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COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

SECOND COUNTRY PROGRAMME FOR ST. CHRISTOPHER AND NEVIS

<table>
<thead>
<tr>
<th>Programme period</th>
<th>Actual resources programmed</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IPP balance from 1982-1986</td>
<td>100 000</td>
</tr>
<tr>
<td></td>
<td>Other resources programmed</td>
<td>1 785 000</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>3 085 000</td>
</tr>
</tbody>
</table>

CONTENTS

I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES ............... 1 - 16  2
   A. Current economic trends ................................    1 - 2  2
   B. National development strategies .........................  3 - 8  2
   C. Technical co-operation priorities ......................  9 - 15  3
   D. Aid co-ordination arrangements .........................   16  4

II. THE COUNTRY PROGRAMME .................................. 17 - 48  5
    A. Assessment of current country programme ...........  17 - 26  5
    B. New programme proposal ...........................  27 - 47  6
    C. Unprogrammed reserve ...............................   48  9

Annex. Financial summary .................................. 10
I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. St. Christopher and Nevis has a population of 43,309 and a land mass of 262 square miles. The major challenge to its economy arises from its dependence on the sugar industry as the country's main export and major employer. The industry has been under government control since 1975 and has required subsidization since 1980 because of shrinking demand, lower prices and production problems. The Government is therefore faced with the dilemma of seeking to sustain foreign exchange earnings and employment while subsidizing an industry which no longer yields the tax revenues the sugar levy used to provide.

2. Although the 1982 growth rate of 2.2 per cent dropped precipitously by 2.4 per cent the following year, an increase in tourist arrivals, coupled with an 80 per cent rise in sugar production, brought the rate to a positive 3 per cent in 1984. The small industrial sector also expanded steadily, especially the enclave companies which cater to extra-regional markets. In 1984 the industrial sector increased its output by 9.5 per cent over the 1983 level and the trend continued in 1985. The Government supports the sector through the provision of services, concessions and the development of infrastructure.

B. National development strategies

3. The major thrust of the Government's development strategy is to diversify the economy so as to create employment and foreign exchange earning opportunities in other sectors: tourism, high-value non-traditional agriculture, and small-scale manufacturing. Given the importance of sugar to the economy, no single sector can bear the full burden of replacing the foreign exchange earning capacity and therefore the employment currently provided by sugar production. Sugar will continue to receive support together with these other sectors.

4. The loss of tax revenues from the sugar levy resulted in current account budget deficits which have been partially covered by reduced government capital expenditure. The short-term fiscal approach is to replace revenues lost by the suspension of the sugar levy and to restore revenue that was reduced by the 1980 elimination of the personal income tax. At the same time the Government will maintain austerity in its current account expenditures in order to restore a sounder level of capital expenditures. Measures to improve government finances will be combined with measures to eliminate or substantially reduce deficits in the sugar industry during the transition to agricultural diversification.

5. While diversification is imperative, sudden elimination of sugar production is not desirable. In the short term the country does not have the skills base, the experience nor the established markets necessary to move quickly into other lines of production. The net loss of jobs and foreign exchange would therefore be unacceptably high. The foundations for growth in the other sectors must be strengthened, along with government finances, while diversification gains momentum.
6. In agriculture, support will be given for the production of high value, non-traditional crops in an attempt to lessen the dependence on sugar. Groundwater resources are being developed for irrigation. Efforts are underway in both islands (St. Christopher and Nevis) to upgrade the technical expertise of small farmers and to attract enclave producers who will bring marketing skills with them.

7. There is excellent potential for the development of tourism. The country has only 740 hotel rooms at present and it is estimated that 1,200-1,400 rooms will be necessary to justify regular service by the major airlines. While overall occupancy rates are still low, peak season occupancy reached nearly 100 per cent during the 1984-85 season. This success is a result of the Government's promotion efforts. Although St. Christopher and Nevis does not have a plentiful supply of good beaches, its other attractive features, together with the pending development of the south-east peninsula area, augurs well for the future steady growth of the sector. A growth rate of 8 per cent is projected annually until 1990 for the sector.

8. Additional diversification potential exists in light manufacturing. St. Christopher and Nevis has been relatively successful in attracting private investment in enclave industry because of its open economy and stable political climate. Enclave manufacturers operate in garment and shoe production, electronics and data processing. However, the performance of these industries has been uneven and greater effort will be made to stimulate foreign and local private investment.

C. Technical co-operation priorities

9. As part of the country programming exercise initiated with the preparation of the Resident Representative's Note, UNDP assisted the Government in preparing an overall technical co-operation programme (TCP). The Government intends to mobilize to the fullest the resources available from the United Nations system and multilateral and bilateral donors to meet its technical co-operation needs. To maximize the effectiveness of the available aid flows and to provide a rational basis for the integration of technical co-operation activities in the development process, 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 the 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 at this stage 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 the Caribbean Development Bank and the World Bank in preparing the TCP 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 during the implementation of the programme in mobilizing resources from all sources.

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10. The main elements of the TCP are summarized below:

11. **Agriculture:** The major thrust is to accelerate the diversification programme with emphasis on livestock, fisheries, forestry development and training. Attempts will continue to be made to produce higher yields of sugar, along with improving the production and marketing of vegetables and other non-traditional commodities.

12. **Industry:** Training is required for the creation of cottage industries and small-scale agro-industries such as food preservation and canning. The programme will make a serious effort to involve women in the development of the sector.

13. **Tourism:** Emphasis is being placed on training and the development of additional tourist facilities.

14. **Education:** The programme emphasizes teacher training to upgrade the quality of teaching, as well as preparation to meet the increasingly important technical and vocational education needs of the country.

15. The total external finances for the TCP are estimated at SUS 3,285,000. The United States Agency for International Development (USAID), the Organization of American States (OAS), the British Development Division (BDD), the Canadian International Development Agency (CIDA), the Commonwealth Fund for Technical Co-operation (CFTC), the Food and Agriculture Organization of the United Nations (FAO) and the Pan-American Health Organization of the World Health Organization (PAHO/WHO), among other donors, have been approached for resources amounting to SUS 1,875,000. These resources added to the IPF of SUS 1,300,000 and government cost-sharing of SUS 60,000 will meet the cost of the TCP.

D. **Aid co-ordination arrangements**

16. UNDP and the United Nations agencies and organizations represented in the Eastern Caribbean, namely FAO, PAHO/WHO, the United Nations Industrial Development Organization (UNIDO), the United Nations Children's Fund (UNICEF) and the World Food Programme (WFP), work closely in co-ordinating their activities to support government development efforts. This is done through periodic meetings as well as consultations among these 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, the United Nations Fund for Population Activities (UNFPA), and UNICEF), consultations were held with these organizations, as well as the agencies represented in the Caribbean, on the form and content of the country programme. Moreover, CGCED, in which St. Christopher and Nevis participates as a beneficiary country, provides an important framework for promoting co-ordination among the various donor agencies in terms of capital investment and technical co-operation as well as the economic policy issues which are also discussed within the Group. By deciding to use the country programme as a frame of reference for external technical co-operation inputs, the Government seeks to establish a more systematic arrangement for co-ordinating technical assistance activities.
II. THE COUNTRY PROGRAMME

A. Assessment of current country programme

17. The 1982-86 country programme contributed to the country's stated objectives to (a) strengthen its institutional capacity to plan, monitor, evaluate and formulate its agricultural development programmes; (b) develop legislation to adapt the country's legal infrastructure to the sovereign status it attained in 1983; (c) improve the education sector in the areas of vocational and technical training and curriculum development; (d) train staff and improve infrastructure in the communications sector and (e) assist the St. Christopher and Nevis and Anguilla National Bank.

18. Agricultural Planning Policies and Programmes (STK/80/003) received inputs of $US 136,000 from FAO and $US 505,000 from UNDP. The project generated 32 technical studies in areas such as fisheries, forestry, meat production, irrigation, horticulture, statistics, sugar and land use. The Government intends to use these studies to contribute to its ongoing agricultural diversification programme. The project was less successful in achieving the required institutional strengthening of the Planning Unit of the Ministry of Agriculture. As difficulties were experienced in recruiting counterpart staff, heavy emphasis will be placed on the recruitment and training of such personnel in the forthcoming programme.

19. The legal expert provided under project STK/82/002 at a cost of $266,000 or 20 per cent of the IPF was instrumental in revising the country's legal structure to reflect its independence. Existing legislation was updated and new legislation introduced in areas such as civil aviation, relations with international organizations, delimitation of fisheries and maritime zones and child welfare. It is unfortunate, however, that the Government has so far been unable to recruit and retain counterpart staff to provide the necessary continuity when the expert's assignment terminates. For this reason an extension of the project into the fourth cycle is requested. In the mean time, a national who, it is hoped, will return and assume the duties of Legal Draftsman within the next two years is being trained.

20. In communications $US 53,206 was provided to train a Telecommunications Engineer (STK/81/001) and $US 129,929 met the cost of training and equipment for the government-owned radio station (STK/83/002) at a total of $US 183,135 or 13.6 per cent of the IPF.

21. The country has benefited from educational inputs under the Multi-island Education project (CAR/83/001) which has promoted and integrated technical and vocational training into the formal curriculum of the school system. A national IPF contribution of $US 56,450, 4 per cent of the total, was made to the project.

22. Assistance to the St. Christopher Nevis and Anguilla National Bank enabled the institution to improve its operational procedures and train staff. An IPF contribution of $US 41,803, 3 per cent of the national total, was made to the project.

23. In the area of health, PAHO/WHO and UNFPA have been providing assistance in the training of personnel, family planning and family life education, nutrition,
public health and maternal child health. WFP provided food aid to vulnerable
groups, hospitals and primary schools for approximately $US 600,000.

24. The Government has benefited from UNDP efforts to promote technical
cooperation among developing countries (TCDC). Officials participated in study
tours to Argentina (agriculture), Costa Rica (telecommunications) and Barbados
(TCDC promotion meeting). Additionally, Barbados provided the services of an
entomologist to advise the cotton industry in Nevis.

25. The country has also benefited from regional and interregional technical
assistance projects in water resources assessment and development, meteorology and
operational hydrology, development administration and statistics. One of the most
important of these projects has been the Caribbean Centre for Development
Administration (CARICAD) (RLA/84/004), which has provided assistance to the
Government to improve administrative and training skills and to develop a National
Training Plan. A middle-management survey was carried out to ascertain the
existing levels of education and appropriate training designed. An administrative
reform programme was initiated to implement improvements identified as critical to
the efficiency of the public services.

26. The country has also participated in other regional projects such as the
Caribbean Network for Innovation in Educational Development (CARNEID) and Science
and Technology for the Caribbean. During the fourth cycle St. Christopher and
Nevis is expected to continue to benefit from activities carried out under new
phases of some of these projects, as well as under new Caribbean regional projects
in the areas of disaster planning and management and solid waste disposal.

B. New programme proposal

27. This country programme is designed to support the Government's initiatives to
diversify agriculture, improve and update legislation and stimulate activities in
small-scale manufacturing and tourism development.

Agricultural diversification

28. The Government has requested the joint co-operation of UNDP, FAO and the
Caribbean Development Bank in designing and implementing a pilot structural
adjustment programme for the agricultural sector. Experience gained through the
exercise would be tailored to meet the requirements of other countries of the
Organization of Eastern Caribbean States (OECS) in the sector.

29. The following specific projects will be financed under the country programme:

(a) New projects

Agricultural development

30. IPF resources totalling $US 800,000 have been earmarked for an Agricultural
Development programme which constitutes an important part of the overall structural
adjustment programme. The programme will be a follow-up to Agricultural Planning

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Policies, Projects and Programmes (STK/80/003) and will emphasize higher food crop yields, including tree crops. It will also contribute to the establishment of an adequate planning and marketing infrastructure for the sector.

31. **Small farmer livestock development:** The project supports government's needs to expand the Caribbean Agricultural Rural Development and Advisory and Training Service (CARDATS) programme in the country (CAR/81/002). Technical assistance amounting to $US 100,000 will contribute to the development of satellite farms for the centralized collection of milk, the manufacture of supplementary feeds and the production of small livestock.

32. **Establishment of pest management, plant protection and propagation and plant quarantine services:** The project will seek to establish a plant pathology and entomology laboratory and to provide guidelines for the introduction of plant propagation material to support the diversification thrust. FAO has been requested to provide $US 150,000.

33. **Irrigation development:** FAO has been approached for assistance amounting to $US 7,000 for the development of reservoirs.

34. **Preparation of agricultural census and survey:** Adequate statistical information is deemed crucial to the successful development of the country's agricultural diversification programme. FAO has approved $US 50,000 for the preparation of an agricultural census and survey. UNDP will meet the cost of the actual implementation under the proposed IPF-funded Agricultural Development Programme.

35. **Establishment of a fodder bank:** The project is designed to rehabilitate pasture lands and establish improved fodder storage facilities. Special attention will be paid to the use of cane by-products as an inexpensive, high energy feed for livestock. FAO has been approached for a total of $US 60,000.

36. **Increased production of white potatoes:** The project will provide improved potato varieties, along with technical assistance in planting and cultivation methods. The sum of $US 11,000 has been requested from FAO.

(b) **Linkages**

37. Agricultural diversification efforts encompass the implementation of additional production-oriented activities to lessen dependence on sugar production. Higher levels of food production will stimulate agro-industries and will lead to the establishment of new regional and extra-regional markets. To this end, the Government expects additional contributions from related regional programmes, such as Water Resources Assessment Development (RLA/82/023). For the irrigation requirements of the agricultural diversification programme, USAID is providing assistance to stabilize gluts in agricultural areas and to prevent soil erosion under a water reserves management and soil conservation programme for the country.

38. The Government also expects UNDP support in mobilizing financial assistance from the United Nations Development Fund for Women (UNIFEM) to promote the participation of women in agriculture.
Improvement and revision of legislation

(a) Ongoing project

39. The ongoing activity described above, Legal Consultant for Legislative Drafting (STK/82/002) will continue to assist the Government to improve, revise and draft the legislation necessary to deal with the country's changed social, economic and political status. The sum of SUS 150,000 has been earmarked to extend the project through 1988.

(b) Linkages

40. USAID is providing assistance to the region under an Administration of Law project. The project, inter alia, provides training in law in regional institutions such as the University of the West Indies and has earmarked part of its budget for the printing of legislative material. It will also facilitate increased interaction among national legal departments in the region.

Cottage industry development and small-scale manufacturing

(a) New project

41. The Government will seek assistance to identify and develop viable cottage and small-scale industries and will assist entrepreneurs in the areas of management and financing, notably in handicrafts, food preservation, textiles and fish processing. Special emphasis will be given to the provision of training and viable employment opportunities for women. UNIFEM, UNICEF, UNIDO, the International Labour Organisation (ILO) and USAID will be approached to provide funding together with UNDP for a total of approximately SUS 180,000 for this purpose.

(b) Linkages

42. The industrial diversification programme is largely concentrated in the areas of garments, furniture, building materials and agro-based industries. Concomitantly, activities in marketing, export promotion, the expansion of production facilities and related services will be intensified. It is expected that UNDP assistance through related regional projects will facilitate the development of the necessary infrastructure and training. The Caribbean Project Development Facility (RLA/81/010), which assists in the preparation of private sector investment projects has identified potential for an ethanol project. Further work is necessary to obtain financing.

43. Support for this objective will be enhanced by the UNIDO Special Industrial Services (SIS) programme which the Government will seek to utilize during the fourth cycle. In addition, assistance from ILO, the United Nations Conference on Trade and Development (UNCTAD), the International Trade Centre (ITC), the Caribbean Development Bank and the United Nations Department of Technical Co-operation for Development (DTCD) will also be utilized.

/...
Tourism development

(a) New projects

44. A proposed Tourism Development project will assist in the areas of management, market and product development and training. Efforts will also be made to restore and preserve historical sites. CIDA, BDD and OAS will be approached to provide funding for a total of $US 92,000.

(b) Linkages

45. OAS and the Caribbean Tourism Research Centre (CTRC) have been contributing to the development of the sector through tourism-related studies and the formulation of regional strategies.

46. The above objectives are the main focus of the fourth cycle programme. However, in view of the serious shortage of trained manpower, there is need for line positions to be filled while nationals are being trained abroad. A sum of $US 100,000 is earmarked to permit the recruitment of United Nations Volunteers (UNVs) for this purpose. A sum of $US 50,000 has been reserved to meet the cost of additional inputs in vocational training and curriculum development.

47. The Caribbean Centre for Development Administration project (CARICAD) (RLA/84/004), will assist in the strengthening of the Public Service Training Unit and in the implementation of programme budgeting. The project, in addition, will continue to support training for the certificate in Public Administration (CPA) as an in-service middle-management programme.

C. Unprogrammed reserve

48. A sum of $US 150,000 is allocated as unprogrammed reserve.

Notes

1/ A Collective Consultative Group arrangement jointly sponsored by the World Bank, the International Monetary Fund (IMF), the Inter-American Development Bank (IDB), the Caribbean Development Bank, the Organization of American States (OAS) and UNDP.

2/ $US 100,000 carried over from third cycle plus $US 1,200,000 allocated for the fourth cycle.
# Annex

## FINANCIAL SUMMARY

### I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

#### A. UNDP-administered sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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<tr>
<td>Third cycle IPF balance</td>
<td>$100,000</td>
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<tr>
<td>Fourth cycle IPF</td>
<td>$1,200,000</td>
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<tr>
<td>Special Measures Fund for Least Developed Countries</td>
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<tr>
<td>Special programme resources</td>
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<td>Government cost-sharing</td>
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<tr>
<td>Third-party cost-sharing</td>
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<td>Operational funds under the authority of the Administrator</td>
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<tr>
<td>UNDP special trust funds</td>
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<tr>
<td>Subtotal, UNDP non-IPF funds</td>
<td>$1,300,000</td>
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</table>

#### B. Other sources

Funds from other United Nations agencies or organizations as a result of the country programme exercise:

1. Firmly committed
2. Additional funds required:
   - (FAO, PAHO/WHO, UNESCO, ILO, UNICEF, WFP, UNIDO, UNIFEM) $278,000

Parallel financing from non-United Nations sources (USAID, OAS, CIDA, CFTC, BDD):

1. Firmly committed $1,415,000
2. Additional funds required $92,000

Subtotal, other sources $1,785,000

**TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING** $3,085,000

### II. USE OF RESOURCES

<table>
<thead>
<tr>
<th>Use</th>
<th>Amount</th>
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<td>Ongoing projects</td>
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<tr>
<td>New project proposals/programme reserve</td>
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<td>Subtotal, programmed resources</td>
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<td>Unprogrammed reserve</td>
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**TOTAL USE OF RESOURCES** $3,085,000