

DRAFT

GOVERNMENT OF ST HELENA
SUSTAINABLE DEVELOPMENT PLAN
2007/08 – 2009/10

OCS
The Castle
Jamestown
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Abbreviations

ANRD	-	Agriculture and Natural Resources Department
AVEC	-	Adult and Vocational Education Council
AVES	-	Adult and Vocational Education Service
AVESC	-	Adult and Vocational Education Service Council
BoSH	-	Bank of St Helena
CoC	-	Chamber of Commerce
COPE	-	Community Opportunities for Participation in Enterprise
CVS	-	Certificate of Vocational Studies
DEPD	-	Department of Economic Development and Planning
DFID	-	Department For International Development
EC	-	European Commission
EDF	-	European Development Fund
EDF	-	Economic Diversification Fund
ESSD	-	Employment and Social Security Department
ExCo	-	Executive Council
FCO	-	Foreign and Commonwealth Office
GCSE	-	General Certificate of Secondary Education
GDP	-	Gross Domestic Product
GNP	-	Gross National Product
GIS	-	Geographic Information System
IT	-	Information Technology
LegCo	-	Legislative Council
LL&PD	-	Legal, Lands and Planning Department
NEF	-	National Economic Forum
MoV	-	Means of Verification
NGO	-	Non-Governmental Organisation
NVQ	-	National Vocational Qualification
OCS	-	Office of the Chief Secretary
OT	-	Overseas Territories
OTD	-	Overseas Territories Department
OTEP	-	Overseas Territories Environmental Programme
PAS	-	Prince Andrew School
PFM	-	Public Finance Management
PH&SSD	-	Public Health and Social Services Department
PSP	-	Sanitary and Phyto Sanitary
PW&SD	-	Public Works and Services Department
RMS	-	Royal Mail Ship
SDP	-	Sustainable Development Plan
SHAPE	-	St Helena Active Participation in Enterprise
SHDA	-	St Helena Development Agency
SHG	-	St Helena Government

SHHTA	-	St Helena Hotel and Tourism Association
TC	-	Technical Co-operation
UK	-	United Kingdom
VTAC	-	Vocational Training Advisory Council

Acknowledgements

This Sustainable Development Plan (SDP) is the product of extensive consultations with the various stakeholders in the public and private sectors and other groups and individuals. The information obtained and the views expressed during these consultations have greatly assisted in developing this SDP. The strategic objectives of this plan seek to establish the future path for St. Helena's economic and social development. The SDP 2007/08-2009/10 sets out a broad development strategy, which is supported by a vision and six strategic objectives which outlines the Government of St Helena's commitment to the redevelopment process. It is the aim of the Government of St Helena, through this SDP, to charter the territory's social and economic transformation.

Executive summary

Sustainable development plan

This sustainable development plan formulates the policy approach for moving towards sustainable development in the period leading up to the opening of the airport. The framework for the plan is drawn from best practice sustainable development and strategic planning. It is people-centred and participatory, and founded on partnership. Key to the sustainable development plan framework is the interrelatedness of economic, social, institutional and environmental issues and solutions.

Economic and social context

The socio-economic situation in St Helena is characterised by isolation, poor access, and a migration-led declining population, which is presently estimated at about 3,900 people. Levels of living have improved in recent years, but this improvement has been fuelled by UK aid and remittances. Income per capita amounted to about £3,500 and Gross National Product (GNP) per capita to £ 4,300 in 2004/05. The number of tourists has grown modestly, but is too small to have a significant impact on the economy. Other domestic production activities including agriculture, livestock, coffee and fisheries generate only limited value added. Most goods consumed are imported. Most private sector businesses are engaged in trade or services. There is vibrant activity in the housing construction sector financed by remittances. About 55 per cent of the labour force is still working in the public sector. Due to outmigration and an expanding local private sector, labour market conditions on the island have tightened, reducing unemployment to four to five per cent of the labour force and increasing wages, especially for construction workers. Inflation is slightly above that in the UK at about 4.5 per cent in 2005/06.

Since the late 1990s, the government budget has grown in spite of contracting population trends. This increase has been facilitated by an increase in grant-in-aid, from about £4.6 million in 2001/02 to £6.4 million in 2005/06. Per capita public recurrent expenditure has increased from £2,266 in 2001/02 to £2,933 in 2005/06. Over the past years there have been shifts in departmental spending which reflect changes in the social and economic reality, i.e. increased shares in spending on pensions, health care and public works, and, because of a decline in the client population, reduced shares in spending on unemployment and education.

To focus expenditure on the country's strategic objectives, there has been a move to more output-based expenditure planning based on departmental business plans. However, in practice some of the budgeting is still done on an incremental basis.

Most domestic revenue is generated by direct and indirect taxes and the sale of services. Both direct and indirect taxes show a significant upward trend reflecting rising incomes and increased spending.

The private sector consists of just over 200 private businesses most of which are small-scale and many are operated on a part-time basis. They employ close to 900 workers, including 255 part-time workers. The growth of tourism is currently constrained by poor access, the main means of access

being the Royal Mail Ship (RMS) St Helena. During the past few years the number of stay-over tourists has been around 800.

Pay increases in the public sector, wage increases in the private sector and inflows of remittances have resulted in improvements in the standard of living for most people on St Helena. The improvement of income earning opportunities has resulted in a decline in the number of unemployed receiving government support. However, the number of people receiving social security benefits has not declined and amounts to 628 persons or more than 15 per cent of the population and spending on income-related social benefits has been increasing. Most of those receiving income-related benefits are elderly people.

The education system in St Helena is characterised by low rates of utilisation of human resources and needs to be made more socially and economically viable and tailored to address more appropriately the development of human skills.

The health system is characterised by having to deal with an increasingly elderly population, a high incidence of lifestyle diseases and difficulties in retaining local qualified staff. The costs of health care on a per capita basis have doubled since the late 1990s. The increasing costs of off-island referrals have contributed significantly to the increased costs of health care.

SDP strategy

With the decision to build an airport, there is a concrete perspective on improved access. Air access will make a more viable strategy which aims to stop and reverse the population decline, invigorate private sector development (particularly in tourism), and reduce UK aid, as well as increase the efficiency of the Government.

Preparing for air access is a main theme of this SDP. Current expectations are that air access will be a reality by 2011/12. With air access the economy as well as the population is expected to grow providing a solid basis for sustainable development and reduced aid dependence. It is therefore important to start putting in place the conditions which will permit taking maximum advantage of air access and which will also minimise the costs. Improved conditions for growth will already be there during the construction phase of the airport, with scope for employment and subcontracting arrangements in construction and a variety of services, and private investment to develop tourism-related projects later on during the SDP period.

Private sector development

During the SDP period the main impetus for private sector development will be the demand generated by the construction phase of the airport project for construction and other services. In addition there is scope for attracting more tourists from the RMS, cruise ships and yachts. To realise these opportunities requires modest investments in facilities and targeted tourism marketing.

To take advantage of new economic opportunities being brought about by the construction and operation of the airport, the creation of a favourable environment for private sector development is required. A key element in promoting private sector development is the putting in place of appropriate regulatory and legislative frameworks in the form of investment and tourism policies. These policies provide for access to incentives. Access to incentives will be organised in a transparent manner. Other measures to promote private sector development include reinvigorating the outsourcing/privatisation of activities currently undertaken in the public sector. An outsourcing

programme will be designed and its implementation will be given priority. To implement an effective outsourcing programme requires addressing pension scheme and labour legislation issues. Furthermore, an effective business support programme will be implemented. This will be done through St Helena Development Agency (SHDA), in co-operation with or using existing or potential private sector providers of business support services. Key areas of support include assisting in the preparation of business plans in support of loan applications, training in entrepreneurship and business skills, and facilitating access to finance and incubator facilities. Incorporation of businesses will be promoted by reviewing income and corporation tax rates. Work will start on the modification of the company law and the drawing up of a bankruptcy law.

Inward investments are expected to make an important contribution to private sector development. Foreign investors will receive non-discriminatory treatment in terms of access to investment incentives, transparent procedures in accessing work permits and access to land.

To prepare for the acceleration in tourism growth to be expected with an operational airport, a tourism policy will be implemented, involving attracting investment in tourism facilities, improvements in tourism infrastructure and in conservation, and the establishment of new institutional arrangements to manage and co-ordinate tourism development.

Infrastructure

Improvements will be introduced in infrastructure to meet the expected increase in demand for infrastructure services. In the early stages, these investments will primarily aim at rehabilitating and improving distribution systems and selective capacity expansion, e.g. in the case of water. At a later stage more expansion in capacity will be required. To make the financing of these improvements possible there will be a move towards fuller cost recovery in the fee and charges systems. In the area of telecommunications the introduction of a broadband internet connection is a priority, as is achieving a reduction in the costs of telecommunication services. There is a need to assess whether the present arrangements for the delivery of telecommunications services should be continued. For postal services promotion of overseas stamp sales will be intensified and the efficiency in delivery of local postal services will be enhanced.

Social development

Conditions for an effectively operating **labour market** will be ameliorated by introducing labour legislation, and assessing the introduction of an island-wide pension.

The **educational system** plays a key role in preparing the population to actively participate in a dynamic economy. The education system will be reorganised. It will involve rationalisation of the primary sector to enhance educational effectiveness and improving the quality of the secondary school by retaining and attracting teachers to offer a balanced and quality curriculum. This reorganisation programme will result in an increase in the pupil-teacher ratio and therefore in cost savings. In addition an adult and vocational training service will be operational offering opportunities for upgrading skills and acquiring new skills demanded in the labour market. With an airport there is eventually an opportunity for an internationally oriented education service attracting pupils/students from abroad.

The **health care** system will be more effectively geared towards an ageing population and to providing preventative care. The present residential accommodation will be reoriented to accommodating the elderly. In addition, services for the elderly in the community will be

strengthened. Furthermore, efforts will be made to contain the spiralling costs of medical care, particularly the costs of referrals and medicines, by increasing fees and charges where feasible, and more efficient use of resources. On the output side, options regarding the coverage of publicly provided health services will be reviewed. Depending on available budgetary resources, better schemes of service will be introduced to allow retaining quality staff. Outsourcing of services presently provided by the government will be pursued. Further study will be undertaken on the financing options of health care on St Helena. Arrangements will be made with the airport contractor for the supply of health care services to construction workers. Once the airport is completed there would be scope for private sector initiatives to provide internationally oriented health care and wellness services, taking advantage of the favourable climate and environment on St Helena.

Support to the vulnerable will continue and improvements will be made in targeting the support. Better targeting will also be introduced in social housing and in support for the unemployed.

A well managed attractive and safe **environment** is key for a tourism-based development strategy. The Strategy for Action to Implement St Helena's Commitments in the framework of the Environment Charter drawn up under the UK Overseas Territories Environment Programme will be vigorously pursued and implemented. Improvements will be introduced in waste disposal and sewage. Programmes to protect and improve the natural and marine environment will be implemented. The co-ordination of environmental policies and programmes will be improved. The possibility of establishing an environmental agency will be assessed.

Public sector

Improvements in **public finance** will be achieved by building on improvements achieved in recent years in the management of expenditure, optimising revenues, rationalising the operation of government departments, better utilisation of IT, and outsourcing/privatisation. Where services remain in the public domain there will be a move to fuller cost recovery, where social considerations permit this and unless incentives are needed to promote specific activities. Departments will be encouraged to undertake reviews as has recently been carried out by ANRD, assessing their organisational structures in the light of core functions to be performed and rationalising operations where possible.

Better **governance** will be pursued by examining the scope for institutional reforms within the public sector with more empowerment and delegation of decision making. Furthermore, a human rights order will be incorporated in the constitution. To attract bona fide inward investors, they will be encouraged to have committed to an internationally accepted code of conduct.

Summary programming of proposed key actions in the SDP, 2007/08-2009/10

Strategic objective	Sector	Action	Responsible implementation body	Time schedule
Access	Air access	Selection of contractor, design work, construction	DFID OCS Access project	2007/8
	Port	Design	DEPD PW&SD	2007/08
		Study on replacement of RMS for cargo transport by sea	Access project	2007/08-2008/09
Economy	Private sector development	Implement investment policy	OCS SHDA	2007/08
		Revise tax regime	Finance Department OCS	2009/10-
		Develop policies and legislation (company law, bankruptcy law, competition regulation, financial services)	Finance Department	2008/09-
		Elimination of trade licences	Finance Department	2008/09
		Outsourcing programme development and implementation	OCS SHDA Sector departments: PW&SD ANRD PH&SSD NEF	2007/08-
		Improvement of business support services	SHDA NEF	2007/08-
	Tourism	Tourism policy	OCS SHDA Tourism Office	2007/08
		Improvement of tourism infrastructure (planning and implementation)	DEPD OCS Tourism Office ANRD PW&SD National Trust	2007/08-
		Land and maritime conservation efforts	ANRD National Trust	2007/08-
		Tourism management (agency, commissioner)	OCS Tourism Office	2008/09
		Tourism marketing	Tourism Office	2007/08-
	Agriculture	Implementation of review recommendations (consolidation, outsourcing, subsidy review)	ANRD OCS Finance Department	2007/08-2009/10

Strategic objective	Sector	Action	Responsible implementation body	Time schedule
	Fisheries	Assessment of scope of fisheries development	ANRD Fisheries Corporation	2009/10
	Land and housing	Enforcement of land control plan	LL&PD	2007/08
		Introduce policy for market-based pricing of government land for commercial and residential purposes	LL&PD OCS	2007/08- 2009/10
		Development and introduction of GIS system	LL&PD	2007/08- 2009/10
		Housing scheme development by contractors based on Half Tree model	LL&PD OCS	2007/08-
		Planning for relocation of government out of lower Jamestown	LL&PD	2008/09-
		Establishment of crown estate management function	LL&PD OCS	2007/08-
		Transparent procedures for administering foreign land ownership	LL&PD OCS	2007/08
	Labour market	Labour legislation	ESSD	2007/08- 2009/10
		Options for pension scheme development	OCS Finance Department ESSD	2008/09-
		Transparent work permits for foreigners	Immigration Board OCS	2007/08- 2008/9
	Infrastructure	Electricity distribution improvements	PW&SD DEPD	2007/08-
		Water capacity and distribution	PW&SD DEPD	2007/08-
		Road and bridges rehabilitation	PW&SD DEPD	2008/09-
		Programme to increase cost recovery for utilities	Finance Department PW&SD	2007/08- 2009/10
		Assess options for outsourcing of road and building maintenance	PW&SD OCS	2008/09-
		Assessment of public transport system	OCS	2008/09
		Review of C&W telecommunication agreement	OCS	2007/08
		Improve stamp sales abroad and reduce costs of mail	Post Office	2007/08-

		delivery		
Strategic objective	Sector	Action	Responsible implementation body	Time schedule
Social	Education	Reform primary education	Education Department	2007/08-2008/09
		Streamlining PAS	Education Department	2007/08-
		Scheme of service development	Education Department Personnel Department	2007/08
		Strengthening of AVES	Education Department	2007/08-
		Development of sports and leisure facilities at Francis Plain	Education Department	2009/10-
	Health	Reorientation of health infrastructure to cater to elderly	PH&SSD	2008/09-2009/10
		Preventative health care	PH&SSD	2007/08-
		Improvement in staff service scheme	PH&SSD Personnel Department	2007/08-2009/10
		Reducing costs of referrals	PH&SSD	2007/08-
		Study on financing of health care (Health insurance?)	PH&SSD Finance Department	2007/08-2008/09
		Outsourcing of selected inputs	PH&SSD OCS SHDA	2008/09-
		Expansion community care complex	PH&SSD	2007/08-2009/10
	Protection of vulnerable	Review of benefits and improved targeting	ESSD	2007/08-2009/10
		Social security legislation	ESSD	2009/10-
		Social housing reform (housing association?)	ESSD	2009/10-
Public sector	Public finance	Reform of taxes	Finance Department	2008/09-2009/10
		Outsourcing programme design and implementation	OCS Finance Department	2007/08-
		Moving towards increased cost recovery	Finance Department All other Departments	2007/08-
		Rationalisation of subsidies	ANRD	2007/08-
		Introduction of asset management	Finance Department	2008/09
		Change management and public sector reorganisation	OCS Personnel Department	2007/08-
		IT strategy for government	Finance Department	2008/09
		Immigration ordinance	Finance Department	2009/10

Strategic objective	Sector	Action	Responsible implementation body	Time schedule
	Environment	Waste disposal/sewage improvement	PH&SSD PW&SD	2009/10-
		Nature conservation	ANRD National Trust	2007/08-
		Environmental impact assessment of airport	DEPD Access Project	2007/08
		Establishment of environmental agency	DEPD PW&SD PH&SSD ANRD LL&PD	2009/10
	Security and emergency services	Training of staff in security, immigration and emergency services	Police Department	2007/08-
		Upgrade staff service scheme	Police Department Personnel Department	2008/09-
	Governance	Public sector institutional reform	OCS	2007/08-
		PFM improvements	Finance Department	2007/08-
		Development of anti-corruption/fraud strategy	OCS Finance Department	2007/08- 2008/09
		Introduction of human rights order in constitution	OCS LL&PD	2007/08- 2009/10

1 Introduction

St Helena is one of the UK's Overseas Territories (OT); it is situated in the South Atlantic Ocean. A location map is provided in Annex 1 and summary country data are provided in Annex 2.

The island of St Helena covers just 47 square miles and has a population of around 4,000 people. It is located 1,200 miles from the nearest accessible seaport in Namibia, Africa; some 700 miles from Ascension Island with the nearest (military) airport (itself a remote location). St Helena does not have an airport although one is now being planned and is consequently one of the most isolated places in the world. Improved access is therefore a key issue for St Helena.

The limitations of physical access have constrained sustainable development with serious adverse economic and social consequences. Increased financial dependency, economic decline, population decline and lack of private sector development represent the current baseline.

With the recent announcement of an international airport for St Helena, the island has the opportunity to develop in a sustainable manner and address the aims identified in the Strategy for St Helena.

This sustainable development plan identifies how the strategy will be delivered in the period 2007/08-2009/10 and provides the framework for development co-operation with the UK for this period. The plan has been drawn up based on the best practice sustainable development and strategic planning. It is people centred and participatory, and founded on partnership. Key to the sustainable development plan framework is the interrelatedness of economic, social, institutional and environmental issues and solutions.

The report is composed of a number of main parts including:

- a review of the present social and economic context;
- strategic issues to be addressed;
- strategies to be implemented over the SDP period;
- the financing of the SDP; and
- monitoring SDP implementation with targets and actions.

2 Economic and social context

2.1 Background

The key economic features of St Helena are its isolation, its small and declining population, and limited productive capacity. These features have created an economy with a small domestic market, limited local production and exports, high reliance on aid and a small tax base. The collapse of the flax industry in the late 1960s and the withdrawal of the Union Castle Shipping Line in the 1970's heralded a new era for St Helena, typified by reductions in private sector employment and export activity, rising outmigration and a population decline. The economy is characterised by a high cost environment as a consequence of its isolation and long distances from its suppliers. The decision to build St Helena an airport represents a monumental opportunity for St Helena's economic development prospects.

2.2 Economy

2.2.1 Macroeconomic trends

St Helena's economy is dominated by the public sector and aid flows. Government expenditure is largely funded by various forms of UK financial assistance in the form of budgetary aid, development and technical co-operation funds. The public sector dominates the economy accounting for about half of Gross Domestic Product (GDP).¹ Remittances in kind and in cash provide an important supplement to personal incomes on St Helena. Remittances grew rapidly until reaching £4.3 million in 2002/03, but declined to £2.6 million in 2005/06. One explanation for the decline is attributed to a changing pattern of outmigration. Whereas, Ascension and the Falkland Islands remain the main destinations for St Helenian migrant workers, the share of the UK has been increasing significantly and has become the primary destination for migrants who are leaving with their families. When migrants leave with their families less money is remitted back to the island.

St Helena's economy is characterised by a high import dependency, with imports of goods and services equivalent to 90 per cent of GDP. Most imports are sourced from South Africa and the UK. Exports of goods are negligible and are limited to fish and a small amount of coffee.

The overall trend in total GDP and GNP in constant prices has been one of modestly favourable growth, though growth rates have fluctuated from year to year. Between 2000/1 and 2005/06 GDP grew by an average of 1.2 per cent, though GNP declined somewhat, due to a decline in recorded

¹ Estimated as wages, salaries and social benefits paid by government as a percentage of GDP. These estimates includes some services which in most countries would be recorded separately in the national accounts, such as utilities.

remittances after 2002/03. Given the decline of St Helena's population, the growth of per capita incomes are higher than these growth figures suggest (Table 1 refers).

Due to its high import dependency St Helena's inflation rates are strongly influenced by the inflation rates of its principal trading partners, South Africa and the UK. In recent years inflation in St Helena has varied between three and five per cent per year, as compared to between two and three per cent in the UK. Fuel price increases and wage pressure for certain workers have contributed to an acceleration of inflation on St Helena over and above the UK rate. In South Africa inflation rates are about five per cent, however the depreciation of the Rand in recent years has acted to dampen the import of inflation from this source. The UK Central Bank predicts an inflation rate of around two per cent for the coming years. During the period of the SDP an inflation rate of up to three per cent is anticipated for St Helena.

Table 1. GDP and GNP by expenditure category, 1999/00-2004/05 (£1000 unless otherwise stated)

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
GDP current prices (£ 1000)	11,7512	10,143	11,594	12,734	12,498	13,585	12,622
GNP current prices (£ 1000)	14,343	13,898	16,050	18,482	17,186	17,053	15,599
GDP constant prices (2002) (£ 1000)	12,383	10,544	11,571	12,621	11,869	12,466	11,210
GNP constant prices (2002) (\$1000)	15,172	14,508	16,120	18,411	16,407	15,744	13,853
Population	4,961	4,663	4,490	4,350	4,140	4,185	4,072
Per capita GDP (£ of 2002) in £	2,496	2,261	2,577	2,901	2,867	2,979	2,753
Per capita GNP (£ of 2002) in £	3,058	3,111	3,590	4,233	3,963	3,762	3,402
GDP growth rate (constant 2002 prices) %		-14,9	9,7	9,1	-6,0	5,0	-10,1
GNP growth rate (constant 2002 prices) %		-4,4	11,1	14,2	-10,9	-4,0	-12,0
Per capita GDP growth rate (constant 2002 prices)		-9,4	14,0	12,6	-1,2	3,9	-7,6
Per capita GNP growth rate (constant 2002 prices)		1,7	15,4	17,9	-6,4	-5,1	-9,6

Source: derived from data presented in: Development and Economic Planning Department, Statistical Yearbook, 2004 and 2005.

2.2.2 Trade

Due to the limited economic activity on the island and high aid dependency the trade balance records a significant deficit with the value of imports far exceeding exports. The value of import, amounted to £6.4 million in 2004/05 measured at free on board prices. Most imports are sourced from South Africa and the UK. Exports are limited to fish, and a small amount of coffee, and were valued at £240,000 in 2004/05. Exports of fish have increased in recent years due to an increase in fishing vessel capacity. The overseas sale of stamps have increased considerably in recent years from around £20,000 per annum to £60,000 in 2005/06 and an estimated £80,000 in 2006/07. The limited number of visiting tourists recorded a total spend of about £430,000 in 2004/05 representing a contribution to GDP of 3.1 per cent.

2.2.3 Public finance overview

St Helena's public finances have experienced steady expansion since the late 1990s. Public expenditure has grown from £10.2 million in 2001/02 to £12.3 million in 2005/06. The contribution of UK budgetary aid to total government expenditure has increased from £4.6 million in 2001/2 to £6.4 million in 2005/06. Given a declining population base these trends in public expenditure imply that per capita public spending has increased. Between 2001/02 and 2005/06 per capita recurrent expenditure has increased by about 30 per cent (See Table 2).

Table 2 Realised government revenue, expenditure and budgetary aid, 2001/02-2005/06 (amounts in £1,000 unless otherwise stated)

	2001/02	2002/03	2003/04	2004/05	2005/06
Domestic revenue	5,572	5,734	5,794	5,481	6,652
Grant-in-aid	4000	4,640	5,124	5,664	6,406
Contribution from reserves	638	334			
Revenue excl shipping/TC/Capital Fund	10,210	10,708	10,918	11,145	13,058
Contribution to Capital Fund				380	
Departmental expenditure, excl shipping/TC	10,173	10,640	11,372	11,503	12,310
Grant-in-aid (plus contribution from reserves) as a % of total revenue net of shipping and TC	45.4	46.5	46.9	50.8	49.1
Budget surplus/(deficit) net of shipping and TC plus contribution to CF in 2004/05	37	68	-454	22	748
Shipping subsidy (1)	2,030	1,302	2,366	2,463	2,434
Long-term technical co-operation (2)	2,840	2,414	2,609	2,332	3,042
Population	4,490	4,350	4,140	4,185	4,072
Recurrent expenditure per capita in £ (3)	2,266	2,446	2,747	2,749	3,023
Budgetary aid per capita in £ (4)	1,033	1,143	1,238	1,353	1,573

Notes:

(1) The shipping subsidy has been included in the SHG budget since 2004/05, but has been presented separately here to maintain the comparability of the data over time.

(2) Long-term technical co-operation was included for the first time in the SHG budget in 2003/04 under development fund estimates. In 2004/05, it was fully included under departmental expenditure, but in 2005/06, only part of the expenditure on TC, £392,000, was included in the SHG budget.

(3) Recurrent expenditure net of shipping and long-term TC.

(4) Budgetary aid includes grant-in-aid, but excludes shipping and long-term TC for each year.

The largest domestic revenue source is indirect taxes, mainly customs duties, followed by income taxes, and revenues from utilities. Both indirect and direct taxes have increased since the early 2000s, direct taxes from £850,000 in 2000/01 to £1.3 million in 2005/06 and indirect taxes from close to £2 million in 2000/01 to £2.3 million in 2005/06. Revenues from utility services have also increased. These increases were to some extent offset by declines in other sources of revenue. The development budget is estimated at £ 1.7 million for 2006/7 and is almost entirely funded by the UK.

A major component of government expenditure is wages and salaries, accounting for around 38 per cent of recurrent expenditure.

Over the past few years the composition of departmental spending has shifted to reflect changes in socio-economic circumstances. There has been an increase in spending on health and pensions as the population ages, while spending on education and unemployment benefits has declined, reflecting a fall in school rolls and unemployment levels.

2.2.4 Population

The island is experiencing a sustained period of outmigration with the population steadily declining since the late 1980s. Since the last population census in 1998, the population has declined from 5,157 to about 3,927 persons as of July 2006. In the past emigration was characterised by young unaccompanied persons leaving to work on long-term contracts on Ascension and the Falkland Islands. Since Saints were awarded UK citizenship in 2002, emigration to the UK has accelerated. Migrants are motivated by higher wages and better progression prospects. The number of St Helenians living on Ascension has been estimated at 746,² while the number working in the Falkland Islands is estimated at 600. The community of St Helenians in the UK, including second and third generation descendants is estimated at about 10,000.³ Return migration is taking place by older age groups of Saints who are returning to retire on the island.

Table 3. Population estimates, 1998-2006(1)

	Birth rate per 1,000 population	Death Rate per 1,000 population	Infant mortality rate	Population
Census 1998				5,157
1998	12.1	7.8	16.5	5,057
1999	11.9	7.6	10.1	4,961
2000	11.5	8.5	3.6	4,663
2001	10.8	8.4	3.9	4,490
2002	9.9	9.9	4.3	4,357
2003	9.7	10.4	4.5	4,241
2004	9.2	10.0	5.0	4,257
2005	8.4	9.5	5.6	4,197
Jul. 2006				3,927

(1) Residential population on 31 December unless otherwise mentioned, including visitors, based on the number of reported births and deaths and data on arrivals and departures by the RMS and other vessels.

Source: Statistical Section, Development and Economic Planning Department.

2.2.5 Labour force and employment

Mirroring the decline in population the labour force has progressively declined since the late 1990s. The total labour force fell from close to 2,500 to an estimated 2,000 between 1998 and 2004 (Table 4). Outmigration has facilitated a fall in unemployment resulting in a decline in St Helena's unemployment rate from 18 per cent in 1998 to 7.5 per cent in 2004 and is currently estimated at around five per cent. The training of the long-term unemployed has also contributed to reduced unemployment. The demand for labour has, furthermore, resulted in mobilising previously inactive

² This estimate has been made available by the authorities on Ascension.

³ Atkins, St Helena Access Feasibility Study, 2005.

people to join the work force. The tightening of the labour market has resulted in shortages of skilled workers and rising real wages. In the private sector, staff shortages are apparent in the hotel sector and in the building industry. In the public sector, scarcities of teachers, nurses, engineers, police officers and other staff positions are prevalent.

The number of positions in government has declined marginally from 1,163 in 2002 to 1,142 in 2006.⁴ Public sector employment is characterised by high turnover rates, mainly due to outmigration, with vacancy rates reported to be in the region of ten per cent.

Table 4. Labour force statistics, 1998 and 2004

	1998	2004
Employed	2,037	1,813
Unemployed	342	50
Community Work Scheme	107	100
Total Labour Force	2,486	1,963
Inactive	1,428	1,356
Total	3,914	3,319

Sources: For 1998 data: The 1998 Population Census of St Helena, Statistics Office. For 2004 a number of sources were used. The employment estimate was based on an estimate of public sector employment of 1000 and private sector employment of 631 full-time and 100 part-time workers (source: Statistics Office, Private Sector Enterprise Employment Survey Report, 2004) plus 82 workers employed on the RMS. Unemployment and community employment estimates were derived from administrative records as reported in the 2004 Statistical Annual Yearbook. The population of those aged 15 or over was estimated by reducing from the population estimate of 4,257, 200 visitors and 738 persons aged under 15 years.

2.2.6 Private sector development

St Helena's private sector employs approximately 45 per cent of the employed labour force and is largely dominated by small and micro businesses, in retail trading, with small numbers engaged in the transport, construction, and fisheries sectors, and a limited number in the tourism sector. There are very few full-time agricultural businesses.

There are just over 200 private businesses employing close to 900 workers (Table 5). The major employer, Solomon's, which is 63 per cent owned by Government employs 200 workers. Most private businesses are very small-scale with low earnings. According to the 2004 employers survey only 15 businesses employed more than ten workers and in 2005/06 only 84 businesses were taxable.⁵

Table 5. Distribution of employment within the private sector

No. of enterprises	No. of employees	No. Full-time employees	% full-time	% part-time
218	886	631	71	29

Source: *DEPD Survey of Employers 2004*

NB Excludes employees on RMS (82) and non-commercial private sector, but includes parastatals and Solomons.

⁴ This number excludes trainees (12 in 2006).

⁵ According to data provided by the Income Tax Section in the Finance Department.

The number of private businesses have grown modestly since the mid-1990s, when there were about 190 businesses.⁶ Employment in the private sector appears to have increased slightly with full time employment in this sector increasing from 617 in 1998 to 631 in 2004.⁷

With the exception of the construction sector where remittances support house-building, and fishing which has an export market, private sector revenue is largely dependent on incomes generated in the public sector.

There is one bank operating on St Helena. The Bank of St Helena was established in 2004 when lending activities were transferred from the Government to the Bank. Out of a total loan portfolio of £3 million, only ten per cent is classified as business lending.⁸ Other loans are typically for mortgages and other personal loans. Business lending in 2005 more than doubled as compared to the previous year due to increased business activity in the construction and retail sectors. The Bank remains highly liquid with £23 million invested in government paper. The bank actively seeks clients for business lending and is increasing the range of services provided to the public and the business community, including most recently, the introduction of a chequebook and overdraft facilities.

2.2.7 Tourism

The growth of tourism has historically been constrained by access limitations. Currently access to and from the island is by sea on the RMS St Helena. During the past few years the number of stay over tourists has totalled 800. At the current time three hotels operate on the island, but their occupancy rates are very low at around ten per cent. A shift is taking place in terms of the choice of accommodation by tourists with increasing numbers staying in self-catering accommodation instead of hotels. Tourists also arrive on cruise ships, of which about 10-15 per year stop in St Helena, mainly in the summer season. The cruise ships brought in approximately 1,500 day-visitors in 2005. Another source of visitors is from yachts, of which around 170 stopped over in St Helena in 2005. Tourism revenue has been estimated at about £450,000 in 2004/05 equivalent to three per cent of GDP for that year. The arrival of air access is anticipated to provide an unprecedented boost to St Helena's tourism development prospects.

2.3 Social sectors and social welfare

2.3.1 Education

The education sector is characterised by declining school enrolment particularly at primary school level, caused by outmigration and a significant drop in the birth rate. The number of pupils attending primary and secondary schools has declined from 873 in 2002/03 to 740 in 2006/07. As a consequence, St Helena's pupil/teacher ratio has been declining and is about 8:1 at primary level and 6:1 at upper secondary level, though retaining quality teachers is also a problem. In terms of

⁶ This conclusion is based on electricity consumption statistics, which report a growth in the number of commercial consumers from about 190 in 1995 to 227 in 2005.

⁷ There are no comparable earlier employer surveys on which to base past private sector employment estimates. However, an approximation of private sector employment can be made on the basis of the 1998 population census. This census estimates total full time employment at 1617, deducting full-time employment in the public sector of around 1000, results in a full-time private sector employment estimate of 617.

⁸ This is a rough estimate as it is not easy to distinguish between personal consumption loans and business loans when persons are operating a business under a sole propriety arrangement.

educational achievement at secondary level, the percentage of grade A-C passes has increased from 28 per cent in 2000 to 50 per cent in 2005. Similarly there has been an improvement in A-Level passes from around 30 per cent in 2000 to 64 per cent in 2005. The retention of qualified teachers is, however, a problem, especially at secondary level making it difficult to offer quality education in key subjects.

The Education Department is spearheading a new initiative to establish Adult and Vocational Education Services for St Helena's adult population. Such training is particularly relevant given the migration of skilled people and the impending air access project which is likely to increase the demand for skilled workers on the island.

2.3.2 Health

St Helena has made significant improvements in key health indicators. Life expectancy is similar to levels in the UK while infant mortality rates have declined significantly from 17 per 1000 in 1995 to five at present. More recently, however, there has been a marginal reversal of health indicators, partly associated with an ageing population, but also due to a growing incidence of non-communicable lifestyle diseases, such as diabetes, hypertension and obesity. A main risk affecting the health sector is the shortage of qualified nursing staff to care for patients which in recent years has been exacerbated by outmigration. Another notable development has been the rapid increase in health care costs on the island. Per capita budgeted expenditure on health care increased from £373 to £757 between 2000/01 and 2006/07 (See Table A.3.3 in Annex 3).

A referral programme is in place for specialist treatment most of which is provided in South Africa. The costs of referrals have increased substantially in recent years.

2.3.3 Social welfare

Pay increases in the public and private sectors coupled with inflows of remittances have resulted in substantial improvements in the standard of living for most people on St Helena. Average household expenditure increased from £104 per week in 2000 to £133 in 2004, representing a 28 per cent increase.

Household survey results suggest that the percentage of households who spend less than £20 per week on a per capita basis has declined from 27 per cent to 8 per cent per cent between 2000 and 2004, implying an absolute decline in income poverty.⁹ The improvement of real incomes and employment opportunities on the island has also resulted in a decline in government spending on unemployment benefits, community employment and allowances. However, despite these positive trends, the number of people receiving assistance has not declined, and even experienced a small increase from around 600 in 2000 to 630 in 2005. This increase and upward adjustments in the benefits has resulted in an increase in the budget for social benefits from £710,000 in 2000/01 to £836,000 in 2006/07. The number of social security beneficiaries totals 873, representing 22 percent of the population. Most of the social benefit receivers are persons above 60, who have almost automatic access to income benefits. These benefits therefore function like a pension to which islanders have access whether they have lived and worked on the island or not.

⁹ Household expenditure surveys were conducted in 2000 and 2004. The results of both surveys are summarised in Statistics Office, *Mini household survey, 2004*.

3 Key strategic issues

3.1 Introduction

It is necessary to identify and recognise the key issues facing St Helena if development planning is to provide meaningful solutions. This chapter will present key issues that are impacting on the future development of St Helena.

3.2 Access

Poor access has been an important factor determining St Helena's isolation and has limited its development options. The people of St Helena, in a vote, have confirmed air access as a priority. DFID has agreed to fund the construction of an airport and procedures to recruit a contractor to build and operate the airport are well underway. The successful completion of this project is essential for supporting the development of the island.

The Jamestown port is used by the RMS and visiting cruise ships and yachts. Passengers and cargo have to embark and disembark under poor conditions. Port facilities are limited. As a result of swell conditions loading or unloading operations may be interrupted. The wharf operations and infrastructure are furthermore at risk from rock fall from the overhanging cliffs.

There is a need to assess how cargo access by sea will be ensured once the airport is completed and the RMS has been phased out.

Poor access has been a major cause for retarding the development of the island and has therefore contributed to continued outmigration and a declining population.

3.3 Retention of the population and migration

Given that the island has little in terms of natural resources, it relies strongly on its human resources for improving its welfare. As a result of limited opportunities and relatively low pay a considerable proportion of the working population has traditionally sought to improve their levels of living by working abroad. The opening up of additional employment opportunities in the UK in 2002 has strengthened this outward orientation in looking for work.

A declining population presents a substantial threat to achieving a self-sustaining viable economy, because of the small market size, labour force, and a small revenue earning base from which the Government provides essential services. Outmigration is also an important threat to the skills base and to entrepreneurial capacity as in general the most talented and entrepreneurial people are leaving the island. Furthermore, outmigration contributes to the ageing of the population as overseas workers return to retire. It is clear that an ageing population is putting an additional burden on health care and social security services. At the same time the small population of St Helena is an asset, as its rich

heritage, hospitality and laid back nature in addition to the beauty of the island are important selling factors for promoting tourism-related development.

Outmigration has put an additional burden on the society in caring for the elderly, which is being experienced by the social welfare and health care services, as the children of many of the elderly have left to work abroad.

3.4 Developing the private sector

A main constraint to private sector development is the lack of growth in demand as a result of the declining population base. Other constraints to private sector development include a legislative environment which needs modernisation and public sector dominance.

The establishment of an enabling investment climate is key to promoting local and inward investment. There are now incentives in place under a newly promulgated investment policy, which need now be effectively applied. Furthermore, the legislative environment under which companies are operating needs updating. In terms of inward investment, accessing work permits is a time consuming process, as is access to land. Successful tourism development requires effective tourism promotion and marketing, and improvements in the tourism infrastructure.

The public sector operates services that could be transferred to the private sector. An outsourcing policy was approved by ExCo in 2004. However, several obstacles have obstructed much progress. Problems relate to: i) personnel issues as employees transferring to the private business stand to lose benefits; ii) increased costs of services, because of the need to maintain an oversight function within government and the inclusion of capital costs in charges; and iii) lack of a competitive environment to stimulate innovativeness on the part of the private entrepreneur taking over the business. Questions are furthermore being raised about the capacity of the private sector to absorb outsourced/privatised services currently provided by the public sector.

3.5 Agriculture

Agricultural and livestock production have been constant or even declining in recent years. Nevertheless, substantial government resources have been allocated to support various forms of agricultural production. There is a need to identify how support can be more effectively delivered to the agricultural sector, and to rationalise and focus the support in order to maximise the benefits to be obtained. Fisheries catches vary considerably from year to year, but have shown significant increases in recent years. An issue is having sufficient fishing boat capacity to take advantage of available fishing resources in the seas around St Helena.

3.6 Land use and housing

The efficient use of land is a key factor in the development of the island. Land use is governed by a land control plan. It identifies the type of development allowed in different areas of the island, as well as the restrictions to which its use will be subject. Land sales for house-building purposes have slowed, because of high costs of linking house-building lots to utilities and the lack of access to utilities in many new areas.

An issue is whether property ownership by foreigners should be restricted in order to prevent housing development at an inappropriate scale and land prices spiralling out of reach of the local population, and what instruments should be applied to achieve this. There is a need to introduce clear and transparent procedures for the acquiring of land by foreigners.

3.7 Public finance and aid dependence

Of major concern is the Government's inability to generate sufficient revenue to finance its recurrent operations or to contribute to its capital programme, as a result of the small economic base and the lack of exploitable resources. There is scope for restructuring government operations to improve efficiency. The Government continues to provide services which are of a commercial nature and which could be transferred to the private sector. For services remaining in the government domain improved cost recovery is an important issue. Whereas, there is a genuine need to protect the vulnerable, services provided at fees and charges that only recover part of the costs constitute a subsidy to higher income groups.

The rise in public spending on civil servants' pensions clearly point to the need to address the issue of future funding of pensions.

On the revenue side there is a case for a fundamental restructuring of the tax regime to capture tax revenues from new profits generated by new economic activities, involving also a review of rates and allowances, an improvement in collection methods and computerisation of the tax records.

3.8 Utilities stretched

Because of the declining population, the capacity of some utilities is currently underutilised. The quality of utility services is, however adversely affected by the limited ability to satisfactorily maintain facilities and constraints in improving operational efficiencies. For the medium term expansion of capacity will be required to cater to increased demand derived from increased economic activity and a renewed growth of the population. To develop a sustainable infrastructural environment, fees and charges for infrastructure services will need to be reviewed in the light of moving to increased cost recovery.

A modern telecommunications infrastructure is needed for reinvigorating and transforming the economy and for empowering the population providing them with virtual access to the rest of the world. Effective use of IT will allow more control of St Helenians over tourism and investment promotion activities and the conducting of online transactions. The use of IT is furthermore needed to improve the efficiency of the Government.

3.9 Vulnerable groups

In spite of recent improvements in living conditions, there continue to be groups of vulnerable people who need special protection, including the elderly, households headed by single mothers, the disabled, the mentally handicapped and the long-term unemployed. In particular the vulnerability of older people has increased, as in many cases their children have left the island with their families and little support is coming from them. Current benefit schemes lack adequate targeting and a formal legal basis. There is, furthermore, a need to consolidate the different allowances that are being provided. Moving towards increased cost recovery will put an additional burden on the living

standards of the poor and vulnerable; this needs to be taken into account in improving the social security system.

3.10 Restructuring education

A sound education system is an essential ingredient in preparing the young people of St Helena to be meaningful citizens and to be able to successfully make a contribution in a knowledge-based economic environment. The education system in St Helena is characterised by excess capacity in school buildings at primary-level, low pupil/teacher ratios and lack of specialised teachers particularly at secondary level. As a consequence there scope for improving the utilisation of resources in education. Reforms are needed to provide pupils with a stimulating learning environment where they learn social, academic, vocational and business skills.

3.11 Lifestyle diseases and ageing population

As the population is ageing, its dependency on an effective health care system is of vital importance. The high incidence of lifestyle diseases is of increasing concern. The effectiveness of the health care system is furthermore threatened by difficulties in retaining quality staff.

A crisis is developing in caring for the elderly. The hospital elderly care-wards are full, as are the residential homes. Some 70 per cent of admissions to hospital are elderly people. Whereas the general policy is to keep in-patient numbers to a minimum whilst providing extended support in the community so that clients can be cared for in their own environment, providing care at home has become increasingly difficult in the case of many elderly, as their children have left to live and work abroad and there is nobody to care for them. The burden of the care for the elderly is exacerbated by St Helenians who have worked abroad and come to retire on the island, adding to the use of facilities and costs.

Several departments are responsible for different aspects of facilitating care at home (the Department of Employment and Social Security decides on benefits, and is responsible for providing and maintaining government housing; Public Health provides community nurses supplies home helps and carers). There is a need for better co-ordination in this area and for rationalisation of the service delivery by the different departments.

A serious problem is the retention of qualified nursing staff, as there are much better earning opportunities abroad.

A main issue with respect to public health is the cost of the system. Cost recovery is low as only nominal fees are charged for most services. Of special concern is the rising trend in numbers and costs of referrals.

3.12 Labour market development

Lifelong learning and vocational training systems will need to be introduced so that young people and adults can refresh their basic skills and learn new skills to meet the evolving demands of the labour market. The labour market is already characterised by shortages of skilled workers and increasing wages, both in the public and in the private sector. In the public sector, there are scarcities of teachers, nurses, engineers and other staff positions, which require a good deal of training. Care

will need to be taken to tailor vocational programmes to the needs of the labour market. Mechanisms are needed to link job-seekers and vacancies.

In the private sector only some of the larger companies have started introducing pension schemes for their workers and several of the other more developed companies are planning to introduce pension schemes for their workers in collaboration with Solomon's. These schemes are operated on a contributory basis. The limited access to pension schemes in the private sector is a disincentive for public sector workers to seek employment in the private sector. Similarly, there is a lack of insurance coverage in the private sector to protect workers and clients against injuries incurred in the work place.

Pay and working conditions are set out for the Government and the larger private employers. But in general employment contracts are not provided in the private sector. As a result when people become sick their pay is discontinued and they need to rely on the social welfare system for income support. There is therefore a need to introduce labour legislation to establish both employee and employer rights and protect against unfair employment terms.

3.13 Environmental risks and opportunities

The main environmental challenges in St Helena are ensuring adequate sewage, the disposal of solid waste and the protection of the natural land and maritime environment. With increased economic development and increased numbers of visitors the fragile environment of the island will come under additional threat. The various environmental protection services are implemented by a fragmented institutional infrastructure which is also pursuing other priorities. Effective co-ordination is a problem. Internationally agreed commitments to improving the environment have been made and will need a concerted approach to implementation. There are considerable opportunities which will result from improving environmental management, capitalising on its natural assets, especially its biodiversity for nature tourism.

3.14 Territorial security and emergency services delivery capacity

The capacity to provide effective security and emergency services is seriously hampered by difficulties in retaining quality staff, as the police department has been faced with very high attrition rates over the past years. With an operating airport the demands in terms of quality police, immigration and fire rescue services will increase substantially and there is a significant need to enhance capacity in these areas.

3.15 Governance and pfm

St Helena has made considerable progress in introducing participatory approaches in the formulation of policies and in its administrative processes. An important issue is the rationalisation of processes in administrative and accounting procedures, delegation of decision-making authority and amalgamation of bodies performing similar functions.

4 Sustainable development strategy

4.1 Introduction

The sustainable development strategy for the period 2007/08-2009/10 seeks to strengthen and consolidate, in a medium-term framework, the development of St Helena into a tourism-led economy. This goal is underpinned by a broad vision statement and six key national strategic objectives formulated through intensive consultations with stakeholders.

4.2 Vision and strategic objectives

The Strategy for St Helena published in 2005 identified the vision for St Helena and the main tasks necessary for it to be realised. The Vision for St Helena is

“a prosperous, peaceful and democratic society for all through sustainable economic, environmental and social development leading to a healthy and eventually a financially independent St Helena.”

The realisation of the Vision in turn was underpinned by the delivery of six priority National Strategic Objectives and seven other objectives developed through consultation and analysis.

The six key strategic objectives are further broken down into sub-strategic objectives, which explain the strategic objectives in more detail.

Strategic objective one

Improved Access.

Sub-strategic objectives

- Realise air access.
- Improve access by sea.

Strategic objective two

Improve the Standard of Education for the People of St Helena.

Sub-strategic objective:

- Develop an education system that prepares the population for living in a more open environment and a globally oriented economy.
- Rationalise primary education to produce a socially and a sustainable primary education system
- Improve quality and coverage of secondary education.
- Introduce adult and vocational education and training.

Strategic objective three

Development of a Sustainable and Vibrant Economy to the Benefit of St Helena.

Sub-strategic objective

- Promoting the development of the local business sector.
- Developing and promoting policies and mechanisms to boost effective demand for goods and services provided by St Helenian businesses.
- Promoting local and foreign investment that is consistent with the vision of the future St Helena.
- Promoting sound fiscal policy to improve productivity and efficiency in the public sector and to reduce dependency on aid.
- Promoting and supporting policies and activities that leads to employment, self employment and expansion of the small and micro business sectors.
- Promoting the development of the skills and capacity base of the labour force.

Strategic objective four

Develop a Healthy Community in a Well-Managed Environment.

Sub-strategic objectives

- Providing an effective health care system focusing on preventative health care and care for the elderly.
- Promoting security and protection for poor, vulnerable and marginalised groups especially through targeted social welfare provision and community care.
- Facilitating access to housing through appropriate land use and housing development.
- Ensuring the sustainable management and use of natural resources and the environment.
- Protecting St Helena's cultural and natural heritage.
- Protecting, conserving and making sustainable use of bio-diversity, energy and natural resources;
- Informing on environmental issues through training and awareness campaigns to ensure effective participation in environmental decision making and promote best practice by individuals and business.
- Preventing and controlling pollution and managing waste and implementing environmental health strategies.
- Developing emergency services, disaster management and preparing for effective territorial security in anticipation of the airport.

Strategic objective five

Promote and Develop a Sustainable Workforce.

Sub-strategic objectives

- Improving the skills base of the work force by strengthening adult and vocational education and training
- Promoting a well-functioning labour market providing workers with appropriate protection.
- Promoting the creation of productive employment opportunities in the public and private sectors.

Strategic objective six

Continue to Develop and Establish the Democratic and Human Rights and Self-Determination of the People of St Helena.

Sub-strategic objectives:

- Engaging in the constructive review of the constitution and recommending appropriate changes to the UK Government.

- Reviewing current legislation to ensure that it is appropriate and consistent with principles of good governance.
- Ensuring protection of human rights.
- Improving and strengthening systems, management capacity and human resource development in the public sector to ensure effectiveness, efficiency and sustainability.
- Maintaining a strong democratic process in the administration of St Helena's development and ensure that the rule of law is upheld.
- Ensuring that civil society is fully involved and informed about genuine participatory processes which are introduced and maintained at all levels in the development process.
- Promoting and strengthening participatory processes for policy programmes and project development.

4.3 Achieving sustainable development

The socio-economic situation in St Helena is characterised by

- isolation and poor access
- migration-led declining population

Whereas levels of living have improved, these have been fuelled by UK aid and remittances from St Helenians working off-shore.

With the decision to build an airport, there is a concrete perspective on improved access. Air access will make more viable strategy which aims to stop and reverse the population decline, invigorate private sector development (particularly in tourism), increase the efficiency of the Government and reduce UK aid.

Preparing for air access is an important theme of this SDP. It is currently expected that air access will be a reality by the year 2012. With this access the economy, as well as the population, is expected to grow providing a solid basis for sustainable development and reduced aid dependence. It is, therefore, important to start putting in place the conditions which will permit taking maximum advantage of air access and which will also minimise the costs. These conditions will include putting in place appropriate regulatory and legislative frameworks, as well as the required physical and social infrastructure. At present the regulatory and legislative infrastructure for investors is subject to a considerable lack of transparency and uncertainty. In developing the economy the private sector is expected to play a leading role. In this context stimulation of local businesses opening up to inward investment and privatisation of public services should be central elements of a new strategy. Similarly, where services remain in the public domain their costs should become clear and cost recovery should be aimed at as much as possible. The educational system plays a key role in preparing the people to actively participate in a dynamic economy. This involves rationalisation of the education system and providing opportunities to adults to upgrade their skills. An effective social safety net should take care of those who are not in a position to benefit from a developing economy. Furthermore, care will be taken to protect the environment, so that the natural assets of the island can add to its attraction as a destination for nature tourism.

The people's participation in the formulation and implementation of the SDP is envisaged through its representative bodies, LegCo and ExCo, the representative organisations of the private sector, and Non-Governmental Organisation (NGOs). St Helenians will, furthermore, participate by making

investments, starting projects, acquiring and applying skills, and seeking co-operation with partners abroad.

4.4 Priorities and strategies

This integrated strategy will concentrate on the following key priority areas that will be the impetus for bringing about the social and economic transformation of the economy with air access.

The economy

4.4.1 Access

Air access

The key programme towards achieving improved access, the construction of the airport will start during the SDP period, 2007/08-2009/10. The airport will be located on Prosperous Bay Plain on the eastern side of the island. The airport will be operated on a design, build operate and transfer basis (DBOT). It is expected that flights will take place to Johannesburg or Cape Town in South Africa. However, flights to and from the UK could also be undertaken. The airport will allow flights by Boeing 737-700 and 737-800 planes. During the SDP period, the contracting procedures with contractors will be completed and work on the design will be undertaken, followed by the start of the construction work. Furthermore, an airline will be contracted for the carrying out of a scheduled flight service.

With air access, the number of travellers to St Helena is projected to increase significantly (Table 13). Within 15 years of opening the airport visitor arrivals are projected to rise to 25,000 per year and eventually after 40 years to close to 60,000. Passengers will include tourists, but it is also envisaged that St Helenians working and living overseas will visit the island more frequently. The resident population is projected to increase as it is expected that St Helenians will be attracted back to the island once more remunerative employment opportunities open up.

Table 13. Population and visitor projections, 2006-2024, (Based on airport opening in 2012)

	Population	Saints Visiting	Peak Saint Visitors (1)	Tourists	Peak Tourist Visitors (2)	Max.population
2006	4,130	1,560	180	593	34	4,344
2010	4,210	1,560	180	720	42	4,432
2012	4,270	5,530	638	1,493	86	4,994
2015	4,520	5,807	670	3,984	230	5,420
2020	5,270	7,727	892	11,149	643	6,805
2024	6,150	9,664	1,115	19,500	1,125	8,390

1: Average stay of three weeks and peak is twice the average number staying.

2: Average stay of one week and peak is three times the average number staying one week.

Source: Air Access Project

The construction of the airport will involve expanding and upgrading the port at Rupert's Bay. This port will be used to unload materials and equipment needed for the construction of the airport. The

port improvement works will include building a jetty, storage areas and facilities and installing a crane for unloading ships. A special road will be built to connect the port with the airport site.

The construction will have an important impact on economic activity in the island as local expenditure by engineers and production workers engaged by the contractor will result in demand for consumer goods and services, local transportation, hotels, catering services, sports and entertainment facilities. There will also be scope for local companies to sub-contract for construction work.

Port development

Virtually simultaneous with the construction of the airport, substantial investments will be made in improving the Jamestown wharf. For this project funding has been secured from the European Commission (EC) from the 9th European Development Fund (EDF). The project will include: rockfall protection works and improving wharf operations by extension of the wharf surface; construction of a rescue boat shed and ramp; a customs/passenger terminal; examination of means and ways of providing a safe landing area for passengers; and the procurement of cargo-handling equipment. It is expected that during the SDP period the design work and most of the construction works will be completed for this project.

Further investigations will be undertaken on the future role of the two ports of Jamestown and Rupert's Bay in terms of handling goods and visitors (from cruise ship passengers and visiting yachts). Options will be investigated regarding ensuring continued sea access at competitive costs for the shipment of cargo to the island after the airport is completed and the RMS has been phased out.

4.4.2 Private sector development

An important precondition for an increase in St Helena's GDP is the creation of the enabling environment that will allow for increased private sector participation in the national economy. The objective is to reduce Government's ownership of resources and intervention in sectors. This goal is intended to reduce the high and unsustainable levels of fiscal deficit and the dependence on budgetary aid that now exists.

Prospects

During the SDP period, private sector development will be fuelled by increased construction activity and tourism. With respect to construction there will continue to be activity in house-building and renovation fuelled by remittances. With the start of construction of the airport, there is scope for subcontracting arrangements engaging local contractors in the airport construction itself as well as in building the necessary auxiliary infrastructure (workshops, accommodation for workers, canteens, etc. The airport construction phase will also result in an increase in retail activity, local transport and services. Moreover, private sector investments in tourism and wider service sectors will start in the course of the SDP period. There is furthermore scope to generate demand for private sector growth by attracting more tourists on the RMS, as well as from yachts and cruise ships.

In supporting private sector development, the focus during the SDP period will be on improving the enabling environment. In order to create an enabling environment for private sector development, it is necessary to identify the issues that are relevant for the provision of this framework. These include:

- improving the investment climate;
- accelerating outsourcing/privatisation;
- the improvement of business support services;

- targeted tourism marketing and actively searching of business opportunities related to the large planned investment projects.

Investment climate

The establishment of an enabling investment climate is key to promoting local and inward investment. Improving the investment climate will involve:

- applying a transparent regime of investment incentives for both foreign and local investors, as has been formulated in the recently adopted investment policy and for which application and approval procedures have been drawn up;
- amending the tax regime to become more conducive to business development and formalisation of companies, to which end the tax regime will be reviewed;
- improving the legislative environment by updating the company act, introducing a bankruptcy law and a regulatory framework to enforce competition;
- phasing out of the trade licences to reduce uncertainties in the business licensing process;
- improving access to qualified and skilled workers by rationalising the education system and introducing a vocational training programme;
- improving the quality of utilities;
- transparent procedures to ensure access to land for both domestic and inward investors; and
- transparent work permit procedures for inward investors.

Outsourcing

Internationally, the trend in recent decades has been to shift the responsibility for service delivery to the private sector. Strengthened outsourcing/privatisation efforts will provide an important boost to private sector development. It is understood that outsourcing would be facilitated by the presence of equitable pension arrangements and labour protected by labour legislation. The implementation of the outsourcing programme will proceed in anticipation of these issues being resolved satisfactorily. In reinvigorating the outsourcing privatisation programme significant lessons can be learned from the previous experiences and a best practices methodology may be derived from these experiences.

Adequate contractual and monitoring arrangements will be made to ensure that minimum standards for competitive practices are met. It is planned to draw up a new outsourcing policy and programme during the early SDP period, identifying activities to be outsourced/privatised, outlining the process and developing contract formats. A framework will be established to monitor the outsourced activities.

Business support services

The SHDA has been established to support private sector development; it is part-funded by DFID as a project. SHDA is responsible for providing business support services and inward investment promotion. Business support services will focus on:

- assisting start ups and existing businesses with the preparation of business plans and the provision of accounting services;
- training in entrepreneurship and business skills;
- facilitating access to loan funds for more risky projects and support in meeting collateral requirements;
- supporting the outsourcing process;
- developing and implementing inward investment promotion activities in collaboration with the island's overseas representatives in the UK and South Africa; and
- providing one-stop shop functions to inward investors.

In providing business support services use will be made of private sector providers where available and an appropriate charges policy will be applied for the services provided. Capacity building of private sector business support service providers is an important SHDA task.

There are a large number of public bodies involved in regulating private sector businesses. Where inspections are required, such as in the case of SPS standards and other health and safety standards, these will be carried out with a view to minimising the burden on the businesses concerned and where there are shortcomings in meeting standards the inspection bodies will work closely with the private sector entity concerned in achieving compliance. Also other agencies which are involved in regulating the private sector will adopt a business friendly and constructive approach in their contacts with the private sector. In general the policy approach of public sector agencies *vis-a-vis* the private sector will change from being control and regulatory oriented to one of facilitation and promotion.

The National Economic Forum (NEF) and private sector representative organisations such as the Chamber of Commerce, the Hotel and Tourism Association, the Builders Association, and Farmers and Fisheries Associations play an important role as an interface between the public and private sector in promoting economic and private sector development. These organisations will be intensively involved in developing policies and programmes affecting private sector development.

4.4.3 Tourism

With air access tourism is expected to be the main sector for private sector-led growth, opening up significant business and employment opportunities in a wide range of tourism-related activities. Foreign investment is expected to contribute significantly to the development of this sector by investments in modern accommodation and innovative attractions. Investments in these activities can be expected to accelerate once airport construction starts.

During the SDP period before air access is realised the main options for attracting more tourists are optimising the RMS schedule and increasing its capacity utilisation. Efforts will also be made to attract more cruise ship passengers. In this context landing facilities at the wharf will be improved making it easier for cruise ships to land passengers. It may also be possible to attract more yachts that will require improving mooring, laundry and shower facilities at the wharf. Focussed tourism marketing aimed at attracting more cruise ships and yachts will be undertaken. Furthermore, investment in developing tourist attractions (land-based attractions, sea fishing, scuba diving, etc.) will be promoted. During the SDP period a growth of five percent per year is projected in the number of tourists with slightly higher growth in consumer spending as local businesses become able to provide more goods and services demanded by tourists.

Available projections indicate that after the completion of the airport there will be substantial growth in tourism, tourism spending and tourism-related employment. According to these projections the total number of airline passengers arriving in the island five years after the opening of the airport will number about 10,000 per annum.

The type of tourism which is considered viable according to a recently completed Tourism Strategy study is nature-based with outdoor attractions in terms of hiking and marine oriented activities.¹⁰ Added attractions are strong and distinctive culture and heritage features, based on St Helena's

¹⁰Kelly and Robinson Tourism Consultants, St Helena Tourism Strategy, 2005-2015, March 2006

general history; particular attractions are the Napoleonic heritage, and for South Africans the Boer internment heritage. A high degree of security is another attraction. The type of tourists which will be interested include well-to-do tourists of middle age or older tourists.

To promote investments in the tourism sector in the longer term the Government has adopted a tourism policy based on the Tourism Strategy report. The implementation of this policy will be an important part of tourism development activities during the SDP period. The main elements of the tourism policy are shown below.

- The Government welcomes investment in environmentally sensitive tourism infrastructure through a favourable investment climate, which involves clear procedures for acquiring and using land and buildings, and sympathetic treatment of immigrant and work permit applications. There is scope for attracting one or two up-market hotels as well as boutique hotels and guest houses. It projects the need for 250 rooms by 2015. Proposals for residential tourism through villa developments could be considered. A number of properties have been identified which can be used for up-market guest houses and boutique hotels. In negotiating with international investors interested in establishing a hotel in St Helena, negotiations will aim to maximise benefits for the island in terms of employment, training, retaining other value added and use of utilities and local goods and services.
- Enhancing standards of products and services of the tourism industry, involving among other things, a grading programme for accommodation and training in tourism skills.
- The policy encourages involvement of St Helenians in tourism development through setting up tourism-related businesses, and direct employment in tourism businesses.

The policy also recommends:

- improvement of the tourism infrastructure, including historic buildings and trails - plans will be developed for further development of a tourism friendly infrastructure;
- strengthening of the land and maritime nature conservation programmes;
- targeted tourism marketing to be carried out by the Tourism Office in collaboration with the overseas representatives in the UK and South Africa;
- upgrading of the St Helena tourism web site.

For the effective co-ordination of the implementation of the tourism policy adequate institutional arrangements will be made. It will be considered to appoint a tourism commissioner to act as the driving force to implement the different components of the tourism policy. A Tourism Agency into which the Tourism Office will be integrated will be established. A Tourism Agency would provide strategic, organisational, developmental and marketing support for tourism, while the Tourism Office will provide information to tourists in Jamestown and respond to tourism-related enquiries from abroad.

A new Draft Land Development Control Plan governs the use of land in different areas of the island, According to this plan the construction of tourism-related facilities will be permitted in selected areas, though, especially in sensitive areas (the Green Heart and the Coastal Zone) the building of facilities will be subject to strict building and environmental codes.

4.4.4 Agriculture

There is scope to enhance and diversify agricultural production and increase the share of domestically produced agricultural products in consumption. Moreover, with tourism development the demand for locally grown products will increase. In order to promote agricultural production, the

ANRD will focus on its core responsibility of providing advisory and key supporting services to farmers in particular in agricultural crop production and livestock to assist them in improving productivity, introducing innovative technologies and product diversification. As such it is an integral part of the support services for private sector development on St Helena.

To strengthen its advisory services, the ANRD plans to rationalize its service delivery by:

- consolidation of services and sections in order to offer an integrated advisory service to farmers;
- reviewing its agricultural land leasing policies;
- reviewing its wage and irrigation subsidies with the aim of targeting these subsidies to key bottlenecks and to support the introduction of innovative products and technologies;
- strengthening the multi-purpose function of forestry in terms of a resource for conservation, tourism and production;
- contracting the outsourcing/privatisation of non-core functions (e.g. forestry maintenance, the sawmill, firewood collection, and poultry breeding);
- transferring its irrigation resources and services to PW&SD; and
- increased cost recovery for services that will continue to be provided.

In the field of fisheries, the Fisheries Directorate will focus on monitoring the exploitation of marine resources and on ensuring maritime environmental protection. A Marine Management Plan will be developed. Furthermore, there is scope for expansion of fish catches and an assessment will be made of the options for promoting the expansion of fishing boat capacity in St Helena.

4.4.5 Land and housing

Air access is likely to have a significant impact on the property market, pushing up land and house prices as the interest in acquiring property on the island increases. The land and housing policy to be applied will involve the following.

- Enforcing a new Land Development Control Plan which governs the use of land on the island. This plan incorporates recommendations of a recent Harvard report on land use.¹¹ Three zones are being identified (coastal, intermediate and the green heartland); housing is to be concentrated in the intermediate zone. In order to promote more efficient use of land the development of housing on smaller land plots will be promoted.
- The Government being the main source of land for housing development will move towards commercial pricing for the land it is selling or leasing. It is projected that over the next ten years some 600 land plots for housing development will come onto the market, of which some 65 percent will be government land and the remaining 35 percent private land.
- A GIS system is being developed and will be introduced to facilitate land use planning and administration, as well as to improve cadastral registration of land ownership. Co-operation with other bodies is envisaged to enter various physical features in the GIS system, such as infrastructure facilities, schools, health and community facilities, tourism facilities, agricultural and environmental data, and population information.
- Facilitating housing development by improving infrastructure service delivery coupled with increased cost recovery in operating these services.
- Involving private contractors in developing housing schemes, where the contractors also prepare the land for house building by providing the necessary infrastructure (access, electricity, water, sewage) for on-selling plots, with or without housing units to the public.

¹¹ ARS Ltd, Land Use, Draft Report, 2006.

- In terms of social housing criteria will be developed to screen applicants for social housing. In the medium term the scope of divesting social housing to the private sector will be considered, possibly by establishing housing associations. In that case a rental subsidy could be included in the social benefit scheme for those who cannot afford to pay increased accommodation rental costs.

As a component of the development strategy for lower Jamestown, the Government will assess options for relocating government offices from key historic buildings for lease or sale to the private sector for operating tourism-related shops or businesses and to house these government offices in existing buildings elsewhere on the island, such as schools that will be vacated in the context of the reorganisation of primary education.

In order to improve the management of government real estate, including land and buildings it is planned to establish a crown estate management function. In preparation for the establishment of such a function co-operation between different Departments involved in managing and maintaining land and buildings will be strengthened, involving, LL&PD, ANRD, OCS, PW&SD and the Personnel Department.

The policy on real estate ownership by foreigners is being reviewed. A transparent process for acquisition of land by foreigners will be introduced. To protect the local population from excessive price increases for land, options will be considered based on experiences elsewhere where local governments have applied measures to protect the local populations in naturally attractive areas from land price inflation caused by outsiders buying properties.

4.4.6 Labour market

To promote the participation of St Helenians in the building and operation of the new airport and in associated economic development, the education strategy for St Helena involves the implementation of an adult and vocational education service (AVES), which aims at providing vocational education in a lifelong learning context.

Other measures to promote a well functioning labour market include the following.

- Improving the protection of workers by preparing for the introduction of labour legislation. This legislation will establish both employee and employer rights and protect against unfair employment terms. Such legislation will regulate such rights as the right to a contract of employment which sets out pay and conditions; right to redundancy entitlements; organised and collective bargaining; and other basic employment rights.
- Ensuring implementation of existing health and safety regulations in the work place and promoting insurance coverage in the private sector to protect employees and clients against injury and harm.
- Developing incentives for public sector workers to seek employment in the private sector.
- Assessing the scope for introducing a territory-wide contributory pension scheme and start with developing its implementation.
- Implementing a transparent work permit application process for foreign workers.
- Applying a proactive approach in involving St Helenian workers in the construction of the airport and other major investment projects by seeking contact with contractors at an early stage to determine their labour and skill requirements and in seeking the involvement of AVES in upgrading and training of workers for employment on these construction projects.

- Cost effective retraining of the unemployed in order to improve their chances of finding work.

4.4.7 Infrastructure

The construction and operation of the airport will have significant implications for the demand for utilities and infrastructure. The airport will fuel activities in the rest of the economy increasing the demand for utility services. An infrastructure review has been undertaken to assess the need for investments in infrastructure over the next 20 years, based on likely developments in demand. According to the review the general thrust of infrastructure investments during the SDP period should be to bring the existing infrastructure up to sustainable maintenance standards. In this context the following actions are planned:

- In the case of electricity, investments will be undertaken in distribution systems to extend the network where new localities are being developed and need to be connected to the electricity grid. Furthermore, investments are planned in increasing the share of renewable power generation, especially wind energy. In the medium-term there is scope for improving efficiencies in production and organisation. Incentives will be put in place to attract and retain qualified staff.
- In the case of water and sewage in the short-term infrastructure improvements will involve rehabilitation and improving the efficiency of existing infrastructure, as well as local improvements in capacity.
- A programme for road and bridges rehabilitation will be started, and improvements are planned in the management of the maintenance of the road transport infrastructure.
- A particular constraint to maintaining infrastructure facilities is the difficulty in retaining qualified manpower. This problem will be addressed by improving training, upgrading employment conditions and selected outsourcing of maintenance services. With respect to training collaboration with AVES will be strengthened in developing and implementing appropriate technical skills training programmes. Furthermore, road and building maintenance will be organised on a more systematic basis, based on a survey of conditions of roads and buildings.
- Developing a programme of outsourcing services, such as the stores, maintenance of roads and buildings, transport services, as well as the energy and water supply services. In the case of electricity a move towards establishing a more independent authority may precede privatisation.

To facilitate the funding of investments in infrastructure increased cost recovery will be important. In this context fees and charges policies for infrastructure services will be reviewed to cover an increasing share of the costs including capital costs and overheads. Options will be examined to make the electricity authority more independent in preparation for possible privatisation.

The island will benefit from a robust public transport system which should also cater for the transport needs of civil servants. The schedule should be adaptable allowing better utilisation of the flexible work scheme which has been put in place by the Government. A study will be undertaken on the public transportation system, examining the scope for extending its coverage, and whether and in what form subsidies should be continued.

4.4.8 Communications and IT

An essential condition for developing a more modern economy is to have a modern and low cost telecommunications infrastructure. Cable and Wireless is intending to introduce broadband internet. A fast internet connection is important to improve links between the island and the rest of the world

and to facilitate doing business with partners in other countries. Internet and IT in general will also be used to improve the efficiency of government. As with the contract with Cable and Wireless on the provision of telecommunication services comes to an end in 2012, an assessment will be made of the options regarding accessing telecommunications beyond that year. To develop IT skills IT education will be strengthened in the education system and in the AVES programme.

With regard to postal services, the Post Office aims at strengthening the promotion of stamp sales abroad through the use of internet technology. It also aims at improving the efficiency of mail processing and delivery and enhancing the extent of cost recovery.

Social sector

4.4.9 Education

Education plays a key role in developing young people as good and responsible citizens and in developing a human resources base which can take advantage of the opportunities provided by enhanced economic development to be brought about by air access. Modern economic development is increasingly knowledge-based and therefore demands a highly educated and trained work force. The education strategy recently formulated in its Vision and Plan for Services and Activities aims at providing a high quality education and training service that is cost-effective and meets the needs of individuals and the island. It targets improving efficiency and the quality of education, particularly at secondary level and involves the following main initiatives.

- To reform the primary education system based on principles of educational and social viability, involving amalgamating primary education in fewer primary schools making more efficient use of teaching staff and buildings, and to allow these schools to be run more autonomously in managing and monitoring their own budgets.
- A more streamlined Prince Andrew school with a balanced core curriculum and a reasonable variety of optional courses, improved vocational certification, and maintaining economically viable pupil-teacher ratios.
- Developing a scheme of service for teachers that facilitates career development, professional development, performance management and an improved salary package, which will facilitate retaining high quality teachers.
- The introduction of an adult and vocational education service which aims at providing vocational education in a lifelong learning context. It specifically aims at promoting the participation of St Helenians in the building and operation of the new airport and in associated economic development, particularly in the tourism sector. Adult education is envisaged in areas of general education, as well as business-related education, and skills training. Use will be made of existing facilities and co-operation will be sought with other agencies involved in training. Also a charging policy aiming to recover part of the costs of the programme will be applied. As part of the establishment of AVES, the revitalisation of the Vocational Training Advisory Council into the Adult and Vocational Education Scheme Council (AVESC) is envisaged. This Council will have representatives of the public and private sectors and will make recommendations on vocational education priorities and monitor the AVES. The AVES training programmes will result in accredited and recognised skill certification.
- In implementing an effective vocational training system there will be increased co-operation with the potential clients of the system, including the private sector and other government departments in meeting their training needs.

Teacher education will be based in schools, planned and integrated very closely with in-service education across the Department, co-ordinated and monitored by a training officer.

A longer-term option of educational development is the attraction of an international school to provide either general or specialised education. At secondary level, students from abroad could be attracted to attend a revamped Prince Andrew school. In the Caribbean several of the smaller islands, including Grenada and Montserrat have attracted international schools.

Sport and leisure facilities at Francis Plain will be developed as a community resource as part of a modern infrastructure for tourism. The development of sport, health and leisure activities will be part of the AVES Programme and are in line with the healthy living initiatives by the Public Health Department.

4.4.10 Health care

Eight principles for health and social care have been set out by the Public Health and Social Services Department.

- Promote education prevention and health awareness,
- Improve patient information and involvement,
- Achieve good patient experience in all services,
- Support self-management and independence,
- Provide care at home wherever possible,
- Provide a wide range of care on island,
- Assure best practice and high quality care,
- Use all resources effectively.

Another key principle includes: ‘change, not more’ – developments must be appropriate, realistic and sustainable, making the most efficient use of resources. Furthermore services should be based on recognised standards to ensure consistency and quality. In general, the health strategy involves gearing the health care system more effectively towards dealing with an ageing population, to providing preventative care and to contain the costs of health care.

The health strategy for the coming years will involve the following.

- Reorientation of the present residential accommodations to meet the increasing need of providing residential health care to the elderly.
- Emphasis on preventative health care, involving cross-department co-ordination in developing preventative programmes and involvement of community groups, as well as awareness-raising programmes implemented through the clinics on the island.
- Improvements are planned in the staff service scheme in order to be able to retain qualified staff, including increasing the number of grades and increments within them, reducing constraints in recruitment procedures, and distance learning. The realisation of these improvements will dependent on the availability of budgetary resources. For the longer term an assessment of health skills needed on island will be carried out, in particular examining the balance between the need for generic ‘care’ staff working in the community and more qualified nurses to work in the hospital and in delivery of primary care health services.

- To mitigate the rising costs of referrals investments in cost-minimising measures will be undertaken.¹² It is clear that the planned airport will improve the accessibility of visiting specialists and the ease of referrals off-island. Further assessment is needed on whether advantage can be taken of air access in terms of reducing the costs of health services.

Substantial emphasis will be put on improving efficiency in service delivery and improved cost recovery. To this end the full costs of providing each service have been determined. Charges and fees will be gradually increased to move towards increased cost recovery, especially for those who can afford to pay. Furthermore, the outsourcing of some of the services used in the public health care system (such as catering, washing and cleaning) will be considered. Such outsourcing will become more feasible as a wider market for such services develops, such as the tourism market, once the airport is completed.

However, other options will need to be considered to contain the spiralling costs of health care and to enhance its sustainability, including defining a range of services to be covered through public provision. Further study will be needed on the financing options of health care on St Helena, taking into account international experiences in other small economies. In this context, it will be examined how Saint Helenians working abroad will be encouraged to participate in any health insurance arrangement in order to be able to access health services under the same conditions as local St Helenians once they return to live on the island.

Arrangements will be made with the airport contractor for the supply of health care services to construction workers.

Once the airport is completed there will be scope for private sector initiatives to provide internationally oriented health care and wellness services, taking advantage of the favourable climate and environment on St Helena, possibly in combination with a medical college.

4.4.11 Protection of the vulnerable

Social safety net programmes protecting the vulnerable in the society will continue to be implemented. In the light of limited resources there will be increased emphasis on the proper targeting of these programmes to ensure that they reach the most vulnerable. The need for putting in place a legal base to facilitate effective targeting will be examined. Targeting will involve proper screening on entry into the programme and regular monitoring of beneficiaries. A study will be conducted on the most appropriate form of the benefit system in terms of allowances, access criteria and screening and monitoring procedures. It will be ensured that social benefits for the poor will provide adequate protection against the adverse impact on purchasing power of moving towards increased cost recovery for services which are currently subsidised.

There will be increased co-ordination between the ESSD and other Departments in providing social welfare programmes, particularly the Department of Education, which provides allowances to pupils enrolled in grade 11 and provides training for the unemployed, and the Department of Health and

¹² Lasse Christian Nielssen, Cost-effective Delivery of Specialist Medical Services to the St. Helena Population - Review of Options - Draft Recommendations, DFID Health Resource Centre, September 2006.

Social Services, which also has extensive programmes caring for the elderly and also operates a social benefit programme.

Improved targeting will also be applied to social housing. It is expected that establishing clear criteria for accessing social housing will substantially reduce the current shortage. Imposing gradual increases in rent to reach commercial levels is part of the social housing strategy, with those unable to pay the increased rents qualifying for additional assistance.

Benefits for the unemployed will be ensured for the genuinely unemployed based on clear criteria and screening procedures. Programmes to support unemployed to qualify for employment through retraining and counselling will continue to be implemented. Innovative activities will include assistance to set up qualified unemployed as self employed workers with support from SHDA.

For unemployed who are not available for work because of mental health problems support will be provided under the Occupational Therapy Scheme or through SHAPE, both programmes implemented by the Department of Health and Social Services in collaboration with SHDA, ESSD and civil society, as well as by AVES.

Some interdepartmental co-ordination of programmes supporting the vulnerable is taking place through the Social Impact Reference group of which members are: Chief Educational Officer, Chief of PH&SS, New Horizons, ESSD and the Chief of Police. This co-ordination will be strengthened and the scope for integrating social care programmes and services will be assessed.

Public sector

4.4.12 Public finance and reducing aid dependence

A main aim of the public sector and its public finances is to support achieving the Government's and its people's vision and strategic objectives. In developing a public finance system in support of national objectives further rationalisation is planned on the revenue side, as well as the expenditure side. The public finance strategy during the SPD period will focus on preparing the territory for air access and increased private sector-led growth. This process will involve a relative decline in the share of the public sector in the economy. Furthermore, it will facilitate addressing one of the most important challenges for which the stage has to be prepared during the coming years, namely to reduce the reliance on UK assistance and therewith improve budgetary sustainability.

The following initiatives are planned.

- On the revenue side, taxes, and charges for services will be rationalised in a manner that they effectively and equitably raise funds for financing government expenditure without stifling private consumption and investment. A charges policy aiming at moving towards increasing cost recovery has been formulated and its implementation is in progress. A tax review is planned to rationalise the tax system and its collection machinery.
- The effectiveness of direct subsidies (e.g. in agriculture and bus transport) will be reviewed and, where needed, rationalised.
- Monitoring of the implementation of the new customs tariffs introduced in October 2006. This ordinance aimed at simplifying tariff regime (reducing rates from six to three rates, 0, 20 and 30). It also aims at to make the regime more development-oriented, eliminating duties on investment goods and raising duties on consumption goods and particular on items which are considered less

healthy, considered a luxury or harmful to the environment, such as tobacco, alcohol, fuel and processed foods. Customs records will be computerised and preparations will be made for an operational customs service at the airport.

- On the expenditure side the budgetary planning process, which has been introduced in recent years and involves linking government expenditure to strategic and sectoral priorities and the preparation of departmental business plans, will continue to be improved.
- The Government will aim to avoid competing with the private sector and transfer activities which can be undertaken by the private sector. For services, which continue to be provided by the public sector, efficient and effective delivery will be aimed at, as well as moving to fuller cost recovery taking into account equity considerations. It will furthermore ensure an adequate social safety net for the disadvantaged.
- An improvement in productivity and effectiveness of public expenditure will be an important target of a change management process which will start during the SDP period, involving reviewing tasks and resources needed, the possible consolidation of functions, better use of IT, and more efficient administrative procedures and decision-making processes.

The sustainability of the budget in the coming years will benefit from increased revenues generated during the construction phase of the airport in the form of increased customs duties and income taxes, related to incomes and local spending of construction workers.

4.4.13 Environmental management

The work on environmental protection will be guided by the Strategy for Action to Implement St Helena's Commitments in the framework of the Environment Charter drawn up under the UK Overseas Territories Environment Programme (OTEP) and which St Helena signed on 26 September 2001. The Strategy for St Helena was developed in a series of workshops and meetings with stakeholders in 2005. The strategy identifies actions and programmes ordered by the Commitments of the Environment Charter. This document is used as a major input into the planning cycles of St Helena's government departments, as well as those of non-governmental organisations and other stakeholders responsible for environmental related activities.

Initiatives being taken to meet the commitments made in the strategy include:

- improvement of solid waste disposal, and sewage;
- adequate land use control;
- protection of indigenous and endemic flora and fauna, as well as the maritime environment. (work has already started on establishing a reintroduction site for the wirebird); and
- the functioning of a Disaster Management Committee.

Better co-operation between different departments involved in environmental planning and management will be pursued. To improve co-ordination of environmental protection activities, the establishment of an environmental agency will be considered, under which a number of the presently dispersed bodies would be brought together.

Further training in skills related to various aspects of environmental protection has high priority and includes areas such as management of the preservation of the distinctive St Helena natural and cultural heritage; protected areas planning; species recovery planning; trails; preparing leaflets; non-intrusive signage; guide-training; and environmental awareness programmes at various levels.

The conducting of environmental screening/impact assessments will be an integral part of the planning process for development projects, being monitored by the Environmental Planning and Development Section in the Department of Economic Planning and Development (DEPD). Legislation requiring environmental screening/impact assessment of development projects will be introduced.

Support will continue for the work of the St Helena National Trust in their activities to safeguard the island's heritage. In this context a policy for maintaining historic buildings will be formulated involving St Helena National Trust and PW&SD.

With the establishment of the airport the environment will be exposed to new challenges both during the construction and the operational phases. Although there are environmental challenges and risks, these are now being actively addressed, with positive opportunities for improved protection being sought. In particular, the airport project has raised the profile of issues to do with conserving the endemic invertebrates and wire birds at Prosperous Bay Plain and has stimulated positive mitigating actions. A detailed environmental impact assessment of the airport project is currently being implemented

4.4.14 Territorial security and disaster management

In the wake of having an airport, there is a need to upgrade the capacity of maintaining territorial security in order to maintain low levels of crime and to provide emergency services in the context of disaster management. In this context conditions for retaining quality staff will be improved depending on available budgetary resources and training will be provided to develop efficient and quality police and fire brigade services able to provide effective security, immigration and emergency services at an operating airport. A disaster management plan will be prepared. Improvement of local policing will be pursued by closer involvement of communities. Prison services will be upgraded to meet international human rights standards. The transfer of vehicle inspection services to the private sector will be actively considered.

4.4.15 Governance and PFM

Institutional reform

The main topics of the public sector modernisation agenda include the possible consolidation/restructuring of departments, improving the use of existing capacity and other resources, tackling specific aspects of 'working culture', improving budgetary formulation and implementation and public finance management, reviewing law and practices that hinder change and reform, and promoting sub-contracting.

The approach to be applied to public sector modernisation will involve:

- maintaining the political will for carrying out reforms that might not always be popular;
- promoting inclusion, dialogue and consultation of the private sector and civil society in key development decision and policy setting;
- sequencing the change initiatives so that they are complementary and incremental.

With respect to personnel issues, generally the aim will be to create conditions to be able to retain qualified staff. Furthermore, an improved key post policy will be introduced and the possibility of recruiting locally for TC positions will be examined. Also enhanced schemes of service will de

developed with higher pay scale options. Proposals for applying enhanced schemes of service will be accompanied by plans to reorganise services, improve the productivity and quality of staff, and where possible to compensate the increased costs of higher salaries with a reduction in other positions. Options with respect to developing a redundancy and redeployment policy will be examined.

A change manager will be in place to support the required institutional reforms. In particular he/she will:

- a) review the appropriateness of the current SHG structure in light of plans to outsource selected current government functions and of the staffing review; and
- b) implement agreed structure changes.

The change manager will work with Department Heads to review the functions of their departments, assist in implementing reforms in support of relevant development priorities, and improve management systems.

Reforms will also be aimed at achieving changes in decision processes and administrative procedures. Issues to be addressed include reducing the paperwork in administrative procedures, reducing the number of people involved in the decision-making process and increased delegation of decision-making authority.

Furthermore enhanced interdepartmental co-operation will be pursued in the planning and implementation of public sector programmes and activities. This will be done in private sector development where several bodies are involved in providing advisory, human development, regulatory, as well as inspection services. In the field of social development interdepartmental co-operation will be pursued in preventative health care, care for the elderly, the youth in schools, the disabled, and the unemployed.

PFM

A key area of governance is that of fiscal governance. Improvements are planned to ensure good fiscal governance based on a sound public finance management system. A recent report that assessed PFM performance in St Helena concluded that the PFM system in place already meets international best practices in this area and ensures adequate accountability and transparency.¹³

To ensure that the budget supports strategic objectives the annual process of budgeting is being replaced by a Medium-Term Expenditure Framework

Human rights

The government of St Helena will introduce a human rights order in its constitution. As agreed at the Eighth Annual Meeting of the Overseas Territories Consultative Council, SHG will endorse the UN Convention Against Corruption, as well as co-operating with other territories towards the implementation of a strategy integrating the work of all those involved in the criminal justice system.

¹³ Oxford Policy Management, Fiduciary Risk Assessment, for Department of International Development and the Government of St Helena, June 2006.

4.5 Integrating the Key Strategic Issues and the Strategic Objectives with the Sustainable Development Strategy

The following Summary Matrix shows how each Strategic Objective links in with the Sustainable Development Strategy. It further outlines targets that have been set and breaks it up into the programmes and activities that will allow the Strategic Objectives to be realized over this planning period.

Table 14: Summary matrix of issues, strategies, action programmes and targets

Strategic objectives	Strategic issues	Strategies planned	Programmes/activities	Targets for SDP period
Access	Poor access Population decline	Investments in improving access	Airport construction	Construction 50 per cent completed
			Wharf improvement and rock fall protection	Improvements completed
				Stable population
			Study on sea cargo options after RMS is phased out	
Education	Restructuring education	Reorganisation of education system	Consolidation of primary schools	Increase in number of passes at years 11 and 13
			Quality improvement secondary school (continuous teacher training, career path development)	Increase pupil/ teacher ratio at primary level to 24:1 and at secondary to 20:1
			Implement adult and vocational education programme	Number of courses and participants
			Prepare a plan to develop sports and leisure facilities at Francis Plain	
Sustainable economic development	Developing the private sector	Support private sector development and tourism	Investment policy, implementation Legislative reforms (company law, bankruptcy law, financial services regulations, competition regulations), regulatory reforms (eliminating trade licenses)	Average GDP growth >2% Share of private sector in employment =/>50% Number of approved investors: 15
			Revise tax regime	
			Tourism policy (establishment of Tourism Agency, appointment of tourism commissioner, training of tourism operators, more targeted tourism marketing)	Increase in foreign visitors >5% per year
			Outsourcing/privatisation	Outsourcing programme agreed and 5 outsourcing projects developed
			Business support services, strengthening SHDA	
			Inward investment promotion (SHDA)	5 inward investment projects realised
				Agriculture and fishing
		Review options to stimulate fisheries development		

Strategic objectives	Strategic issues	Strategies planned	Actions	Targets
		Land use	Implementation land control plan, GIS system introduction	
			Commercial pricing of government land, transparent procedures for land ownership by foreigners	
			Housing scheme development	
			Crown estate agency	
	High aid dependence	Optimal use of resources through effective public finance management	Target-oriented budgeting, based on departmental business plans	Aid as a percentage of recurrent expenditure to stay constant at 53 per cent.
			Expenditure management, review of tasks and resources needed, more efficient administrative procedures, IT, review of critical cost items (e.g. subsidies)	Reducing share of recurrent expenditure in GDP by 1 per cent.
			Revision of tax regime	Domestic tax revenue raised by 3 percent per year between 2006/07 and 2009/10
			Asset management	Inventory of public assets completed
	Utilities and other infrastructure stretched	Rehabilitation and expansion of utilities	For electricity: Investments in new windmills, distribution networks, rationalisation of operations and maintenance, preparation for privatisation	Increase in revenue to 100 per cent of recurrent costs by end of SDP period
			Expansion of water supply storage and distribution	
			Improved financial viability by increased cost recovery	
			Rationalise road and building maintenance	
			Review of telecommunications license based on future telecommunications needs	
			Rationalise postal service operations	Unit costs of postal deliveries reduced

Strategic objectives	Strategic issues	Strategies planned	Actions	Targets
Health and environment	Vulnerability among the population	Targeted social welfare	Screening and monitoring of social welfare programmes	
			Rationalisation of allowances	
			Support to unemployed	Reduce numbers receiving unemployment allowances, and workers on community work schemes
			Social security legislation to establish legal basis for rationalisation of social security system.	
			Rationalise social housing (prepare for privatisation)	
	Lifestyle diseases and ageing population	Rationalisation and targeting of health care	Preventative medical care	Reduced incidence of lifestyle diseases (diabetes and heart diseases)
			Reorientation of medical facilities to care for the elderly (expansion of community care centre).	Reduced unit costs of medical care
			Improve management of referrals and issuing of medicines	
			Examining of health financing options	
			Options for health staff service scheme improvements given budgetary constraints	
			Gradual increase of charges for health services	
			Formulate programme of outsourcing selected services (laundry, catering).	
	Increased environmental risks	Implementation of environmental strategy	Improving quality and efficiency in waste disposal including charging mechanisms	Develop charging policy
			Implement heritage and nature protection programmes as agreed under OTEP strategy	Increased area under endemic plant species Marine management plan prepared
			Improved co-ordination of environmental programmes	Environmental agency established by end of SDP period

Strategic objectives	Strategic issues	Strategies planned	Actions	Targets
	Territorial security and emergency services capacity	Upgrading security and emergency services capacity	Training in security, immigration and emergency services delivery in preparation for an operating airport	Staff trained in upgraded security, immigration and emergency services delivery
			Options for upgrading staff service scheme conditions in the context of budgetary constraints	Disaster management plan in place
			Preparation of disaster management plans	
			Community based policing approach	
Work force	Developing the labour market	Vocational training	AVES	Unemployment rate <5%
		Institutional reforms	Labour legislation	Labour legislation developed and passed
			Scope for introducing pension scheme and health insurance	Schemes under development
			Employment exchange	Employment exchange operational, operated by private sector
Democracy and human rights	Governance	Improvements in governance	Institutional reforms (reorganisation, integration of departments, staff service scheme improvements given budgetary constraints)	Number of positions in public sector reduced by ? per cent
			PFM improvements, including reform of audit service	Institutional reforms being developed
			Constitutional reforms, human rights	PFM improvements implemented

5 Financing of the SDP.

5.1 Macro economic and fiscal projections

The major focus of the SDP is the repositioning of the economy of S. Helena in preparation for air access and a private sector-led economy, while ensuring protection of the vulnerable. The success in achieving private sector-led growth will determine the extent to which aid dependence can be reduced in the funding of the budget. During the SDP period, 2007/08-2009/10, private sector growth will continue to depend on consumer spending from households and government. However, a major additional impulse will be provided by the start of construction of the airport and other new investment project, such as the Wharf Improvement Project. Based on these premises macroeconomic projections have been made using a simple macro economic model. These have been supplemented by fiscal revenue and expenditure projections and a projection of investments in capital projects.

In making the macro-economic projections the following assumptions have been made.

- Consumption, private investment and imports are correlated with GDP growth.
- Exports mainly fueled by tourism expenditure will increase by 5 per cent per year.
- Government investment in the airport, the wharf improvement project and other new projects is represented by an estimated amount of incremental local spending; most expenditure is assumed to leak out through imports of capital goods and materials.

Independent estimates have been made of fiscal revenue and expenditure during the three years of the SDP period. The revenue estimates are based on modest increases in direct and indirect tax revenue and improved cost recovery through pricing and fees. Departmental expenditure is assumed to exceed inflation slightly during the first year of the SDP period and remains largely in line with inflation (assumed to be three per cent per year) in the following two years.

The fiscal estimates are presented in Table 16 below. In terms of grant requirements, the estimates identify grant in aid, the shipping subsidy, technical co-operation and the funding of development expenditure. The projected grant in aid remains at around 53 percent of total Departmental expenditure. In terms of shares in GDP, government expenditure and grant-in-aid show a modest decline over the SDP period, whereas the share of revenues stays largely constant. The need to develop new policies and programmes will result in higher TC requirements. As a consequence, the TC budget is projected to increase by about £2.5 million over the SDP period.

Table 15. Macroeconomic projections, 2006/07-2009/10 (in constant prices of 2006/07 and amounts in £1,000)

	2006/07	2007/08	2008/09	2009/10
Private consumption	12,010	12,293	12790	13,290
government consumption	14,044	14,181	14,181	14,181
Total investment	950	1,063	1,523	2,448
-Private investment	350	413	523	634
-Government investment	600	600	600	600
-Incremental government investment expenditure spent on the island		50	400	750
-Total government investment	600	650	1,000	1,350
Exports	930	977	1,025	1,077
Imports	13,350	13,616	14,072	14,531
GDP	14,584	14,917	15,487	16,060
Growth rate of GDP (%)		2.3	3.8	3.7

Note: Items such as technical co-operation and shipping subsidy have been left out of the GDP projections as they both occur under government expenditure and the same values come back under imports.

Table 16. Fiscal projections, 2006/07-2009/10 in current prices and amounts in £ 1,000

	2006/07	2007/08	2008/09	2009/10
Total revenues	6,445	6,772	6,927	7,091
Total government expenditure	13,810	14,372	14,777	15,191
Recurrent financing needs	7,365	7,600	7,850	8,100
Shipping subsidy	3,056	2,582	3,080	2,890
Technical co-operation	2,890	4,121	5,320	5,410
Development fund (DFID funded)	1,350	1,850	1,650	1,600
Total external financing needs to be met by DFID	14,761	16,153	17,900	18,000
Total GDP in current prices	14357	15022	15472	15936
Revenues as percentage of GDP	44.9	45.1	44.8	44.5
Expenditure as percentage of GDP	96.2	95.7	95.5	95.3
Recurrent financing needs as percentage of GDP	51.3	50.6	50.7	50.8
Grant in aid as a percentage of expenditure	53.3	52.9	53.1	53.3

Source: 2006/07 DAPM mission report and own estimates.

5.2 Investment programme

The investment programme for the SDP period is presented in Table 17. It is composed of investments in approved investment projects and in proposed projects. A distinction is made in sources of funding. For the SDP period DFID and the EC will be funding the development budget. The expenditure on the largest DFID-funded project, the construction of the airport is not yet known and has therefore not been specified. The DFID-funded investment programme includes completion of the community care centre. A further extension of this centre is also planned and will be funded from savings out of the 2005/06 budget. It also includes the completion of the SHDA project, utilising savings to extend the present project by one year, to be followed by a new project. An approved waste water project is expected to start in 2006/07 to be completed within the SDP period. Other projects planned include: the acquiring of three windmills to replace fuel-based electricity generation capacity and a project for improving the electricity distribution network; a waste disposal project and a contribution to the EC funded Wharf Improvement Project.

The total costs of the EC funded Wharf Improvement Project is £10.7 million, of which £9.9 million will be spent during the SDP period.

An infrastructure review has recently been conducted assessing investment needs for the coming 20 years in the different areas of infrastructure, in particular utilities, and roads. Based on the outcome of this assessment the investment estimates for the SDP period will be adjusted. Depending on the performance of SHG in making progress according to a number of key indicators, in particular related to fiscal performance, outsourcing and private sector development, investments from the 20 year investment programme will be front-loaded during the first five years of this 20-year period.

(THE FIGURES PRESENTED HERE ARE STILL SUBJECT TO FINALISATION)

Table17. Projected development expenditure during SDP period (£ in current prices)

Project No. & Name	Total Allocation Excluding TC	Expenditure until 2006/07	Projected Expenditure 2007/08	Projected Expenditure 2008/09	Projected Expenditure 2009/10	Expenditure 2007/08-2009/10 (SDP period)	Expenditure after 2009/10
Approved DFID-funded projects							
P392 Community Care	1,895,629	1,437,439	458,190			458,190	
P396 Drainage/Sewerage.(Waste-water.)	557,118		109,744	183,350	165,668	458,762	
P397 SHDA	367,448	202,675	164,773			164,773	
Total DfID-approved	2,820,195	1,640,114	732,707	183,350	165,668	1,081,725	
Pipe line projects (DFID-funded)							
Renewable Energy	450,000	100,000	350,000			350,000	
Electricity Distribution	1,952,709	432,431	413,771	447,747	320,474	1,181,992	338,285
Waste Disposal Phase 2	917,750	28,768	110,641	452,517	245,107	808,265	60,719
Contribution to Wharf Improvement Project	1,400,000	315,000	200,000	200,000	685,000	1,085,000	
AVES			48,000	153,000	260,000	461,000	
Total DFID Proposed	5,320,459	876,199	1,122,412	1,453,264	1,410,581	3,886,257	399,004
Airport Project	N.A	N.A	N.A	N.A	N.A	N.A.	N.A
Total DFID Funding (approved & pipeline) excluding airport project)	8,140,654	2,516,313	1,855,119	1,636,614	1,576,249	4,967,982	399,004
EC-funded project							
Wharf Improvement Project	10,683,188	0	3,308,774	3,503,014	3,101,139	9,910,927	770,261
Total public investment			5,163,893	5,139,628	4,677,388	14,878,909	

6 Monitoring

6.1 Introduction

In order to determine the expected impact of the SDP and to monitor and evaluate the progress made during the SDP period 2007/08-2009-10, a SDP Monitoring, Impact and Evaluation Framework (MIEF) has been developed which incorporates targets, indicators and means of verification (MoVs). This SDP MIE Framework is a management tool that makes it possible to assess progress made in implementing the SDP and in determining to what extent the set targets are being achieved.

6.2 The SDP Monitoring, Impact and Evaluation Framework

The SDP Monitoring and Evaluation Framework aims at facilitating assessment of the progress made in terms of achieving the strategic objectives of the SDP. Targets have been formulated which reflect what the strategic objectives intend to achieve. Regular monitoring of the extent to which different targets are achieved will allow the identification of programmes which are doing well, as well as programmes which may need to be improved in terms of design, implementation organisation, or in terms of the targets themselves.

The SDP is part of developing a process of strategic planning in St Helena and aims to achieve targets at an aggregated level. The SDP will need to be supported and further elaborated in sector strategies. These sector strategies will contain performance indicators and targets at a more detailed level.

Table 17 shows the SDP MIE Framework in practice. This table outlines the targets that have been set through various consultations and the indicators that have been developed to measure the achievements.

6.3 Monitoring in practice

An SDP Monitoring Committee will be established to undertake the monitoring of the indicators and targets as established in Table 17. This committee will comprise both public and private sector individuals and representatives of development agencies. It is expected that this committee will meet yearly to ascertain the progress made on the realisation of the targets. This committee will submit a report based on its findings to the Executive Council.

Table 17. SDP monitoring table, targets, measurable indicators and means of verification

Targets/results	Measurable indicators	Means of verification
Strategic objective one: Improved access		
Construction 50 per cent completed by end of SDP period	Construction work in progress	Records Access Office
Net emigration zero by 2009/10	Resident population	Births/deaths, arrival/departure data
Wharf investment programme completed by 2009/10	Construction work completed	Records DEPD
Net emigration reduced to zero	Population	Births/deaths, arrival/departure data
Strategic objective two: Improvement of the standard of education		
Increase in number of passes at Years 11 and 13	Student enrolment	Education Department records
Increase in pupil/teacher ratio at primary level to 24:1 and at secondary level to 20:1	Number pupils and number of teachers	Education Department records
Strategic objective three: Development of a sustainable and vibrant economy to the benefit of St Helena		
Growth in GDP >2% per annum	GDP	National accounts
Increase share of private sector employment to 50 per cent by end of SDP period	Employment	Employment surveys
Increase in tourism numbers by 5 per cent per year	Number of tourists	Data Tourism Office
Five foreign investments projects started by end of SDP	Foreign investment approvals	SHDA records Finance Department records
Aid as a percentage of recurrent expenditure, stays at 53 per cent	Grant- in-aid	Finance Department records
A decline of recurrent expenditure as percentage of GDP by 1 per cent	Departmental expenditure	Finance Department records
Domestic revenue raised by 3 per cent per year during SDP period	Revenue data	Finance Department records
Number of positions reduced by ? per year	Civil servant positions in the budget	Annual budget
Decline in attrition in government employment	Departmental employment	Departmental and Personnel records
Outsourcing: 2007/08: outsourcing programme developed, 1 pilot project developed and put to tender 2008/09 and 2009/10: in each year 2 business cases developed and put to tender	Government activities outsourced	OCS reports

Targets/results	Measurable indicators	Means of verification
Strategic objective four: Develop a healthy community in a safe environment		
Reduce the incidence of lifestyle diseases	Recorded diseases and population	Health care records Population data
Reduced unit costs of health care	Current and capital expenditure on health care	Records Public Health Department
Increase in cost recovery	Revenue from health services	Records Public Health Department
Environmental agency established	Implementation of environmental strategy	Monitoring and review reports on environmental strategy implementation
Sewage and waste disposal modernised, a system for charging formulated	Investments in sewage and waste disposal Proposal for fee structure	Development and Economic Planning Department records
Staff trained in upgraded security, immigration and emergency services delivery	Number of staff trained	Police records
Disaster management plan in place	Disaster plan formulated	Report presenting the plan Police records
Strategic objective five: The quality of the workforce for the people of St Helena		
Unemployment rate <5%	Percentage of persons actively looking for work	Household surveys Employment and Social Security Department records.
Reduced number of persons receiving unemployment benefits or in community work schemes	Number of persons receiving benefits	Employment and Social Security Department records.
Vocational training of yearly 200 persons	Participants in vocational training programmes	AVES records
Labour legislation policies developed	Report with draft labour legislation policies	Department of Employment and Social Security records
Preparation for pension scheme model and health insurance	Pension scheme and health insurance under development	Government reports
Employment exchange operational	Operation of labour placement bureau	Department of Employment and Social Security records
Strategic objective six: Develop and establish the democratic and human rights and self-determination of the People of St Helena		
Institutional reforms under implementation	Institutional structure of Government	OCS records
PFM improvements implemented	Public finance management tools	Department of Finance

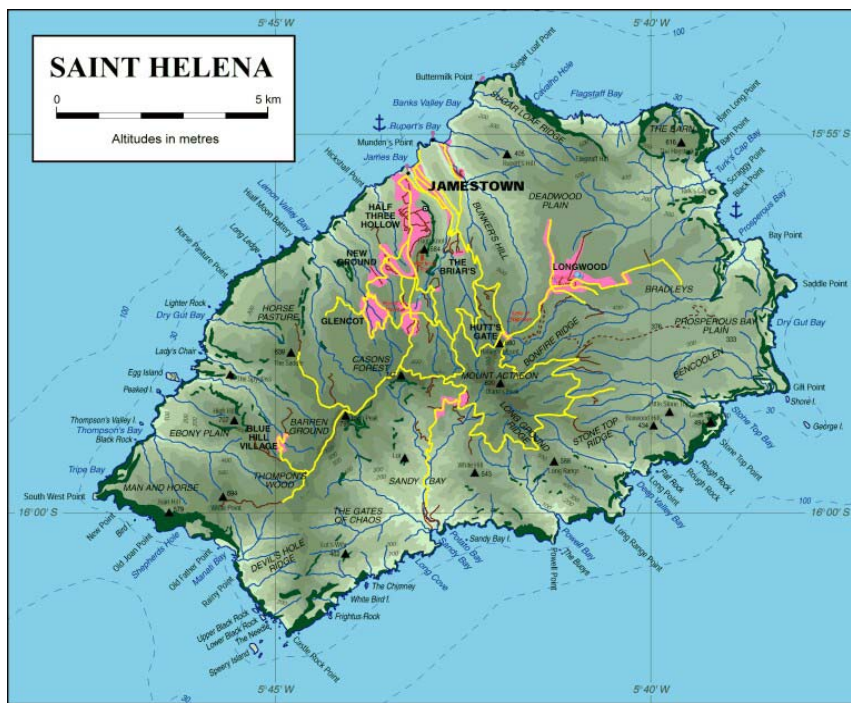
Annexes

Annex 1: Maps of St Helena

Map 1: St Helena South Atlantic Ocean



Map 2: St Helena



Annex: 2. Summary data

Population and education	Year of reference	Data
Total number of inhabitants	2006 (31 July)	3,927 (estimated)
Share of population aged 15 and below in the population	2004	
Share of those over 60 in the population	2004	20% approximately
Population growth rate (average %)	1998-2006	- 3.1%
Life expectancy	2004	76.4 years
Fertility rate (births per woman)	1998	0.02
Infant mortality rate (per 1000)	2005	5.6
% of urban population	Not applicable	
Average number of persons per household	2004	2.6
Illiteracy rate (% of total population)	1998	2%
Female illiteracy rate		Data not disaggregated, as figure was so low
Under-25 illiteracy rate		As above
Enrolment ratio : secondary, % of relevant age group	2005	100%
% of 18 to 25-year-old holding a university degree	2005	n.a.
Infrastructure		
HDI (Human development indicator)		
% of the population subsidised for housing or living in a social housing	2005	14%
% of the population without home access to drinkable water	2004	None
Number of hospital beds per 1,000 inhabitants.	2006	10
HIV rate per 1,000 inhabitants	2005	None
Number of regional and international harbours	2005	None. There is only an open roadstead anchorage.
Number of regional and international airports	2005	None
Number of flights to the member state, per week	2005	None
Road network (in Km)	2005	125 km
Number of waste-water treatment plants	2005	None
% of population with access to electricity	2005	95% (estimated)
% of households with access to	2005	10%

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Economy	Year of reference	Data
Inflation rate	2005	3.6%
GDP per capita (£)	2004/05	3,358
GNP per capita (£)	2004/05	4,194
GDP growth (average % past five years in constant prices of 2002)	2000/01-2004/05	2.1%
Unemployment rate (%)	2004	7%
Exports of good and services (% of GDP)	2004/05	5.2%
Imports of good and services (% of GDP)	2004/05	90.8%
Number of tourists	2005	1,180 including tourists arriving by RMS and visitors on yachts, excluding cruise ship visitors.
Foreign direct investment	2005	0
External debt as % of GDP	2005	0
Fiscal balance as % of GDP	2004/05	+2.4%
Geography and climate		
Surface area	2005	47 sq miles
Number of inhabited islands	2005	One, excluding the dependencies Ascension and Tristan de Cunha, which are situated hundreds of miles away from St Helena.
Population density (per km ²)	2005	8.8 per sq mile
Distance to member state's capital city	2005	Over 4,500 miles
Minimum travel time to capital city	2005	5 days
Nearest economic centre	2005	Angola, Namibia. (over 1,000 miles)
Number of natural disasters from 2000 to 2005	2005	No major national disasters, but recurrent rockfall in built-up areas.
Average rainfall per year	2004	209mm-1,090mm depending on location (2004)
Altitude of the territory's peak		821 m

Annex 3: Tables

Table A.3.1. GDP and GNP by expenditure category

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Private consumption	8,683	8,935	8,953	9,428	9,842	10,851	11,438
Government expenditure	12,384	11,793	11,761	11,368	13,544	14,714	15,952
-government consumption	6,617	7,317	10,173	10,860	11,691	13,014	12,699
-shipping	3,070	1,931	2,030	1,136	2,366	2,463	2,434
-technical cooperation	2,697	2,545	2,840	2,414	2,609	2,332	4,271
-transfers			-2,655	-2,332	-2,448	-2,597	2,853
-gov't revenue for services			-627	-710	-674	-498	597
Investment	1,348	2,192	1,843	1,639	1,179	1,159	835
-private	85	377	202	197	275	312	238
-government	1,263	1,815	1,641	1,442	904	847	597
-changes in stock	104	-336	29	120	-27	-206	-32
Exports	1,203	961	896	955	827	750	874
-goods	109	150	104	87	191	240	280
-tourism	415	461	603	738	452	431	426
-other services	679	350	189	130	184	79	203
Imports	11,971	13,402	11,888	10,775	12,867	13,681	16,446
-goods	4,753	7,346	5,550	5,528	6,214	7,147	7842
-shipping services	4,521	3,511	3,498	2,833	4,044	4,202	4333
-technical co-operation	2,347	2,171	2,840	2,414	2,609	2,332	4271
-training	350	374					
Total GDP	11,751	10,143	11,594	12,735	12,498	13,587	12,622
Net factor incomes							
-remittances	1,439	2,524	3,221	4,330	3,499	2,917	2,603
-interest on SHG investment	1,152	1,231	1,235	1,417	1,188	551	374
GNP	14,398	13,970	16,138	18,567	17,278.54	17,055	15,599

Table A.3.2 Government revenue by source of revenue, 1999/00-2005/06 (£000)

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Government revenue							
Direct taxes	828	851	858	1,185	1,109	1,127	1,333
Indirect taxes	1,719	1,963	1,924	1,812	1,833	2,026	2,266
Earnings government departments	169	131	105	155	128	73	196
Reimbursements	2,060	2,607	2,220	2,028	1,915	1,433	2,066
Other	1,794	1,252	1,103	1,097	1,129	823	792
Total revenue	6,570	6,804	6,210	6,277	6,114	5,482	6,653

Table A.3.3. Budgeted expenditure by main department, 2000/01 and 2006/07

Department	Budgeted expenditure (£)		Percentage distribution (%)		Expenditure per capita (£)	
	2000/01	2006/07	2000/01	2006/07	2000/01	2006/07
Governor	94,470	106,082	0.9	0.8	20	27
OCS	399,660	516,279	3.7	3.7	86	131
Personnel	293,120	548,843	2.7	3.9	63	140
Legal and Lands	106,060	177,349	1.0	1.3	23	45
Police	446,060	593,757	4.1	4.3	96	151
Audit	73,300	102,275	0.7	0.7	16	26
Finance	1,190,670	1,160,791	10.9	8.3	255	296
Development and Economic Planning	181,650	279,377	1.7	2.0	39	71
Post Office	115,950	134,981	1.1	1.0	25	34
Pensions	469,700	833,528	4.3	6.0	101	212
Education	1,237,370	1,474,914	11.3	10.6	265	376
Public Health and Social Services	1,737,710	2,972,044	15.9	21.4	373	757
Employment and Social Security	1,482,070	1,362,431	13.6	9.8	318	347
Agriculture and Natural Resources	874,080	940,100	8.0	6.8	187	239
Public Works and Services	1,877,720	2,699,409	17.2	19.4	403	687
Public debt servicing	350,000	0	3.2	0.0		
	10,929,590	13,902,160	100.0	100.0	2,344	3,540

Source: Government of St Helena, Estimates of Recurrent Revenue and Expenditure and Development Fund Estimates, 2000/01 and 2006/07

Table A.3.4. Distribution of households by weekly per capita spending, 2000 and 2004

Weekly per capita spending groups (£)	Number of households		Percentage distribution		Accumulated percentage distribution of households	
	2000	2004	2000	2004	2000	2004
0-10	20	4	11.6	1.6	11.6	1.6
10-20	26	17	15.1	6.7	26.7	8.3
20-30	45	55	26.2	21.8	52.9	30.2
30-40	29	49	16.9	19.4	69.8	49.6
40-50	27	41	15.7	16.3	85.5	65.9
50-60	9	27	5.2	10.7	90.7	76.6
60-70	6	25	3.5	9.9	94.2	86.5
70-80	4	11	2.3	4.4	96.5	90.9
80-90	3	6	1.7	2.4	98.3	93.3
90-100	1	3	0.6	1.2	98.8	94.4
100+	2	14	1.2	5.6	100	100
Total households	172	252	100	100		
Average weekly spending per household (£)			104	133		