systems. Given the rising demand and complexity of health services, there is need to find a financial system that ensures equity of access and improves efficiency. Possible areas for support include strengthening public-private partnerships in a situation where most care is provided by the private sector, improving institutional capacity in health planning, regulation and financing. The mechanisms proposed include private insurance, user fees, social insurance, outsourcing of services and provision of a basket of services from public funds. In this respect, previous experiences have shown that unless cost recovery mechanisms envisage exemptions for the poor and vulnerable, they erode equity and have a negative impact in the health of the poorest.



As stated in the health sector analysis (3.4.2), non-communicable diseases have gradually become the main source of burden of diseases, mainly due to cardiovascular diseases bearing high morbidity and mortality rates. Prevention by reducing risk factors, particularly an improved control of hypertension and diabetes and health education programmes on diet and lifestyle would be crucial to the target reducing disease burden of this source. Improving adequate primary and referral care of non communicable diseases will be important.

The prevalence of HIV/AIDS in the adult population is currently estimated to be about 2,8%, and is of growing concern in the context of health sector reform. The greatest burden of HIV/AIDS is felt within the age group 15-49 years. It has been acknowledged by the CARICOM Heads of Government that the HIV/AIDS pandemic has the capacity to reverse the Region's developmental achievements over the past thirty years and programmes aimed at significantly reducing the socio-economic impact of HIV have been implemented. As the Strategic Plan for health outlines, adequate prevention strategies linked with treatment are essential and need to be scaled up building on the current policies and programmes, the EC funded CAREC programme and in complementarity with the World Bank support programmes.

The strategic plan for health currently being developed will presently constitute a platform on the basis of which budget support can be channelled to the health system, because the overall quality of the management of public finance is satisfactory and transparent.

A sound health sector support in line with EC development policies will need an adequate poverty diagnosis especially concerning the poor's access to health services. Although the present strategy intends to eliminate current barriers of access to care for the physically and mentally challenged, there is no mention of the poor sector of society, accounting for 20% of the population. There are however, no household surveys available to picture the nature and distribution of the 20% of the population falling below the poverty line. In this respect, monitoring indicators related to social sector support, access and coverage of essential health services, desegregated by income, will be essential. The performance of the health system needs to be judged against its success in delivering pro-poor outcomes.

#### **5.4 Coherence with EU policy and contribution to Poverty Reduction**

The selection of the health sector as the focal sector for EC support is justified by the following:

- Health constitutes an integral part of the ACP-EU strategies for the promotion of human and social development and the contribution to poverty alleviation. The promotion of equitable access to social services is on the areas of concentration for Community development policy<sup>1</sup>.
- There is increasing recognition that sustainable growth and poverty eradication can be achieved through ensuring a healthy population thereby providing an incentive for investment in Health, HIV/AIDS and Population (HAP) related areas. The EC has delivered excellent result in some areas with real benefits to the countries and populations concerned. Specifically in the Caribbean, the EC has carried out much work in the health sector, including a region

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<sup>1</sup> Statement by the Commission and the Council, November 2000.

wide HIV/AIDS programme and hospital improvement projects in St. Vincent and the Grenadines, St. Kitts, and Nevis.

- Most of the needs in other sectors of the economy are already well taken into account in the country, without necessitating a further effort on behalf of the European Commission.
- The opportunity to work on a comprehensive health strategy together with the other Development partners is timely.
- Improving and adapting health facilities may have a positive impact on the long-term development of the tourism sector.

### **5.5 Consistency with Government Policy**

Barbados is a signatory to the Caribbean Co-operation in Health (CCH), a joint framework for health action within the region. Eight priority areas have been identified under this initiative: health systems development, chronic non-communicable diseases, communicable diseases, human resource development, food and nutrition, family health, mental health and health and the environment. In addition to the above, the national strategic health plan for Barbados identifies a further two priority areas – institutional health services and HIV/AIDS.

The government's policy outlined in the Barbados strategic plan for health 2001-2010, states that health is a fundamental right which is necessary, not only for the development of the social capital of the country, but is vital for its economic and social sustainability. Health for All is a guiding principle of the Government, and as such, Government aims to provide comprehensive health care services to all citizens at a price, which the country can afford. To achieve this goal, emphasis is placed on the primary health care approach, making effective use of public and private sector organizations in all aspects of care. This strategy also involves the institutional strengthening of services at all levels of care while focusing on primary care and prevention for the poorest, most disadvantaged population.

### **5.6 Non-focal sector; coherence and complementarity: regional integration**

The Government of Barbados is working closely with regional organisations such as the Organisation of Eastern Caribbean States, the Caribbean Tourism Organisation, Caribbean Hotel Association, the Caribbean Development Bank and the Caribbean Conservation Association in an effort to ensure that Barbados derives the maximum benefit from the grants and technical assistance that are available for the tourism sector from external agencies. Coherence between development co-operation policy and other EC policies (trade, fisheries, agriculture, environment, drugs, money laundering etc.) relevant for Barbados will be assessed on a permanent basis. Barbados participates in a number of regional programmes dealing with the aforementioned issues including the Caribbean Regional Agriculture and Fisheries Programme (CRAFP), the Caribbean Regional Trade Sector Programme, the Cariforum Anti-Money Laundering Programme and the Anti-Drugs Programme.

In the context of the Cotonou Agreement, the Parties have agreed to conclude new trading arrangements compatible with WTO rules, remove progressively barriers to trade between them and enhance cooperation in all areas relevant to trade. Barbados is a member of CARICOM and, with the other CARICOM countries, is part of the FTAA negotiations, which are due to be concluded by 2005; it is also preparing itself for the EPA negotiations. A better understanding of the risks and

opportunities will allow the private sector to respond appropriately to new market possibilities, particularly in relation to regional trade and trade with neighbouring countries.

The support to be provided under the 9<sup>th</sup> EDF aims at addressing the following issues:

- Assessments of the impact of further trade liberalisation, of the CARICOM Single Market and Economy and the FTAA, on the private sector and on government revenues and formulating appropriate policy response measures.
- Assist in preparing the REPA with the EC, involving broad consultations and studies on impact.
- Assist private sector initiatives to explore business opportunities in the region.
- Assist with improving the relations with the neighbouring countries and with exploring trade opportunities. This could include trade missions, identification of impediments to trade with neighbouring countries and addressing these impediments.

Besides the focal sector assistance in the form of studies or technical support may be given to institutional strengthening and the regional integration process. Under institutional strengthening assistance may be provided to enhance the Government's capacity to plan, implement and monitor projects and programmes. In coherence with the regional support strategy, actions may be initiated to facilitate and strengthen regional integration through CARICOM and ensure the necessary complementarity between regional and national EC support. This may include the establishment of a monitoring system and technical support.

Wherever relevant, EC policies in cross-cutting issues such as human rights and democratisation, gender and environment have been taken into account. This includes building strategic and operational links between related development aspects.

## **5.7 The European Investment Bank**

The European Investment Bank contributes to economic growth and diversification through the provision of financing for productive investments from small and medium sized enterprises in the industrial, agro-industrial, transport and service sectors by means of loans, to both the private and public sectors, and (quasi) equity participations.

Under the Investment Facility of the 9<sup>th</sup> EDF the EIB intends to expand the network of financial intermediaries, through which it works. This shall be done through the establishment of lines of credit, for financing of investments made by SMEs active in core sectors of the economy, accessible through banks meeting the financial and operational requirements of the Bank. Financing under this facility may, where appropriate, be combined with the business advisory services proposed by the Commission. The facility features will depend on requirements identified and market conditions and may include equity/quasi-equity in addition to loans. In addition to this the Bank will continue to provide financing to larger projects considered to be financially viable and of economic priority to Barbados. The exact size, timing and sectors for such interventions will be determined by when and where the need arises.

## **Part II**

### **National Indicative Programme**

## **6. The National Indicative Programme**

### **6.1 Introduction**

Within the general framework of the present Country Support Strategy and based on the analysis and strategies described in the preceding chapters, the parties have agreed on the main priorities for their cooperation and the sectors in which the support of the Community shall be concentrated. A detailed indicative programme is presented in this chapter based on the resources of the A allocation of the EDF, and subject to the outcome of the mid-term review and emerging needs as covered by the relevant regulations, the B-allocation, as well as the balances remaining from previous EDFs.

### **6.2 Financing Instruments**

The implementation of the response strategy of the EC will be financed through a number of different financing instruments which include the following:

**6.2.1 9<sup>th</sup> EDF A-allocation EUR 6.5 million:** This allocation is destined to cover the long-term development activities identified in the context of the response strategy, namely in the health sector while 10% of the allocation is to be used for studies, audits and technical support in the area of regional integration. A further amount of unspent balances from previous NIPs of EUR 3.87 million will also be allocated to activities in the focal sector.

**6.2.2 9<sup>th</sup> EDF B-allocation EUR 0.3 million:** This allocation is to be used for unforeseen needs such as emergency assistance where support cannot be financed from the Community budget, contributions to internationally agreed debt relief initiatives and support to mitigate adverse affects of instability in export earnings.

#### **6.2.3 Other Sources of Financing**

**Investment Facility:** Apart from the above-mentioned financial instruments, of which the A-envelope is the main programmable basis for the Indicative Programme, the 9<sup>th</sup> EDF includes also the "Investment Facility" as a financing instrument managed by the European Investment Bank (see details in Part A, chapter 5). The Investment Facility does not form part of the Indicative Programme.

**Centre for the Development of Enterprise (CDE):** Support for Barbados enterprises in the field of non-financial services to the private sector is available through CDE.

**Budget lines of the Community:** Specific activities may be supported through the various Community budget lines, including, inter alia, NGO co-financing, decentralized cooperation, European Initiative for Democracy and Human Rights, food security and disaster prevention. Humanitarian and emergency assistance may also be accorded to the Barbados population concerned in case of serious economic and social difficulties resulting from natural disasters or man-made crises. Approval of proposals and implementation of support measures under the available budget lines will be decided in accordance with the procedures in place for each respective financing instrument. They will also be subject to availability of funds and on the continuing existence of the different funding mechanisms in the period covered by this paper.

## **6.3 Focal sector**

### **6.3.1 Overall Objective**

The overall objective of the intervention in the health sector is to improve health especially among the poor and vulnerable, thereby contributing to overall equity and quality of life and sustaining the productivity of the country.

### **6.3.2 Specific objectives**

Special emphasis in the focal sector will be placed on:

1. Development of a comprehensive and integrated strategy under a sector-wide approach focusing at pro-poor policies and fair financing for the poor.
2. Institutional strengthening and capacity building in the context of the health sector reform, increasing efficiency and improving health outcomes for the poor.
3. Prevention and care with special attention to cardiovascular diseases and HIV/AIDS.

Such specific objectives will be pursued in the context of a policy framework based upon policy dialogue with the other Development partners in order to address the needs for

- a mid-term sectoral strategy and mid-term expenditure framework,
- an annual programme including an annual budget
- a set of indicators for sector performance, monitoring and evaluation commonly agreed with the other Development partners.

Financial support shall be delivered under a five-year programme. Funds shall be disbursed on an annual basis. If an annual disbursement is not realised within the time limits foreseen, the corresponding amount can be transferred to the non-focal sector of the cooperation in the Indicative programme. Such a decision will be taken in the context of the annual review.

### **6.3.3 Expected Results**

1. A comprehensive and integrated sector-wide approach, commonly agreed with the other partners focusing at pro-poor policies and fair financing for the poor. This will include appropriate tools for decision making such as poverty analysis for the health sector strategy assessing the nature and distribution of health outcomes, access of poor to health services and health status.
2. Appropriate Health system infrastructure with properly skilled health professionals effectively utilised by the poor.

3. An effective and functional prevention and health care system with special attention to cardiovascular diseases and HIV/AIDS.

### **Monitoring and indicators**

A set of indicators commonly agreed with the other Development partners will be identified to assess sector performance monitoring. These will include budget related indicators, prevention and health care utilisation, in particular with regard to the poor. See specific indicators in logical framework.

#### **6.3.4 Government Commitments**

- The Government of Barbados shall adopt and implement the draft Strategic Plan for Health 2001-2010, including pro-poor policies based on the poverty analysis. The Government of Barbados will continue to commit to Public Health 14% of the total Government expenditure. The Government of Barbados will respect its budgetary commitment to expand and upgrade the QEH with an allocation of BB\$ 111 million in the 2002-2003 budget estimates, BB\$6.5 million of which will be used to enhance equipment and facilities and to increase efficiency.
- In order to ensure the effectiveness of the reforms to be undertaken in the health sector, the Government of Barbados is engaged in improving the institutional environment. To this end the Government has undertaken to carry out a programme of institutional reform. The results of the Assessment of Public Health Functions carried out by the Government in conjunction with PAHO shall inform the programme of institutional reform.
- In accordance with the Caribbean Cooperation in Health, the Government shall remain committed to the following priority areas: health systems development, chronic non-communicable diseases, communicable diseases, human resource development, food and nutrition, family health, mental health and health and the environment. Along with the two additional areas identified in the national strategic health plan for Barbados – institutional health services and HIV/AIDS.
- Shortfalls in funding which arise in the implementation of the 9<sup>th</sup> EDF funded programme shall be met by the Government, where such shortfalls cannot be covered by assistance from the European Union.

#### **6.3.5 Cooperation with other Donors**

Consultations have taken place between the EU and the main donors working in the health sector - PAHO, IDB and the World Bank, so as to ensure maximum complementarity in the projects being undertaken. The donors have committed themselves to working closely together so as to assist the Government of Barbados in meeting its objectives for the health sector. Particular attention shall be focussed on the institutional strengthening measures to be undertaken at the Ministry of Health (with possible support from the IDB).

The project to support the health information system in the Ministry of Health and QEH shall serve to complement the work being undertaken in this regard by PAHO at the level of the polyclinics.

#### **6.4 Action outside the area of concentration**

10% of the indicative envelope shall be reserved for studies, audits and technical support in the area of regional integration.



## 6.5 Intervention Framework

<b>Intervention Logic</b>	<b>Objective and verifiable indicators</b>	<b>Sources of verification</b>	<b>Assumptions</b>
<p><u>General Objective</u></p> <p>To improve health especially among the poor and vulnerable, thereby contributing to overall equity and quality of life and sustaining the productivity of the country.</p>	<p>Infants, under five and maternal mortality rates desegregated by wealth/poverty levels.</p> <p>Productivity index maintained</p>	<p>Annual reports from the reinforced health information system.</p> <p>Baseline and periodic household surveys linked with data from HIS.</p> <p>Barbados economic and social report.</p>	<p>Stable social and economic climate is maintained.</p> <p>Government's commitment to health for all citizens is maintained and continues to commit to public health 14% of total government expenditure.</p>
<p><u>Intervention purpose</u></p> <p>1. Development of a comprehensive and integrated sector wide approach focusing at pro-poor policies and fair financing for the poor.</p> <p>2. Institutional strengthening and capacity building in the context of the health sector reform increasing efficiency and improving health outcomes in the poor.</p> <p>3. Prevention and care with special attention to cardiovascular diseases and HIV/AIDS.</p>	<p>Development partners sector policy dialogue takes place on a regular basis</p> <p>Appropriate capacities building is regularly discussed.</p> <p>Appropriate prevention and health care services delivered and used.</p>	<p>Joint "aide-memoire" and poverty analysis.</p> <p>Reports from MOH.</p> <p>MOH reports and surveys</p>	<ul style="list-style-type: none"> <li>• Strategic plan for health is approved by the government and parliament.</li> <li>• Poverty focus is prioritised in the health sector reform</li> <li>• A decentralised and action-led approach guides the HIS.</li> <li>• Legal framework allows regulatory and financial reforms.</li> <li>• The private sector engages in public-private partnerships.</li> <li>• IEC activities encouraged through the health sector reform and the strategic plan are co-ordinated with other sectors.</li> <li>• The civil society participates actively in IEC activities.</li> <li>• All components of the National HIV/AIDS programme are adopted and fully funded.</li> <li>• The MoU with the World Bank and the pharmaceutical industry is implemented and increases the affordability of anti retroviral drugs.</li> </ul>
<p><u>Results</u></p> <p>1 A comprehensive and integrated sector-wide approach, commonly agreed with the other partners focusing at pro-poor policies and fair financing for the</p>	<p>Available tools for decision making, such as Health Information system, Poverty analysis report, consultations with stakeholders, commonly agreed</p>	<p>MOH reports</p>	

<p>poor. This will include appropriate tools for decision making such as poverty analysis for the health sector strategy assessing the nature and distribution of health outcomes, access of poor to health services and health status.</p> <p>2. Appropriate Health system infrastructure with properly skilled health professionals effectively utilised by the poor.</p> <p>3. An effective and functional prevention and health care system with special attention to cardiovascular diseases and HIV/AIDS.</p>	<p>annual work plan and budget and a set of indicators.</p> <p>Role and tasks different actors involved in the health system properly staffed. Review of reliable data. Audit and accountability reports</p> <p>Behavioural changes are monitored and aggregated by age, sex and income.</p> <p>Essential service package in place at different health care levels.</p> <p>Access and uptake rates of essential preventive and care services disaggregated by poverty level:</p> <ul style="list-style-type: none"> <li>▪ Uptake rates of metabolic (diabetes, cholesterol), blood pressure, VCT services and MTCT prevention.</li> <li>▪ Coverage of adequate health care of diabetes, hypertension, cardiovascular-related diseases and HIV/AIDS.</li> </ul> <p>Knowledge and adherence of health workers to treatment guidelines by health care level.</p> <p>Availability of essential commodities, diagnostics and drugs at the different health care levels.</p>	<p>MOH reports.</p> <p>Appropriately designed and implemented quantitative and qualitative surveys.</p> <p>Quality control monitoring element of the strategic plan</p> <p>MOH reports, epidemiological surveys, laboratory services, sentinel surveillance.</p> <p>MOH surveys</p> <p>Pharmacy stocks' surveys</p>	
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	<p>KAP (information from household surveys) on CV-related diseases and HIV/AIDS</p> <p>Reduced prevalence of CV-related risk factors.</p>	<p>Household surveys</p> <p>Epidemiological surveys</p>	
		<p><b><u>Budget</u></b></p> <p><b>TOTAL</b></p>	<p><b>EUR Million</b></p> <p><b><u>10.37</u></b></p>

## 6.6 Activities/commitments timetable

	EUR (million)	%	2002/1	2002/2	2003/1	2003/2	2004/1	2004/2	2005/1	2005/2	2006/1	2006/2	2007/1	2007/2
<b>NIP Balance 6th/7th/8th EDF</b>	<b>4.394.872</b>													
<b>NIP 9th A allocation</b>	<b>6.500.000</b>													
<b>NIP 9th B allocation</b>	<b>300.000</b>													
<b>A) Health</b>	<b>10.370.000</b>													
<i>commitments</i>						10.37								
<i>payments</i>							2.3		3.0		2.3		2.3	0.47
<b>B) non focal sector</b>	<b>650.000</b>													
<i>commitments/payments</i>						0.1	0.1	0.1	0.1	0.1	0.05	0.05	0.05	
<i>studies/audits</i>														
<i>monitoring</i>														
<i>contingencies</i>														
<b>TOTAL 9th EDF (+ Balances)</b>	<b>10.894.872</b>													
<i>commitments A allocation</i>	<i>11.020.000</i>					10.38	0.1	0.1	0.1	0.1	0.05	0.05	0.05	
<i>payments A allocation</i>	<b>11.020.000</b>					0.1	2.4	0.1	3.1	0.1	2.35	0.05	2.35	0.47

**N.B** payments will be made upon performance and external annual audit by the MOH.



Institution	Project Title	Description	Cost \$US 'M
<b>FINANCE AND ECONOMIC AFFAIRS</b>			
IDB	Investment Sector Reform Programme	A Programme to boost economic activity in Barbados for achieving sustainable growth	35.00
MIF	Securities Exchange of Barbados	Strengthening of the Barbados Securities Market	0.39
<b>HEALTH</b>			
IDB	South Coast Sewerage	Construction of Sewage Treatment Plant, Marine Outfall. Installation of Water Meters	16.92
IDB	Solid Waste Management	Construction of a sanitary landfill, upgrading of road-network; bulky-waste disposal site	2.57
IDB	New Wing at QEH		22.75
<b>SOCIAL TRANSFORMATION</b>			
IDB	Institutional Strengthening-Bureau of Women's Affairs	A programme for studies and development of Women's Issues in Barbados	0.30
<b>AGRICULTURE AND RURAL DEVELOPMENT</b>			
EU	Consett Bay/Skeet's Bay	Construction of Fish Terminal Building, a boat yard, a car park. Repairs and extension of a jetty, provision of an ice-machine and storage	-
CHINA	Cheapside Market	Redesign and restoration of the market. Provision of facilities for vendors and butchers	1.32
VENEZUELA	Fairchild Street Market	Renovation of existing market structure to accommodate vegetable vending, meat sales, bathroom facilities, and offices.	2.97
<b>ENVIRONMENT, ENERGY AND NATURAL RESOURCES</b>			
IDB	Coastal Conservation II, Phase II	Shorelines stabilisation works, coastal ecosystem recovery works, coastal access improvement works	13.45
CDB	Harrison's Cave, Carlisle Bay & Folkstone		1.76
<b>TOURISM &amp; INTERNATIONAL TRANSPORT</b>			
CDB/BTI	Tourism Development Programme-Urban Rehabilitation	Enhancement of the physical and economic infrastructure of Bridgetown, Speightstown and St. Lawrence Gap. Programmes of redevelopment of properties	14.59
CDB / EIB/PPP	GAIA Expansion	Repairs to runway, taxiway, parking aprons, roads on the airside and main car park. Rehabilitation of existing terminal building, construction of a new arrivals hall. Airport Security Programme	12.74
<b>ATTORNEY GENERAL</b>			
EDF	Forensic Laboratory	Construction of a Forensic Lab	11.75
IDB	Administration of Justice Programme	Strengthening and modernisation of Justice Sector. Improvement of Court administration. Improvement of Legal Aid structure. Construction of supporting civil works	8.75

<b>EDUCATION, YOUTH AFFAIRS &amp; SPORTS</b>			
CDB	Secondary Education Project- St. Leonard's School	Completion and furnishing of St. Thomas Secondary School. Redevelopment of St. Leonard's Secondary School. Training teachers in technical and vocational industrial arts education	0.42
IBRD	Human Resources Project	The main objective of the project was to strengthen the country's human capital base by expanding the availability of trained manpower, which would enhance productivity and facilitate economic restructuring	6.9
IDB/CDB	Education Sector Enhancement Programme	Comprehensive school improvement programme involving civil works, human resource development, institutional strengthening and procurement and installation of hardware and software	97.0
EDF	Barbados Language Centre	The physical expansion and upgrading of the present facilities as well as technical assistance in the area of foreign language teaching	5.0
IDB*	University College of Barbados	The mandate of the future UCB is to deliver high quality education and training to persons of varying abilities and interests irrespective of academic background, to satisfy the many job opportunities, occasioned by an expanding economy	9.80
CDB*	New Secondary Schools	Project developmental stage	3.5
<b>PUBLIC WORKS AND TRANSPORT</b>			
IDB	Bridgetown Roads & Safety	Improve traffic circulation within greater Bridgetown and enhance traffic and pedestrian safety in the inner and outer by-pass roads	24.05
IDB	West Coast Sewerage Project	Implementation of the sewerage system for the West Coast	17.89

\* Under Negotiation

## ANNEX II OVERVIEW OF EC FINANCING

<b>National Indicative Programme</b>	<b>EUR million</b>
5 <sup>th</sup> EDF	3.7
6 <sup>th</sup> EDF	5.0
7 <sup>th</sup> EDF	5.5
8th EDF	7.0
9th EDF	6.5

### European Investment Bank

Project Name	Convention	Amount signed (m)	
		OR	RC
Barbados Development Bank	Lome - 3	3,000,000.00	
	Lome - 3		1,000,000.00
ICF Global Loan	Lome - 3	4,200,000.00	
SOUTH COAST SEWERAGE	Lome - 4	10,000,000.00	
BLPC II (POWER)	Lome - 4	20,000,000.00	
BLPC III	Lome - 4 - Bis	30,000,000.00	
BARBADOS AIRPORT DEVELOPMENT	Lome - 4 - Bis	15,000,000.00	
<b>Total</b>		<b>82,200,000.00</b>	<b>1,000,000.00</b>



## ANNEX III: KEY ECONOMIC AND SOCIAL INDICATORS

### Barbados - Key Economic Indicators

Indicator	Actual			Estimate			Projected			
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>National accounts (as % of GDP)</b>										
Gross domestic product <sup>a</sup>	100	100	100	100	100	100	100	100	100	100
Agriculture	7.2	7.0	5.8	6.1	5.0	5.0	4.6	4.5	4.4	4.4
Industry	19.7	20.4	21.6	21.5	22.0	22.0	21.9	21.8	21.4	21.4
Services	73.1	72.6	72.6	72.4	73.0	73.0	73.5	73.7	74.2	74.2
Total Consumption	81.6	85.5	83.7	85.6	84.0	84.4	84.4	84.3	84.2	84.2
Gross domestic investment	14.3	16.7	18.5	19.4	19.5	19.5	19.6	19.7	19.8	19.8
Government investment	5.2	6.3	5.9	6.3	6.6	7.0	7.0	6.5	6.4	6.4
Private investment	9.1	10.4	12.6	13.1	12.9	12.6	12.6	13.2	13.4	13.4
Exports (GNFS) <sup>b</sup>	60.9	56.6	53.9	50.4	49.3	49.0	49.0	48.9	49.0	48.9
Imports (GNFS)	56.7	58.8	56.1	55.4	53.0	53.0	53.0	53.0	53.0	53.0
Gross domestic savings	18.4	14.5	16.3	14.4	16.0	15.6	15.6	15.7	15.8	15.8
Gross national savings <sup>c</sup>	17.8	14.5	16.1	14.3	16.0	15.8	16.2	16.6	16.7	16.7
<i>Memorandum items</i>										
Gross domestic product (US\$ million at current prices)	1994	2205	2378	2490	2641	2773	2912	3064	3217	3380
GNP per capita (US\$, Atlas method)	7410	8070	8450	8860	9330	9758	10208	10703	11197	11720
Real annual growth rates (% , calculated from 1974 prices)										
Gross domestic product at market prices	2.5	2.9	4.4	2.5	2.5	2.5	2.6	2.8	3.0	3.0
Gross Domestic Income	1.8	6.4	4.1	1.3	2.3	1.3	2.4	1.4	2.8	1.5
Real annual per capita growth rates (% , calculated from 1974 prices)										
Gross domestic product at market prices	1.8	6.2	3.8	0.9	2.0	2.1	2.2	2.4	2.6	2.6
Total consumption	4.9	11.4	1.6	3.2	0.1	2.6	2.2	2.3	2.5	2.6
Private consumption	5.6	13.5	0.7	3.7	3.7	3.8	3.9	4.0	4.1	4.2
<b>Balance of Payments (US\$ millions)</b>										
Exports (GNFS) <sup>b</sup>	1214	1248	1281	1255	1303	1360	1425	1499	1575	1651
Merchandise FOB	287	289	257	262	254	267	280	295	309	325
Imports (GNFS) <sup>b</sup>	1130	1297	1333	1380	1399	1469	1542	1623	1704	1790
Merchandise FOB	743	888	901	954	973	1022	1073	1129	1186	1246
Resource balance	84	-49	-53	-125	-96	-109	-117	-124	-129	-139
Net current transfers	40	47	53	56	63	66	69	73	77	80
Current account balance	71	-49	-56	-128	-92	-102	-98	-97	-99	-101
Net private foreign direct investment	23	32	17	76	136	59	33	20	20	12
Long-term loans (net)	-1	-45	25	40	136.2	15.2	12.3	18.7	19.9	27.2
Official	34	20	38	4	33	21	25	16	15	13
Private	-34	-65	-13	36	103	-6	-13	3	5	14
Other capital (net, incl. errors & omissions)	-40	80	10	50	-17	8	33	53	65	64
Change in reserves <sup>d</sup>	-54	-17	4	-37	-164	20	20	5	-5	-2
<i>Memorandum items</i>										
Resource balance (% of GDP)	4.2	-2.2	-2.2	-5.0	-3.6	-3.9	-4.0	-4.0	-4.0	-4.1
Real annual growth rates ( YR74 prices)										
Merchandise exports (FOB)	1.5	1.6	2.1	2.2	1.6	2.5	2.6	2.8	3.0	3.0
Merchandise imports (CIF)	3.0	5.9	2.0	2.9	1.0	2.5	2.6	2.8	3.0	3.0

(Continued)

**Barbados - Key Economic Indicators**  
(Continued)

Indicator	Actual			Estimate			Projected			
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>Public finance (as % of GDP at market prices)<sup>a</sup></b>										
Current revenues	29.7	32.1	32.0	31.9	32.2	31.4	31.2	31.1	30.9	30.5
Current expenditures	27.8	27.5	27.9	27.9	27.9	27.2	26.5	26.1	25.9	25.4
Current account surplus (+) or deficit (-)	1.9	4.6	4.2	4.0	4.4	4.2	4.7	5.0	5.0	5.1
Capital expenditure	6.0	5.6	5.4	5.4	5.5	5.5	5.4	5.3	5.3	5.2
Foreign financing	0.6	-0.7	-1.1	1.2	4.8	0.3	0.6	0.9	0.8	0.5
<b>Monetary indicators</b>										
M2/GDP	55.9	54.2	56.0	59.5	58.9	58.4	57.9	57.7	57.6	57.2
Growth of M2 (%)	11.1	7.1	11.5	11.3	5.1	4.0	4.2	4.8	4.8	4.7
Private sector credit growth / total credit growth (%)	320.4	115.2	87.1	123.3	-139.9	86.9	85.0	89.8	90.6	100.5
<b>Price indices( YR95=100)</b>										
Merchandise export price index	99.0	99.2	86.4	86.2	82.1	84.2	86.2	88.2	90.0	91.8
Merchandise import price index	113.0	112.8	112.2	115.5	116.6	119.4	122.2	125.1	127.5	130.1
Merchandise terms of trade index	100.1	100.8	100.4	98.8	93.1	93.3	93.3	93.3	93.3	93.4
Real exchange rate (US\$/LCU) (YR95=100)	100.0	105.1	103.9	108.2	107.7	107.2	106.8	106.7	106.7	106.7
<b>Real interest rates</b>										
Consumer price index (% change)	1.8	3.5	1.7	2.9	2.5	2.5	2.3	2.1	2.0	2.0
GDP deflator (% change)	4.7	3.9	3.6	3.4	2.6	2.6	2.5	2.2	2.0	2.0

- a. GDP at factor cost  
b. "GNFS" denotes "goods and nonfactor services."  
c. Includes net unrequited transfers excluding official capital grants.  
d. Includes use of IMF resources.  
e. Consolidated central government.  
f. "LCU" denotes "local currency units." An increase in US\$/LCU denotes appreciation.

Source: World Bank

## Barbados Social Indicators

	Latest single year			Same region/income group	
	1970-75	1980-85	1993-99	Latin America & Carib.	Upper-middle-income
<b>POPULATION</b>					
Total population, mid-year (millions)	0.2	0.3	0.3	508.2	571.5
Growth rate (% annual average for period)	0.5	0.3	0.2	1.6	1.4
Urban population (% of population)	38.6	42.5	49.5	74.9	75.4
Total fertility rate (births per woman)	..	..	..	2.6	2.4
<b>POVERTY</b>					
<i>(% of population)</i>					
National headcount index	..	..	..	..	..
Urban headcount index	..	..	..	..	..
Rural headcount index	..	..	..	..	..
<b>INCOME</b>					
GNP per capita (US\$)	1,660	4,480	8,860	3,800	4,870
Consumer price index (1995=100)	31	72	108	140	131
Food price index (1995=100)	..	..	..	..	..
<b>INCOME/CONSUMPTION DISTRIBUTION</b>					
Gini index	..	..	..	..	..
Lowest quintile (% of income or consumption)	6.8	..	..	..	..
Highest quintile (% of income or consumption)	44.0	..	..	..	..
<b>SOCIAL INDICATORS</b>					
<b>Public expenditure</b>					
Health (% of GDP)	..	..	..	3.4	3.3
Education (% of GNP)	..	..	..	3.6	5.0
Social security and welfare (% of GDP)	..	..	..	7.4	7.9
<b>Net primary school enrollment rate</b>					
<i>(% of age group)</i>					
Total	..	..	..	91	94
Male	..	..	..	..	..
Female	..	..	..	..	..
<b>Access to an improved water source</b>					
<i>(% of population)</i>					
Total	..	100	100	85	87
Urban	..	100	100	93	94
Rural	..	100	100	62	68
<b>Immunization rate</b>					
<i>(% under 12 months)</i>					
Measles	..	..	..	90	90
DPT	..	..	..	87	88
Child malnutrition (% under 5 years)	..	6	..	9	..
<b>Life expectancy at birth</b>					
<i>(years)</i>					
Total	70	74	76	70	69
Male	..	..	..	67	66
Female	..	..	..	73	73
<b>Mortality</b>					
Infant (per thousand live births)	29	13	14	30	27
Under 5 (per thousand live births)	..	..	..	38	34
<b>Adult (15-59)</b>					
Male (per 1,000 population)	..	..	..	207	233
Female (per 1,000 population)	..	..	..	122	143
Maternal (per 100,000 live births)	..	..	..	..	..
Births attended by skilled health staff (%)	..	..	..	..	..

CAS Annex B5. This table was produced from the CMU LDB system.

5/8/2001

Note: 0 or 0.0 means zero or less than half the unit shown. Net enrollment ratios exceeding 100 indicate discrepancies between the estimates of school-age population and reported enrollment data. Latest year for access to an improved water source data is 2000.

## **Annex IV Overview of Elements of the Health Sector**

The objectives of the Ministry of Health are to promote health, provide comprehensive health care and to ensure that environmental concerns are considered in all aspects of national development. These objectives are achieved through the provision of primary health care services, acute, secondary, tertiary and emergency care on a 24-hour basis, mental health care, care for the elderly including rehabilitation services, the provision of a continuous supply of quality drugs to government health care institutions and to the public; the provision of assessment services and rehabilitative care for children with disabilities and the provision and support of health promotion programmes.

The Private Sector, the Pan American Health Organisation (PAHO), and Non-Governmental Organisation (NGO) the media, Health Insurance companies and other stakeholders continue to play a very valuable role in the development and the delivery of quality care. The relationship between the Ministry of Health and the NGO's has been a positive and mutually beneficial one as the Ministry pursues a Strategy of Consultation with communities on major policy decisions and programmes. Involvement in education and other outreach activities such as health exhibitions and community based health fairs represents another area of close collaboration between the Ministry and the NGO's.

During 2001 the Ministry embarked upon a number of reform processes which have been guided by the Health Sector Strategic Plan which outlines the way forward for the Ministry and the Strategies that will have to be engaged to achieve its goals, for the period 2001-2010. The plan utilizes a health promotion approach which seeks to empower individuals, families and communities, and strengthen their capacity to play a greater role in the delivery of their own health care.

Ten priority areas, and their sub-components, have been identified for reform in the Plan. These are Health Systems Development; Human Resource Development; Family Health (which encompasses, Reproductive Health, Women's Health, Men's Health and Adolescent Health); Food and Nutrition; Chronic Non-Communicable Diseases (Sexually Transmitted Infections-STIs and Tuberculosis); Mental Health (including substance abuse); Health and the Environment; HIV/AIDS and Institutional Health Services (Q.E.H.).

This Ministry, in collaboration with the Pan American Health Organisation (PAHO) has engaged in a number of activities aimed at improving the delivery of health care services. These activities are usually planned in two-year cycles and are referred to as the Biennium Program Budgets (BPB). The BPB consists of a set of activities which are set out according to agreed priorities by the Ministry and PAHO. Activities were subdivided according to four broad programme areas: Environmental Health, Health Sector Reform, Family Health and Health Promotion and Lifestyles.

With respect to Environmental Health a number of issues were addressed. These included: capacity for food safety improved; integrated Vector Control strengthened; capacity for Waste

Management improved; capacity for Pollution Control improved and the capacity for Risk Assessment strengthened.

Under Health Sector Reform some of the issues covered included: capacity for Quality Monitoring development; strengthen Ministry of Health's capacity for information-based decision making; improve capacity for drug utilization review and manpower training programmes supported.

### **PRIMARY HEALTH CARE**

The first line of contact of the Health Services with the community is the primary health care system. In Barbados the Government primary health care is delivered through a network of 8 polyclinics and 3 out-patient clinics. Additionally, polyclinic staff interface with other government Ministries, non-governmental organizations and international organizations, to procure services and to refer community concerns and issues to other agencies which can furnish community needs.

Primary health care's mandate is to practice preventive medicine and impart skills to the community to allow them to take responsibility for their health. Curative medicine is also available at the polyclinics and clients are referred to specialist clinics at secondary and tertiary level at the Queen Elizabeth Hospital.

### **MATERNAL AND CHILD HEALTH**

In-clinic services are geared towards mothers, children and adolescents. The emphasis on family health however is delivered during educational talks, videos and Parenting Education Clubs which are available at some polyclinics.

### **NATIONAL NUTRITION CENTRE**

The National Nutrition Centre continued to address the nutritional problems in Barbados through its public awareness programmes, seminars and workshops, nutrition education materials and support to Primary Health Care.

The programmes conducted by the Centre encompass the following areas:

1. Community Nutrition Education
2. Community Involvement for Healthy Living.
3. Supervision of Dietary Services
4. Training in Nutrition for Health Professionals
5. Research.

### **PREVENTION AND CONTROL OF HIV/AIDS**

Since the first case of AIDS was reported in 1984, the Ministry of Health has been responsible for coordinating activities to prevent the further spread of HIV in the country. During this period from 1984 to the present, management of the epidemic has been medically focused. Ten years into the epidemic, there have been attempts to transfer ownership of the challenge of the HIV/AIDS epidemic from Government (in particular the Ministry of Health) to the individual citizen,

Ministries other than Health, NGOs, civil society and persons living with HIV /AIDS (PLWHAs).

Recognising that the HIV / AIDS epidemic has social and economic dimensions in addition to its medical and public health aspects, the Prime Minister announced in September 2000 that the Office of the Prime Minister, would assume responsibility for coordinating the national programme, with the involvement of other Ministries.

As part of this expanded response and in the re-structured national HIV/AIDS programme, the Ministry of Health is responsible for the treatment, care and supportive services for persons both living with and affected by HIV / AIDS and will focus on the provision of a comprehensive care package in the following areas:

- (a) Care, management, support and treatment of persons infected and affected by HIV/AIDS.
- (b) Epidemiological Surveillance and Testing. This involves collecting and analysing information on the incidence and prevalence of HIV/AIDS; monitoring trends and making projections on the epidemic.
- (c) Counselling services
- (d) Briefing all Ministries on the status of the HIV / AIDS programme on a regular basis. This includes education and sensitisation of all ministries other than Health in collaboration with the National HIV / AIDS Commission.

The strategic goals of the programme for the Ministry of Health will ensure that:

- (a) All patients with HIV infection, regardless of their socio-economic status, will have access to quality medical care and support.
- (b) There is an adequate supply of health professionals with specialised training and sensitivity to the issues of HIV / AIDS.
- (c) There is improvement in the collection of HIV/ AIDS epidemiological data for use in research as well as to monitor and guide the programme development in the short, medium and long term.
- (d) There is dissemination of information on HIV/ AIDS.
- (e) The capacity of providers in the public and private sectors in the diagnosis and treatment of HIV/ AIDS is enhanced.

**Objectives:**

The objectives of the HIV/AIDS programme in the Ministry of Health are:

- (a) To reduce the mortality rate from AIDS by 50% in three years.
- (b) To support the reduction in the rate of new infections over the next five years.
- (c) To slow the rate of progression of HIV infection to AIDS.
- (d) To reduce the number of opportunistic infections and hospitalisations due to HIV / AIDS.
- (e) To improve the well-being of persons living with HIV/AIDS (PLWHAs ) thus facilitating their fitness to return to work and other activities in society .

For the period January to June 2001, there were 71 new cases of AIDS reported, with 48 deaths and 120 persons tested positive for HIV antibody.

### No. of persons with HIV, AIDS and the No. of Deaths, January-June 2001

	Jan-Mar	Apr-Jun	Total Jan-Jun
HIV cases (total)	62	58	120
Male	30	35	65
Female	23	19	42
Gender (not stated)	9	4	13
AIDS cases (Total)	28	43	71
Male	21	33	54
Female	4	9	13
Gender (not stated)	3	1	4
Deaths (total)	23	25	48
Male	17	19	36
Female	6	6	12
<b>Gender (not stated)</b>	-		<b>0</b>

During recent years one has witnessed the following trends and shift in paradigm regarding the occurrence and spread of HIV/AIDS in the country.

- About 89% of the reported cases fall within the sexually active, 15-49 years and the economically productive age group of 25-49 years.
- One in every four cases reported is a woman.
- The number of AIDS cases has been rising over the years (from 2 in 1984 to 1,425 at the end of June 2001).
- In relation to the Caribbean, it is clear that in terms of absolute numbers, the number of AIDS cases in Barbados is increasing relatively to the other OECS countries.
- Up until the introduction of antenatal screening and therapy for the prevention of vertical (mother to child) transmission, a steady increase in the number of AIDS orphans was observed.
- In terms of cases per population size, Barbados is increasing at a much higher rate compared to the other OECS countries.

Since the first reported case in 1984, the total number of persons who have tested positive for HIV is 2,474. The total number of reported cases of AIDS now stands at 1,425 and 1,111 persons have died resulting in a case fatality rate of 78%.

During the period January to June, of the 120 new HIV-infected persons there were eighteen (18) children under 5 years of age and eleven (11) of them were under 1 year. Of the 71 reported cases of AIDS during this period, there were eight (8) children under five years of age. The majority of adult cases were males between the ages of 25 years and 44 years and there were four (4) cases of which the gender was not stated.

Transmission of HIV remains the same, primarily through heterosexual contact (75% of adult cases). Perinatal transmission was 25%. No cases have been reported in relation to blood

transfusion or intravenous drug abuse.

During the period January to June 2001, a total of 10,653 blood samples were tested for HIV antibody and of the samples from women attending ante-natal clinics, fourteen (14) were positive and there was one positive sample among blood donors.

## **HEALTH EDUCATION AND HEALTH PROMOTION**

The goal of the health education and health promotion programme is to promote a healthy lifestyle and wellness among the population. This is in recognition of the role that health promotion can play, in improving the health status of the population, given the linkages between lifestyles and the chronic non-communicable diseases, as well as to diseases such as dengue fever, which are linked to environmental management.

## **CARE OF THE ELDERLY**

The Geriatric Services consist of the Geriatric Hospital which functions as the admissions and referral centre, and four district hospitals; St. Philip (which has a special unit for persons with disabilities), Christ Church, St. Lucy and Gordon Cummins. There are 764 in- patients at these institutions. The main highlights of this programme have been the streamlining of inpatient services. St. Lucy had a much needed upgrade of its physical structure. The Geriatric Hospital also has a day-care service for 33 patients, which includes physiotherapy. There are however, 366 patients on the waiting list.

## **THE GERIATRIC HOSPITAL**

The Geriatric Hospital was established in 1884 and provides accommodation for approximately three hundred and sixty (360) patients with varying social and medical problems.

### **Patient Performance Data**

The patient population at the Geriatric Hospital remains at levels very similar to that of 1998-1999 and 1999-2000. To date the Hospital has a bed capacity of three hundred and sixty one (361) one hundred and forty-one (141) Males and two hundred (200) females. This Hospital continues to operate and cater to near capacity (96% occupancy) for the last four to five years.

<b>INPATIENT SERVICES</b>	<b>2000-2001</b>	<b>2001-2002</b>
Assessments	154	140
Admissions	180	57
Discharges	24	29
Re-Admissions	42	18
Deaths	120	34
<b>DAY CARE SERVICES</b>	<b>2000-2001</b>	<b>2001-2002</b>
Average Attendance	31	26
Respite Care Services	<b>2000-2001</b>	<b>2001-2002</b>
Total	202	197



### *New Admissions By the Aging*

<b>AGENCY</b>	<b>2000-2001</b>	<b>2001-2001</b>
D.M.O	27	6
Welfare	44	30
Q.E.H	42	40
Psychiatric	2	1
Other	48	48
<b>TOTAL</b>	<b>163</b>	<b>125</b>

### **Organization and Management**

This Hospital is structured and organized in a manner as to provide care of the Elderly Services in an effective and efficient way. These outcomes are achieved in some main areas such as: (1) In-patient Services (2) Day Care Services (3) Respite Care Services

There is also a care of the Elderly Programme, which acts as a referral centre for four ( 4) district hospitals: Christ Church, Gordon Cummins, St. Philip and St. Lucy.

### **Physical Plant**

The greater part of this Hospital's financial allocation for the year under review was used to facilitate the ongoing repair and replacement programmes. This is so basically because of the continued deterioration in aspects of the physical plant.

### **Staff Development**

Training remains one of the number one priorities in an effort to motivate staff of all categories and so, provide them with knowledge and skills to deliver the highest level of care-

To this end there has been exposure of staff on an ongoing basis to several programmes during the last financial year. Programmes such as:

- (1) Nursing courses at the Barbados Community College
- (2) Continued AIDS Education- Queen Elizabeth Hospital.
- (3) Health Informatics -Barbados Community College
- (4) Leadership Courses
- (5) Customer Services Skill)
- (6) Presentation Skills) Training Division
- (7) Time Management)
- (8) Computer Courses -N .U .P .W.

### **PSYCHIATRIC HOSPITAL**

Health Care Services at the Psychiatric Hospital are free at the point of delivery. These services include the provision of inpatient and outpatient care and some include:

- Nursing
- Occupational Therapy
- Social Work
- EEG
- Psychology

- Community and Rehabilitation
- Child Guidance

The Hospital's budget for the financial year 2001-2002 is \$24,338,417.

The Psychiatric Hospital currently accommodates an average of 630 patients, providing hospital and community based services. Once again the Nursing Service Department was challenged to provide and maintain, a high standard of quality nursing care to its clients, despite the departure of ten staff members for various reasons.

Action is now taken to undergo strategy for the reform of the Mental Health System. Emphasis will remain upon prevention and rehabilitation with wellness as a lifetime goal. However, in order to effectively perform these services, the hospital must accurately identify the lacks or deficits regarding health that the client is experiencing.

The Psychiatric Hospital continues this thrust with the assistance of PAHO/WHO, who commissioned Dr. C.J. Rickard to make recommendations for the strengthening of Mental Health Services and in particular Acute Psychiatric Services. History was created with the assignment of a Mental Health Officer to the District ' A ' Magistrate Courts whose role is to assess clients and advise the presiding Magistrate on their Mental Health status.

Training continues to be a priority area for the Nursing Service Department with approximately eighty (80) staff members currently pursuing courses at the Barbados Community College.

## **Annex V Environmental Profile**

Achieving the correct balance between environmental protection and natural resource management is fundamental to the overall well-being of society. The amalgamation of the Department of Energy and Natural Resources with the Ministry of Environment highlights the awareness of this complex inter-relationship.

The overall goal is to sustain and enhance the quality of the environment and natural resources of the island for the benefit of the people of Barbados, by promulgating appropriate practices in physical, economic and social development and minimising threats from pollution and natural disasters. Five agencies, each with specific duties and programmes, are involved in the environmental management drive. These are:

- National Conservation Commission;
- Caves of Barbados;
- Environmental Special Projects Unit;
- Coastal Zone Management Unit;
- Environmental Unit.

In pursuit of the overall goal, specific areas for action to be addressed within the planning period have been identified. These areas for action and the appropriate supporting strategies are outlined below:

### **a. Policy Coordination: to be achieved through**

- Rationalising the institutional arrangements of the Ministry of the Environment;
- Implementing comprehensive legislation on the management of the environment, energy and natural resources sectors;
- Establishing an Environmental Management System as well as a National Park Development Plan;
- Improving the coordination of national policy and international actions to ensure that Barbados abides by its international obligations and contributes proactively to the formulation of international environmental policy;
- Implementing the National Biodiversity Strategy and Action Plan.

### **b. Effective Coastal Zone Management: to be achieved through**

- The creation of an integrated enforcement system;
- Implementation of the Coastal Conservation Programme Phase II;
- Improving public education on matters relating to coastal zone management.

### **c. Conservation of the Natural and Built Environment: to be achieved through**

- Strengthening the National Conservation Commission (NCC) to allow it to more effectively fulfill its mandate in this area;

- The preservation and enhancement of the gully ecosystem;
  - Construction of nature trails and beach facilities and improvement in beach access;
  - Developing operational management plans for recreational and protected sites;
  - Effecting the relevant recommendations of various assigned bodies and studies (e.g. Coastal studies).
- d. Management and Conservation of Energy and Natural Resources: to be achieved through**
- Exploring the offshore and onshore oil reserves to maintain the viability of the petroleum industry of Barbados, with a subsequent aim of ensuring sufficient reserves to sustain the island for at least three months in case of disaster;
  - Aiming to supply 40% of total energy needs through the use of renewable energy;
  - Introducing viable alternative fuels and cleaner technology;
  - Promoting energy conservation;
  - Promoting increased use of natural gas for energy generation;
  - Making the energy efficient design of buildings mandatory;
  - Public education with regards to energy conservation techniques, technology and practices.

In achieving all these policy targets, adequate public education and human resource capacity within the relevant government agencies will remain critical. Policy will be devised and delivered in a participatory manner, to ensure the support of all relevant stakeholders, and adequate legislative and regulatory mechanisms will be put in place.

In the field of Energy it is to be noted that Barbados exploits one oil-field and has a modest refinery which covers about 40 per cent of local hydrocarbon consumption.

