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PROGRAMME PLANNING

Country and intercountry programmes and projects

SECOND COUNTRY PROGRAMME FOR THE BRITISH VIRGIN ISLANDS*

<u>Programme period</u>	<u>Actual resources programmed</u>	<u>\$</u>
1987-1991	IPF for 1987-1991	240 000
	IPF over-expenditure from 1982-1986	(20 000)
	Total IPF	220 000
	Other resources programmed	1 445 000
	Total	

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* Detailed listings of projects and other related data prepared as part of the country programming exercise are available on request. These listings include: (a) ongoing projects; (b) proposed projects; (c) distribution of resources by objective; (d) distribution of new country programme by sector; (e) the Government technical co-operation programme.

I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. The British Virgin Islands (BVI) is a dependent territory of the United Kingdom, located between Puerto Rico and the United States Virgin Islands. The country is comprised of 60 small islands covering an area of 59 square miles. Approximately 93 per cent of the population of 11,558 is located in the four largest inhabited islands of Tortola, Anegada, Virgin Gorda and Jost Van Dyke.
2. BVI has become a major tourist resort specializing in yachting activities and the economy is driven by a thriving and well-established tourism industry. There is a literacy rate of 98 per cent and no involuntary unemployment.
3. Over 85 per cent of the land is hilly and suitable only for landscaping and tree cropping. Most of the arable land is located in the largest island, Tortola, where about 33 per cent is used for very limited agricultural production. There is an abundance of fish with the potential for a viable domestic and export-oriented industry. There is no manufacturing industry base.
4. The economy expanded at the outstanding rate of 8.9 per cent during 1979-1981. Since 1981, however, the rate has moderated and has averaged about 4 per cent during 1982-1984. The good economic performance so far has been aided by a buoyant tourism industry and significant increases in investment activity.
5. Tourism is the most important industry in BVI in terms of its contribution to national income and foreign exchange earnings. Gross domestic product (GDP) in tourism grew by 8 per cent per annum during the period 1981-1984. Compared with 1983, the number of visitors increased by 8.6 per cent during 1984. An increase in tourism promotion, the establishment of new hotel room capacity, and the upturn in the United States economy are among the major contributory factors to this performance.
6. The performance of the construction industry, an important sector in the past, has not been encouraging. Since 1980 and 1981, when growth in this sector was 42.9 per cent and 18.3 per cent respectively, performance has been modest. While investment activity has increased, this has not been reflected in the construction sector. Investment has shifted from the expansion of hotel capacity to the purchase of imported capital goods, mainly charter boats.
7. An emerging area of importance, finance, real estate and business services, enjoyed growth of about 9.5 per cent from 1979 up to 1984. Some 2,600 new companies were registered after promotion by the Government to develop BVI as an offshore and banking centre.
8. Real GDP in agriculture and fishing declined somewhat between 1978 and 1984. The sector's share in GDP fell gradually from 8.3 per cent in 1978 to 5.1 per cent by 1984. The fisheries subsector has been encouraged by the Government's establishment of a fisheries complex and good market prospects for fresh fish in the United States Virgin Islands.

B. National development strategies

9. The major thrust of the BVI development strategy is to consolidate and improve on the economic gains which have so far been achieved. The Government intends to improve the standard of living, ensure greater participation of nationals in economic activity and build a stable economy with balanced growth.

10. The Government intends to achieve these objectives by a policy of continuing full employment, pragmatic economic management and, in particular, strict fiscal control. The Government envisages that the private sector, both domestic and foreign, will take the lead in generating productive economic activity with the Government's role restricted to providing guidance, incentives and some regulation. The Government intends to become directly involved in productive economic activity only when private sector initiative is not forthcoming and where the venture is in the national interest.

11. The Government's tourism policy focuses on providing the necessary infrastructure and support facilities which will lead to continued and controlled growth of the industry. The policy highlights the need to:

(a) Encourage local participation in order to reduce the imbalance between foreign and local participation;

(b) Train industry participants, particularly owners of and employees in small hotels;

(c) Increase employment opportunities for the local labour force;

(d) Design a promotional strategy to identify new markets and lessen the heavy dependence on the North American market; and

(e) Establish intersectoral linkages between tourism and the agricultural, manufacturing and commercial sectors.

C. Technical co-operation priorities

12. In order to maximize the effectiveness of the available aid flows, the country programme is being utilized as a frame of reference for all external technical co-operation inputs. The Government has therefore prepared this country programme within the socio-economic development framework described earlier and on the basis of the overall needs reflected in its own technical co-operation programme (TCP) which it intends to update yearly to coincide with an annual review of the country programme. This yearly exercise will permit the incorporation of new projects from donors and agencies which have not yet identified the specific needs to be financed beyond 1986. This exercise also relates to the decision adopted at the June 1985 meeting of the Caribbean Group for Co-operation in Economic Development (CGCED), 1/ that UNDP should co-operate with CARIBANK and IBRD in preparing technical co-operation programmes for incorporation in the World Bank Economic Memoranda. The various multilateral and bilateral donors and agencies will be approached to

supplement or co-finance projects included in the country programme for which financing is still required. UNDP is therefore also being requested to assist the Government in the mobilization of resources from all potential donors.

13. As part of the country programming exercise which was initiated with the preparation of the resident representative's note, a technical co-operation needs identification exercise was undertaken in December 1985. The exercise involved discussions with government ministries and departments and, as a result, a list of all external technical assistance projects in progress and those proposed for the future was compiled.

14. The technical co-operation priorities are in the areas of administration and planning, agriculture and tourism. The specific priorities are:

(a) Agriculture and fisheries. Agricultural planning, hydroponics and mariculture development, fisheries administration and development. The Government will seek to introduce non-traditional methods of farming, livestock breeding and mariculture in order to revitalize the sector.

(b) Administration and planning. Property valuation and taxation, health services financing, computerization of arrivals and departures from the territory, strengthening of the Economic Planning Unit, comparative analysis of wages, physical development planning review of civil service organization and management (O and M) structure, manpower survey of socio-economic development planning.

(c) Tourism. Institutional strengthening of the tourism department in terms of tourism planning and promotion.

15. The emphasis outlined above is in keeping with government's objectives to reduce the country's food input bill and develop natural resources; improve the tourism product and increase arrivals; and to bring the country's physical and economic planning capability in line with its rapidly developing economy. The emphasis is also reflected in the public sector investment programme, where more than 60 per cent of the allocation is earmarked for the development of infrastructure supportive of the existing tourism plant. The Government is also seeking to derive maximum benefit from the linkages between the primary productive sector and tourism.

16. Other technical assistance requirements directly supportive of the Government's development efforts are:

(a) Transportation. Airport security and aerodrome fire-fighting, port and marine services, revision and update of roads legislation, marine training, infrastructural engineering (roads), marine ports organization, road traffic ordinance and airport engineering study.

(b) Energy. Identification of potential sources of energy, assistance in the determination of electricity tariff structure, and management of the BVI Electricity Corporation.

D. Aid co-ordination arrangements

17. UNDP and the United Nations agencies and organizations represented in the Eastern Caribbean, namely the Food and Agriculture Organization of the United Nations (FAO), the Pan American Health Organization of the World Health Organization (PAHO/WHO), the United Nations Industrial Development Organization (UNIDO), United Nations Children's Fund (UNICEF) and the World Food Programme (WFP), work closely in co-ordinating their activities in support of the Government's development efforts. This is done through periodic meetings as well as consultations among the organizations on an ad hoc basis. Although a joint programming mission was not carried out with the organizations of the Joint Consultative Group on Policy (WFP, UNFPA and UNICEF). Consultations were held with these organizations as well as other agencies represented in the Caribbean on the form and content of the country programme. Moreover, CGCED in which the BVI participates as a beneficiary country, provides an important framework for promoting co-ordination among the various donor agencies both in terms of capital investment and technical co-operation and on economic policy issues which are also discussed within the Group. As far as the BVI Government is concerned, by deciding to use the country programme as a frame of reference for external technical co-operation inputs, it is establishing a more systematic arrangement for co-ordinating all technical co-operation activities.

18. The Government will approach bilateral and multilateral agencies outside of the United Nations system for financial assistance for selected projects identified in the TCP. As in the past, UNDP's assistance will be sought when necessary to facilitate these approaches. The Government will also encourage and participate in joint meetings with donor agencies in the region from time to time to discuss the broader parameters of its technical assistance needs.

II. THE COUNTRY PROGRAMME

A. Assessment of current country programme

19. The focus of the third cycle country programme was on (a) socio-economic development planning, (b) fisheries development and (c) tourism development.

Socio-economic development planning

20. Assistance was provided under BVI/77/001 Socio-Economic Development Planning, which commenced activities in the previous cycle. IPF funds totalling \$US 126,000 or 52 per cent was provided during the current cycle. In addition to the project preparation and evaluation expert, the international staff comprised three associate experts in statistics and two consultants in statistics and computer methods. Counterpart and international staff produced 22 technical studies and reports. Among the reports were the BVI Projects List containing a summary of both capital investment and technical co-operation needs for the period 1983-1986 and an Economic Status Report. Proposals were prepared for (a) the construction of a maintenance hanger; (b) expansion of electricity services; (c) extension of the Beef-Island aerodrome; (d) extension of the West End Harbour; and (e) the creation

of a revolving fund for agricultural and livestock development. Some of the other studies concerned the pleasure boat industry, statistics, co-operatives, tourism and employment.

21. The major achievement of the project was the establishment of a Planning Unit within the Chief Minister's Office. As a result of the support provided by the project, the Unit was able to prepare a development plan for the BVI with minimal external assistance. The project was timely, and despite initial delays in the recruitment of counterpart and international staff especially in statistics, it ably assisted the Government in the mobilization of investment through the formulation and implementation of plans, projects and sector programmes.

Fisheries development

22. The fisheries subsector has the greatest potential for development in agriculture. UNDP's contribution of \$US 40,129 to BVI/79/001 - Fisheries Development was supplemented with a government cost-sharing input of \$US 105,264 which permitted the extension of the project from the second cycle into the third.

23. Heavy emphasis was placed on training fishermen by bringing more of them into the industry on a full-time basis and by upgrading the skills of administrative staff. Study tours and training courses were provided.

24. Six nationals benefited from study tours in fish technology and quality control, boat building and fish processing, while 52 fishermen received training in deep sea fishing techniques, and 60 received training in navigation and seamanship. Studies were prepared on (a) financial management and accounting procedures; (b) new fishing vessels for BVI; and (c) new marketing survey outlets. A fish distribution chart and 26 fisheries bulletins on various subjects were also prepared.

25. The project benefited from the inputs of a master fisherman and four consultants in accountancy, fishing techniques, navigation and seamanship. Two fisheries development advisers were also provided.

26. The project, in providing training and assistance to the management of fishing terminals in Tortola and Anegada, sought to rehabilitate the industry and establish new marketing arrangements for about 150 fishermen. Efforts have not been as successful as envisaged, largely because of the fishermen's continuing use of the traditional marketing links with the United States Virgin Islands and domestic markets. The added constraint of risk of ciguatera (fish poisoning, which is prevalent in certain areas) still needs to be overcome. The inputs provided have nevertheless formed a sound basis for the further development of the industry.

Tourism development

27. Tourism received \$US 48,000 of IPF resources. The efforts of a tourism adviser have strengthened the institutional capacity of the Board of Tourism and improved the general tourism product. An increase in tourist arrivals was achieved at a time when the industry was affected by the world-wide economic recession.

B. New programme proposal

28. The main economic activities of the BVI until 1960 were agriculture and fishing. The rapid development of the country over the past 10-15 years has created the need for an adequate physical planning infrastructure and immediate technical inputs in this sector. The major focus of the country programme will therefore be on physical development planning, while some assistance to agriculture and tourism will continue to be provided.

29. Maximum use will be made of cost-effective national and regional expertise, and United Nations Volunteers (UNVs). UNVs will be recruited to fill vacant line positions until nationals are available.

Development of a physical planning infrastructure

30. This objective relates to the establishment of the necessary policies, programmes and legislative machinery for development control and protection of lands and environmental assets. The following new project has been identified:

Physical development planning. The project will provide the necessary assistance to support private and public sector development. Inputs will be made in physical planning and development, legislation, land policy, solid waste disposal and water resources evaluation. UNDP will provide \$US 100,000 from the IPF, the Government will make a cost-sharing contribution of \$US 50,000 and the United Nations Centre for Human Settlements (UNCHS) is being approached to provide \$US 50,000.

Linkages

31. The technical assistance components outlined provide possibilities for linkages in the areas of health, pollution control, environment and natural resources. Additional assistance will be sought from PAHO, the United Nations Department of Technical Co-operation for Development (UN/DTCD) and the United Nations Environment Programme (UNEP) in these areas. Project RLA/82/023 - Water Resources Assessment Development and Management in the Small Islands of the Caribbean will be requested to provide assistance in the management of water resources.

Development of the agricultural sector

32. This objective aims to strengthen the institutional capacity of the Department of Agriculture and to facilitate the implementation of an agricultural development programme supportive of the tourism sector and geared to make BVI self-sufficient in food.

33. The following ongoing project will be extended:

Agricultural development adviser (BVI/86/001). The project is providing technical support for the execution and co-ordination of agricultural policy. Advice on improvements in the administrative and financial management of the

Department of Agriculture is also being provided, as well as assistance in the management of the fisheries industry. UNDP will provide \$US 36,000 during the fourth cycle while the Government is making a contribution of \$US 20,000.

34. The following new projects have been identified:

(a) Adviser on hydroponics and mariculture. The project is aimed at increasing food production both for the local population and for tourists. CARIBANK will be approached to provide funding.

(b) Adviser on fisheries development. The project will seek to increase fish production and will advise the Government on the effective exploration of fish stocks, joint ownership of the BVI Fishing Company and on a suitable management structure for the Division of Fisheries. CARIBANK will be approached to provide \$US 45,000.

Expansion of tourism

35. In addition to the development of a tourism policy and strategy, there is need to promote inter-sectoral linkages in order to develop a more comprehensive product and careful planning to maintain the competitiveness of the BVI as a tourist destination.

36. The following ongoing projects will be extended:

(a) Tourism development (BVI/84/001). This ongoing project seeks to promote and develop the tourist trade and to upgrade its efficiency. It also seeks to encourage investments that will enhance the territory as a holiday resort. UNDP will provide \$US 25,000 during the fourth cycle.

(b) Brazilian tourism market investigation. This project will organize a tour of Brazil to promote BVI as a tourist destination during the off season. Technical Co-operation among Developing Countries (TCDC) will be approached to provide \$US 8,000.

Linkages

37. UNDP assistance will be complementary to tourism marketing inputs provided by Caribbean Tourism Research Centre (CTRC). Proposed and ongoing projects under both of the preceding objectives will enhance the tourism industry and facilitate the establishment of linkages among the various sectors.

Other areas of the social and economic sector supportive of the Government's development effort

38. Consistent with its decision to utilize this country programme as an instrument in the co-ordination of technical assistance from all sources, the Government wishes to include in this document the remaining technical assistance needs which it has identified in the TCP to support its development effort but which do not directly fall under the programme objectives previously mentioned.

39. The following ongoing projects have been extended:

(a) Infrastructural engineer (roads). An engineer provided by the British Development Division (BDD) from 1983 through 1987 to assist with design, maintenance and construction of roads. \$US 8,000 earmarked for programme period.

(b) Management BVI Electricity. A General Manager was provided for the period 1985-1990 for the BVI Electricity Company. BDD and OAS have earmarked \$US 186,000 over the period 1987-1990.

(c) West Indies Training Scheme. Fellowships and scholarships are provided under the scheme, which commenced in 1985. \$US 36,000 is earmarked by BDD over the country programme period.

(d) Civil aviation training. Training in air traffic control, fire-fighting and management is being provided under the Canadian International Development Agency (CIDA) Caribbean Airports projects. CIDA has earmarked \$US 684,000 over the programme period.

(e) Post-high school education. The Commonwealth Fund for Technical Co-operation (CFTC) has provided \$US 30,000 to meet the cost of fellowships and scholarships over the programme period.

(f) Chief Fire Officer. BDD provided the services of a Chief Fire Officer from 1985-1987. \$US 14,000 is earmarked to cover the cost over seven months in 1987.

(g) Organization and Management specialist, BVI Public Service. CFTC provided the services of a specialist to review the organization of the civil service and its management structure and practices. \$US 100,000 is earmarked for the period January 1987 to June 1988.

(h) Computerization of government services. BDD provided the service of an adviser to advise the Government on procurement and installation. \$US 12,000 was earmarked.

(i) Family planning and family life education. The project is designed to increase awareness of family planning. The United Nations Fund for Population Activities (UNFPA) provided \$US 38,000.

40. The following new projects have been identified:

(a) Ports and Marine Services. An adviser is required for one year to assist the Government while the Ports Manager is away on study leave. CFTC will be approached to provide \$US 40,000.

(b) Expansion of BVI High School. The services of an architect is required to design a technical wing in the BVI High School. The United Nations Educational, Scientific and Cultural Organization (UNESCO) will be approached for \$US 48,000.

41. \$US 57,000 is reserved for training.

Linkages

42. The technical assistance needs outlined provide a wide array of opportunities for linkages at both the production and sectoral levels. Requests for financing a number of the projects identified under this objective will be made to the following United Nations agencies: UNCHS, UN/DTCD, UNESCO, UNICEF and UNDP.

C. Unprogrammed reserve

43. The sum of \$US 34,000 has been allocated as unprogrammed reserve.

Notes

1/ A collective consultative group arrangement jointly sponsored by the World Bank (IBRD), the International Monetary Fund (IMF), the Inter-American Development Bank (IDB), the Caribbean Development Bank (CARIBANK), the Organization of American States (OAS) and UNDP.

Annex

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

	<u>\$</u>	<u>\$</u>
<u>A. UNDP-administered sources</u>		
Third cycle IPF over-expenditure	(20 000)	
Fourth cycle IPF	240 000	
Subtotal IPF		220 000
Special Measures Fund for Least Developed Countries		
Special programme resources		
Government cost-sharing	98 000	
Third-party cost-sharing		
Operational funds under the authority of the Administrator		
UNDP special trust funds	8 000	
Subtotal, UNDP non-IPF funds		<u>106 000</u>
<u>B. Other sources</u>		
Funds from other United Nations agencies or organizations as a result of the country programme exercise		
(i) Firmly committed	38 000	
(ii) Additional funds required (ILO, CDB, UNCHS, PAHO, UNESCO, UNFPA, DTCD)	123 000	
Parallel financing from non-United Nations sources (BDD, CIDA, CFTC, CDB)		
(i) Firmly committed		
(ii) Additional funds required	1 093 000	
Subtotal, other resources	85 000	<u>1 339 000</u>
TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		<u>1 665 000</u>

II. USE OF RESOURCES

Ongoing projects	1 198 000	
New project proposals	376 000	
Programmed reserve	<u>57 000</u>	
Subtotal, programmed resources		1 631 000
Unprogrammed reserve		<u>34 000</u>
TOTAL USE OF RESOURCES		<u><u>1 665 000</u></u>

