



Development Planning Unit

Government of the British Virgin Islands

Development Policies of the
Government of the British Virgin Islands
1988 -1997

Foreward

The Development Planning Unit (DPU) is pleased to circulate, this summarised version of the "Development Policies of the Government of BVI: 1988 to 1997".

The DPU embarked on an exercise to document the role government played in development of this territory during the period 1988 to 1997. This document, which describes the policies adopted and the strategies followed by the government, is phase -I of the exercise. The Phase-II, will look at the investments made and the programmes and projects implemented by the government in putting the policies into action. The final document will also attempt to quantify the impact of these policies, strategies and programmes on overall development of the territory.

A special word of thanks to the staff of DPU and other individuals who assisted Mr. Jammi Kumar-Consultant, in preparing this report.

February,
Otto
Head, Development Planning Unit

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INTRODUCTION

To say that progress in the British Virgin Islands, during the last ten years, had been spectacular is putting it very mildly. The GDP increased from \$ 131.34 millions in 1988 to \$ 543.28 millions in 1997. The strong economic performance of BVI, despite the adverse effects of hurricanes and recession in USA & Europe can be attributed to a stable political system and the development policies of the Government.

The Development Planning Unit prepared this paper to document the role government played, during the last decade (1988 to 1997), in the progress of this territory. This paper briefly describes the established goals, the policies formulated and the strategies implemented by the Government of BVI.

However, it must be noted that this paper is merely a precursor for a very comprehensive document, which is being prepared, describing in detail the various programmes and projects implemented by the Government in relation to the policies and strategies listed here.

For ease in understanding and reference, the paper first describes the goal and then categorizes the policies into three groups: Economic Development Policies, Social Development Policies and

finally Support Policies.

GOAL

Public policy is a clearly articulated statement of the government describing a course of action/s to be implemented in order to achieve set goals and objectives. The following extract from the budget speech of 1991, delivered by late Chief Minister Hon. H.L.Stoutt, clearly describes the goal of the Government of B.V.I.

To improve the quality of life of all persons living in these islands and at attaining and maintaining a well rounded economy. Emphasis be placed on the expansion of services as the main sources of national income and creation of a healthy and competitive environment within which the private sector can function to the country's advantage.

In the medium and long term our goal is to transform these islands into a thriving and stable economy with state of the art communication technology - the foremost service economy in the region. This we hope to attain by diligently nurturing and exploiting to the fullest, our comparative advantages in tourism and financial center activities. At the same time, we will continue to jealously safeguard for the future generations of British Virgin Islanders, those very attributes which have contributed to our successes thus far, that is, our tranquil, pristine and picturesque environment and our reputation as a center for the conduct of legitimate Trans-national business activities.

(Hon. H.L. Stoutt - Budget Speech 1991)

ECONOMIC DEVELOPMENT POLICIES

As explained by the Chief Minister, Hon. H.L.Stoutt in his budget address of 1991, the two main engines of the economy of B.V.I. have been Tourism and Financial Services. The other sectors, which contribute significantly to the economy, are activities, which are complimentary to tourism and financial services, such as construction/real estate, transportation/communications, and wholesale/retail trade. The economic activity in the complimentary sectors is directly related to the performance of main income generators. In addition, to achieve some degree of self-reliance in food products, agriculture and fishing are seriously promoted.

TOURISM

The Government's tourism policies, during the past ten years have been as follows:

- To support/enhance the further development of tourism, on a sustainable basis, in the BVI which will continue to stimulate the economy for the benefit of British Virgin Islanders while preserving the heritage, culture and environment of the islands.
- To improve the quality of the product and services offered to visitors and to improve the image of British Virgin Islands as a superior tourist destination by intensive marketing and promotion.
- To attract up-scale tourist to the shores while maintaining an amicable balance between the overnight visitors and cruise passengers.

STRATEGIES

The following strategies have been adopted in support of the above mentioned tourism

development policies.

1. Strengthen the operations of BVI Tourist Board, including establishment of overseas Offices and permanent representations.
2. Create the necessary infrastructure such as sea ports, air ports, roads, communications etc.
3. Institute appropriate legislation to facilitate/attract investment into the sector, and to enable hassle free operations of the businesses.
4. Encourage private sector investment in tourism infrastructure and provision of services
5. Facilitate active participation of British Virgin Islanders, in ownership of related businesses and be employers rather than employees.
6. Provide public education and awareness to create a service minded work force.
7. Increase visitor expenditures by creating additional spending opportunities.
8. Improve inter-sectoral linkages between tourism, environment, health and education.

FINANCIAL SERVICES

The Government decided that with only limited natural resources and a small population, it had to develop a non-traditional source of revenue in addition to tourism. With the support of the private sector, the government set out to establish a financial services center tailored to the needs of the international business community.

- To establish the British Virgin Islands as an internationally renowned, financial services center.
- To offer a package of diversified services to the international financial community.
- To allow only the reputable and legitimate businesses to use the jurisdiction.

STRATEGIES

1. Formulate appropriate and user-friendly legislation, thereby creating an environment in which the financial sector can thrive. The following legislations were enacted:

- The IBC Act, 1984.
- The Banks and Trust Companies Act, 1990.
- The Insurance Act, 1994 and The insurance regulations 1995.
- The Company Management Act, 1990.
- The Trustee (Amendment) Act, 1993
- The Mutual Funds Act, 1996.

2. Establish a company registry, which will be fully automated and efficient in handling the workload of registrations.

3. Establish financial services department to regulate and promote financial services sector.

COMPLIMENTARY ECONOMIC DEVELOPMENT POLICIES

As mentioned earlier, tourism and financial services are the two main pillars of BVI's economy. But, to have a stable and broad based economy; the Government adopted several other policies that can be categorised as complimentary policies. Economic activity generated by these complimentary policies contributes significantly to the GDP.

The following are the economic policies pursued to compliment tourism and financial services:

- **To create an environment in which the private sector thrives, thereby generating employment and better standard of life for the territories populace.**
- **Encourage investment and entrepreneurial initiative**
- **To follow principles of free market economies, void of trade and currency restrictions.**

STRATEGIES

Given the above-mentioned framework for economic diversification and support to the main economic engines, the strategy had been to promote the following sectors.

- 1. Promote construction and real estate development to cater to the needs of growing tourism and financial services.**
- 2. Promote retail/wholesale trade to cater to the needs of increasing resident population and tourist arrivals.**
- 3. Ensure adequate transportation and communications to support the needs of the business sectors.**
- 4. Promote small-business enterprises, cottage industries and artisan trades.**

In addition to the above, the government had decided to promote BVI as a location of filming and registration of mega yachts. But activity in these two areas is expected to start from 1998.

POLICIES OF NATURAL RESOURCE BASED INDUSTRY

Unlike the late 50's and early 60's, industries based on natural resources in the BVI make limited contribution to overall economy. Expansion in these sectors was not possible mainly because of the limitation of resources as well as the Government policy of environmentally sustainable development. The natural resource based industries are mainly, fishing, agriculture and mining.

The following policies have been adopted by the Government regarding the above mentioned sectors:

- **To produce in a sustainable manner, as much as possible of what we eat, thus reducing our food import bill; to improve the forest capabilities, and where possible to export agricultural products.**
- **Promote fishing using proven scientific and sustainable methods, thereby reducing**

dependence on imported food while maintaining the delicate ecological balance of our marine resources.

- To exploit the territory's mining and mineral resources without any serious negative impact on the environment.

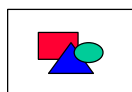
STRATEGIES

1. Assist farmers & fishermen to increase their production by adopting improved as well as appropriate technologies, thereby improve their income levels and standard of living.
2. Provide the necessary basic infrastructure to assist farmers and fishermen in carrying out their trades in an efficient manner.
3. Establish marketing systems for sale of their catch/produce to avoid post harvest losses and increase incomes, e.g. fishing terminal.
4. Promote agro-forestry to enhance the beauty of these islands while gaining economic returns on investment in land,

SUMMARY OF ECONOMIC DEVELOPMENT POLICIES

As stated in the beginning, progress in the British Virgin Islands, during the past ten years had been spectacular. The following table summarises the impact of Government's overall economic policies on the development process of this territory.

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
GDP (\$Millions)	131.3	201.0	299.2	315.4	344.6	364.2	413.6	456.6	504.1	543.3
GDP Per Capita	.	.	18,875	20,152	20,815	23,106	24,929	26,904	28,434	
Govt. Revenue (\$Millions)	32.50	41.77	47.77	51.11	60.66	70.43	83.95	98.16	111.96	.



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SOCIAL DEVELOPMENT POLICIES

In the Social Development category, combinations of policies have been adopted to achieve one particular goal; that is to provide a better quality of life for the people of this territory. The policies adopted for better quality of life pertain to Health and Community Services; Education, Training and Human Resource; Labour and Immigration.

HEALTH AND COMMUNITY SERVICES

The policies adopted regarding the enhancement of health and community services are as follows:

- To provide access to all citizens the best possible health care at an affordable cost.
- Focus on preventive health care with emphasis on health and nutrition education and awareness.
- Provide adequate recreational facilities for the physical and mental development of our youth.
- Cater to the needs of senior citizens and disabled.

STRATEGIES

The strategies pursued to implement the above policies include:

1. Improve services provided at the Peebles hospital, by means of well trained professional/technical staff, modern and reliable equipment, increased space
2. Provide specialist medical services
3. Establish /strengthen the operations of District Health Clinics.
4. Strengthen the operations of solid waste Department for improved environmental health.
5. Establishment of multi-purpose community centers in various districts for recreation and cultural enhancements.
6. Provide adequate recreational facilities for the youth in all major population centers.
7. Assistance/grant programs for care of senior citizens.
8. Establish programmes for substance abuse reduction as well as counseling systems for rehabilitation of addicted persons.
9. Explore the possibilities of constructing a new hospital complex with state of art facilities.

EDUCATION, TRAINING & HUMAN RESOURCE DEVELOPMENT

The government, towards education, training and human resource development, has adopted the following policies.

- Enable learners of all age groups to acquire the appropriate knowledge, skills, attitude and behaviour so as to give them a full successful life and to equip them to effectively direct, manage and control the destiny of their rapidly changing society.
- To provide the skilled manpower needed by all sectors of the economy to enable the development of the BVI by British Virgin Islanders.

STRATEGIES

- 1. Conduct a comprehensive review of the education system**
- 2. Prepare a comprehensive Education Development Plan addressing the needs of physical facilities, curriculum development, support services etc.**
- 3. Improve/expand the physical facilities of the territories educational institutions thereby by providing a better learning atmosphere**
- 4. Establish a tertiary educational institution (H.L.S.Community College) to provide training in the skills relevant to the needs of territory development.**
- 5. Establish a Civil Service Training Division to continuously enhance the skills of public servants by means of on the job training, seminars & workshops, and overseas training in specialized areas.**
- 6. In collaboration with the regional/international educational institutions, establish a distant learning program to cater to the needs of working population who are desirous of improving their skills.**
- 7. Provide adequate educational support facilities such as libraries and resource centers for the benefit of both the teachers as well as students.**
- 8. Provide scholarships for deserving secondary school leaving students, to pursue higher education in their field of choice.**
- 9. Ensure a cadre of well-qualified teaching professionals by providing in-service training as well as assistance in higher degree of learning in the field of education.**
- 10. Provide Special Education facility for the handicapped children**

LABOUR & IMMIGRATION

Policies pertaining to Labour and Immigration, though not explicitly stated, are mainly designed to strike a balance between the interests of the British Virgin Islanders and their cultural heritage, and the immediate need of skilled manpower so badly required to sustain the pace of development in the territory.

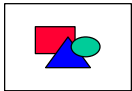
- To ensure that the supply of labour is commensurate with the level of development in the territory.**
- To allow importation of labour (skilled and unskilled) only in cases where no suitable belongers can be found to fill the jobs**
- To ensure that all non-belongers entering the territory qualify as desirable visitors and that their residence, employment and business activities are monitored and controlled.**

STRATEGIES

- 1. Improve the efficiency of the Labour Department to ensure;**

- That the British Virgin Islanders are given first preference in filling the vacancies.
- That the work permits are issued without undue delay.
- That conflicts between the employer and employee are resolved with due justice to both parties.

2. Revise the Labour Code to make the regulations more relevant to the needs of employers and workers in a rapidly changing business environment.



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SUPPORT POLICIES

The category of Support Policies deals with the policy initiatives taken by the government of B.V.I., which are more or less catalytic in nature. The support policies, in a broader sense, enable effective implementation of the economic and social policies. The policies, which are being discussed under this category, are Infrastructure and Environment.

INFRASTRUCTURE

Government's policy on infrastructure development had been the following:

- Develop a public sector investment programme in a manner that it can meet the growing infrastructural demand for rapid economic development and social well being of population of the territory.
- Ensure that the investment in infrastructure is not only cost effective, but also of a quality that can sustain the growth in economy and population in the years to come.
- On the basis of the partnership established between the private & public sector for the development of the territory, encourage private sector to invest in infrastructure development programmes.

STRATEGIES

The strategy for infrastructure development had been focused in the following areas:

1. Infrastructure for efficient transportation and communications:

- Improvements of the airports
- Improvements to the sea port

- Separate cruise ship dock
- Convenient ferry terminals
- Improvement of highways and secondary roads as well as bridges and sea defense walls.

2. Public Utilities

- Potable water connection throughout the territory.
- Reliable and cost effective electricity supply for domestic and commercial use.
- Sewerage connections in all major residential/commercial areas.

3. Infrastructure for social development

- Improvement of main hospital and district clinics
- Adequate recreational facilities in all the residential areas.
- Expansion/additions to schools throughout the territory
- A centralized building for the Community College.
- New prison facilities away from the residential/commercial centers.

4. Infrastructure for Government Services

- Central Administration Complex
- Administration buildings in Virgin Gorda and Anegada

In addition to the above Public Sector Investments, private sector was encouraged to invest in infrastructure related to telecommunications, housing, office/commercial buildings, and tourism oriented infrastructure such as hotels, guesthouses, marinas and restaurants.

ENVIRONMENT

The Government is fully cognizant of the fact that the economy of the territory, being largely tourism based, is heavily dependent on the natural beauty of islands. Hence all the socio-economic development policies described in this document are designed to be environmentally sensitive. However the policy adopted by the government towards environment is as follows:

- To manage the human use of the biosphere so that it may yield the optimum sustainable benefit to present generations while maintaining its potential to meet the needs and aspirations of future generations.
- To use, manage, conserve and enhance the natural resources of the BVI within the limits of their carrying capacity.
- To protect the critical terrestrial, marine and coastal areas and the flora & fauna of the territory.

STRATEGIES

- 1. Establish institutions and procedures to effectively manage the natural resources of the territory. (National Parks Trust, Forestry Division, Solid Waste Department etc, Development Control Authority etc.)**
- 2. Enact appropriate legislations to guide the economic development process without hampering the natural resources. (Parks & protected areas act, coastal zone management act, marine parks protected areas regulations etc.)**
- 3. Mandatory Environmental Impact Assessments for major development projects such as the proposed airport, and other resorts.**
- 4. Develop a systems plan for the management of parks and protected areas.**
- 5. Conduct intensive environmental awareness and education programs**
- 6. Encourage involvement of NGO's and voluntary organizations to take active interest in matters of environmental preservation and general beautification of the territory.**