

St Helena Sustainable Development Plan 2007/08 – 2009/10

Foreword

I am delighted to contribute this foreword to the St Helena Sustainable Development Plan (SDP) not least to thank all those who have been involved in its development. The Plan has benefited from extensive discussion within and across departments but most importantly it also reflects extensive consultation with Elected Members, the private sector and the public of St Helena. I am also grateful to our partners, the Foreign and Commonwealth Office and Department For International Development who have offered encouragement and support to the Island in developing this vital plan.

In some ways, of course, the SDP is a continuation of work on St Helena which saw the development of the vision and strategic priorities covering peace, prosperity, democratic improvement and progress in economic, environmental, health and social dimensions. However for me the distinguishing feature of the SDP is that it is drawn up in the context of both a clear timetable for air access and the aspiration of financial self-sufficiency becoming a reality within a generation.

The challenge now is to implement the Plan so that not only do we maximise the benefit from air access but also that we ensure people from all walks of life on St Helena see positive results from the airport and related tourism development. This challenge is not just one for the Government. St Helena Government has essential roles to play in ensuring that departments work together rather than in silos, in building on its tourism and investment policies to continue the right climate for economic progress. However, as the SDP makes clear it will be for investors and others in the private sector to take advantage of Her Majesty's Government's investment in air access.

Throughout the development of the Plan the Executive Council and I have tried to keep it practical and down to earth and in doing so have often posed the reality check question of what will success look like. In process terms the Government will need to work with the private sector and the public even more closely than it has done in the past. In results we look for a smaller more customer focused public service; a growing and more confident private sector; better infrastructure for St Helenians and visitors alike; a substantial investment in high grade hotel accommodation and other tourism facilities; and improved health, education and training for all.

I have every confidence in St Helenians' ability to implement this plan effectively and in doing so, to shape a dramatically better future for the island. I hope that as Governor I have made a positive contribution to the Plan. The task will fall to others to implement it but I will follow developments keenly and wish St Helena every success in the future.

Michael Clancy
Governor and Commander-in-Chief

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Abbreviations

ANRD	-	Agriculture and Natural Resources Department
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
DBO	-	Design, Build and Operate
DEPD	-	Development and Economic Planning Department
DFID	-	Department For International Development
EC	-	European Commission
EDF	-	European Development 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
NT	-	National Trust
MIE	-	Monitoring, Impact and Evaluation
MoV	-	Means of Verification
NGO	-	Non-Governmental Organisation
NVQ	-	National Vocational Qualification
OCS	-	Office of the Chief Secretary
OTs	-	Overseas Territories
OTCC	-	Overseas Territories Consultative Council
OTD	-	Overseas Territories Department
OTEP	-	Overseas Territories Environment Programme
PAS	-	Prince Andrew School
PFM	-	Public Finance Management
PH&SSD	-	Public Health and Social Services Department
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

SPS	-	Sanitary and Phyto Sanitary
TC	-	Technical Co-operation
UK	-	United Kingdom
UN	-	United Nations
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 priority strategic objectives that outline 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 chart the territory's social and economic transformation.

Executive summary

Sustainable Development Plan

This Sustainable Development Plan (SDP) 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.

The SDP and the Vision for St Helena

The Vision for St Helena is:

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

The SDP 2007/08 – 2009/10 sets out a broad development strategy which will contribute directly towards the realisation of the Vision for St Helena. The SDP is underpinned by six priority National Strategic Objectives which have been formulated through consultation and analysis¹.

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 estimated at 4,030 people for 2006. Standards of living have improved in recent years, but this improvement has been fuelled by UK aid and remittances. Income per capita amounted to about £3,100 and Gross National Product (GNP) per capita to £3,831 in 2005/06. 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. Due to out-migration 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.

The economy is dominated by the public sector, which employs approximately 55 per cent of the labour force. 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 £4.3 million in 2000/01 to £6.4 million in 2005/06. Per capita public recurrent expenditure has increased from £2,333 in 2000/01 to £3,540 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

¹ See the 'St Helena Strategy – Our Vision for the Future', December 2005

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 per year.

St Helena also has a large number of civil society organisations, many of which play a significant role in the community and thus facilitate sustainable development.

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 income related 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 give Government the opportunity to increase the efficiency of its operations.

Preparing for air access is the main theme of this SDP. Current expectations are that air access will be a reality by 2012. With air access, the economy as well as the population is expected to grow, thereby providing a solid base 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.

The integrated sustainable development strategy has four main pillars:

- 1) Growth through private sector development.
- 2) Investment in human and physical infrastructure.
- 3) Care for the vulnerable.
- 4) Public sector modernisation.

Growth through private sector development

During the SDP period the main impetus for **private sector development** will be 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 and the effective implementation of recently adopted investment and tourism policies. These investment and tourism policies provide for access to incentives, which will be organised in a transparent manner.

Another important measure to promote private sector development is reinvigorating the **outsourcing/privatisation** of activities currently undertaken in the public sector. An outsourcing programme has been 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 the 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.

An efficient **labour market** will be encouraged by introducing labour legislation and assessing the scope for the introduction of an island-wide pension.

Investment in human and physical infrastructure

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.

Improvements will be introduced in **physical 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 fees 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.

A well managed, attractive and safe **environment** that has a low crime rate is a key requirement for a tourism-based development strategy. The Strategy for Action to Implement St Helena's Commitments under its Environment Charter will be vigorously pursued and implemented. Improvements will be introduced in waste management and sewerage. Programmes to protect and improve the natural, built and cultural environment will be implemented. The co-ordination of environmental policies and programmes will be improved. The possibility of establishing an Environment Agency will be assessed.

Care for the vulnerable

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.

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.

Public sector modernisation

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 in line with the Government charging policy. Departments will be encouraged to undertake reviews as has recently been carried out by Agriculture and Natural Resources Department (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.

1 Introduction

1.1 Background

St Helena is one of the UK's Overseas Territories (OTs); 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 and some 700 miles from the nearest (military) airport on Ascension Island, itself a remote location. St Helena does not have an airport although one is now being planned and the Island 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.

1.2 What is a sustainable development plan?

The SDP 2007/08 – 2009/10 sets out a broad development strategy for St Helena and provides the framework for development co-operation with the UK for this period. Sustainable development can be broadly defined as improving the quality of life of present and future generations through a process of economic and social development within the constraints of available financial resources and the need to protect the environment.

The SDP gives policy guidance and identifies broad actions which should lead to more sustainable development. However, it should not be considered an operational plan identifying each action to be carried out in the three-year 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. A key element of a sustainable development plan framework is the recognition that economic, social, institutional and environmental issues are inter-related and mutually reinforcing.²

The SDP 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;

² Several United Nations texts, most recently the 2005 World Summit Outcome Document, refer to the "interdependent and mutually reinforcing pillars" of sustainable development as economic development, social development, and environmental protection.

- the financing of the SDP; and
- monitoring SDP implementation through establishing performance indicators.

It should be noted that the SDP approach involves a flexible and rolling planning framework. Annual monitoring of progress, constraints encountered and new perspectives on future development may give rise to modifications in policies and actions, which can result in amendments of the SDP over time. It is envisaged that at the end of the first two years of this SDP period, i.e. early 2009, the SDP will be reviewed in more detail and a successor SDP will be formulated, covering the years 2009/10-2011/12.

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 1970s heralded a new era for St Helena, typified by reductions in private sector employment and export activity, rising out-migration 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).³ 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 have since declined to £2.6 million in 2005/06. One explanation for the decline is attributed to a changing pattern of out-migration. 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 Gross National Product (GNP) in constant prices has been one of modestly favourable growth, though growth rates have fluctuated from year to year. Between 2000/01 and 2005/06 GDP grew by an average of 1.2 per cent, although GNP declined somewhat due

³ Estimated as wages, salaries and social benefits paid by government as a percentage of GDP. These estimates include some services which in most countries would be recorded separately in the national accounts, such as utilities.

to a decline in recorded 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 around three per cent is anticipated for St Helena.

Table 1. GDP and GNP by expenditure category, 1999/00-2005/06 (£000 unless otherwise stated)

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
GDP current prices (£000)	11,751	10,143	11,594	12,734	12,498	13,585	12,622
GNP current prices (£000)	14,343	13,898	16,050	18,482	17,186	17,053	15,599
GDP constant prices (2002) (£000)	12,383	10,544	11,571	12,621	11,869	12,466	11,210
GNP constant prices (2002) (£000)	15,113	14,447	16,018	18,318	16,320	15,648	13,853
Population	4,961	4,663	4,490	4,350	4,140	4,185	4,072
Per capita GDP (constant 2002 prices) in £	2,496	2,261	2,577	2,901	2,867	2,979	2,753
Per capita GNP (constant 2002 prices) in £	3,046	3,098	3,568	4,211	3,942	3,739	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	10.9	14.4	-10.9	-4.0	-11.5
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	15.1	18.0	-6.4	-5.1	-9.0

Source: derived from data presented in Development and Economic Planning Department, Statistical Yearbooks, 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 imports amounted to £7.8 million in 2005/06 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 £280,000 in 2005/06. 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 £426,000 in 2005/06 representing a contribution to GDP of 3.3 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 £15.3 million in 2005/06. The contribution of UK budgetary aid to total government expenditure has increased from £4.0 million in 2001/02 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 £000 unless otherwise stated)

	2001/02	2002/03	2003/04	2004/05	2005/06
Domestic revenue	5,572	5,943	6,113	5,481	6,652
Grant-in-aid	4,000	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 (Table A.3.2 in Annex 3 refers). 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 out-migration with the population steadily declining since the late 1980s. Since the last population census in 1998, the population has declined from 5,157 to 4,030 as of December 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 746,⁴ 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 10,000.⁵ 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

	Birth rate per 1,000 population (1)	Death rate per 1,000 population (1)	Infant mortality rate (2)	Population (3)
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	8.6	3.6	4,663
2001	10.8	8.7	3.9	4,490
2002	9.9	9.8	4.3	4,350
2003	9.7	10.3	4.5	4,140
2004	9.2	10.1	5.0	4,185
2005	8.4	9.7	5.6	4,072
Dec. 2006				4,030

Source: Statistical Section, Development and Economic Planning Department.

Notes:

- (1) Five year moving average
- (2) Rate per 1,000 live births, 5 year moving average
- (3) 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.

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 refers). Out-migration 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 5 per cent. A scheme promoting re-training of the long-term unemployed has also contributed to reduced unemployment. The demand for labour has, furthermore, resulted in mobilising previously inactive 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

⁴ This estimate has been made available by the authorities on Ascension.

⁵ Atkins, St Helena Access Feasibility Study, 2005.

sector and in the building industry. In the public sector, scarcities of teachers, nurses, engineers, police officers and other skilled staff positions are prevalent.

The number of positions in government has declined marginally from 1,163 in 2002 to 1,142 in 2006.⁶ Public sector employment is characterised by high turnover rates, mainly due to out-migration, 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 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 & Company (St Helena) Plc, 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.⁷

Table 5. Distribution of employment within the private sector

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

Source: *DEPD Survey of Employers 2004*

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

The number of private businesses has grown modestly since the mid-1990s, when there were about 190 businesses.⁸ 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 2004.⁹

⁶ This number excludes trainees (12 in 2006).

⁷ According to data provided by the Income Tax Section in the Finance Department.

⁸ 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.

⁹ 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.

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.¹⁰ 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 UK government securities. 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 per year. 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 £426,000 in 2005/06, equivalent to 3 per cent of GDP for that year. The arrival of air access is expected 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 out-migration 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 737 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. In terms of 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

¹⁰ 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.

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 1998 to 6 per 1000 at present (Table 3 refers). 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 out-migration. Another notable development has been the rapid increase in health care costs on the island. Per capita budgeted expenditure on health care increased from £457 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 cost of overseas 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 (Table A.3.4 in Annex 3 refers).

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 between 2000 and 2004, implying an absolute decline in income poverty.¹¹ 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 per cent 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.

¹¹ 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 presents key issues impacting on the future development of St Helena.

At present the public sector dominates the economy; there will, however, be increased opportunities for private sector development in light of air access. There are also a number of focussed civil society organisations, for example, the St Helena National Trust, that play significant roles in the community. Taking forward the SDP in order to address the issues highlighted in this chapter will require a participatory approach encompassing all aspects of society on 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 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 at risk from rock fall from the 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 out-migration 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. Emigration 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, out-migration 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. These services are under severe pressure to deliver, as the progeny of the elderly have increasingly left to work abroad.

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.

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 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 initial impact of diseconomies of scale relating to overheads; 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 subsidise 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 Development Control Plan, which identifies the type of development allowed in different areas of the island, as well as the restrictions to which its use will be subject. The Land Planning and Development Control Agency is responsible for enforcing the Land Development Control Plan.

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 acquisition 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 points 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 standards, 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 is 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; the Public Health and Social Services Department provides community nurses and also 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.

Recruiting and retaining qualified nursing staff are problems, 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 the number and cost of overseas referrals.

3.12 Labour market development

Lifelong learning and vocational training systems will need to be promoted 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 skilled 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 & Company. 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 sector 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 the protection of the natural, built and cultural environment. With increased economic development and increased numbers of visitors the fragile environment, both terrestrial and marine, of the island will come under additional threat. The various environmental bodies have limited remits for environmental protection; moreover their functions are implemented by a fragmented institutional infrastructure which is also pursuing other priorities. The lack of 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, and capitalising on the Island's natural assets, especially its biodiversity.

3.14 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 few 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 Public Finance Management

Good governance is accepted as an essential element in underpinning St Helena's development and SHG has accepted the good governance paper agreed at the Overseas Territories Consultative Council (OTCC) in 2006 as its guiding practices and general approach. In recent years St Helena has made

considerable strides in improving governance in terms of initiatives such as smaller committees with clear separation between the responsibilities of Councillors and officials; new codes of conduct for elected Members; revised standing orders for committees; a Public Accounts Committee to ensure more effective scrutiny of the executive; a register of Members' interests and capacity building for Councillors. The Government has also made considerable strides in not only trying to be more open but also to involve the public in the development of policy. It has issued more press releases and offered public meetings and presentations particularly on issues like air access. For major policy initiatives such as tourism and investment extensive public consultation was carried out. Decisions in the Executive Council are communicated to the media and parts of the meetings may also be attended by the public. All of the formal sessions of the Legislative Council are open to the public and are broadcast live on one of the radio stations. Most of the informal sessions of the Legislative Council can also be attended by members of the public.

DFID typically looks at governance in terms of state capability, accountability and responsiveness. In these terms St Helena is politically stable with a high regard for the rule of law, a respect for human rights, no significant corruption and a willingness to try to be as open and transparent as possible. However, the Government and Legislative Council are not complacent on these matters and a governance framework informs their future intended actions under the SDP and is dealt with in 4.4.15

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.

A review of Public Finance Management (PFM) found that overall this is managed appropriately and is working well in the current socio-economic context. However, there are measures of improvement that need to be put in place in the next three years to equip St Helena to deal with a modern and demanding business environment. Improvements relate to areas such as updating financial legislation, introducing more user-friendly and transparent presentation of the accounts and moving towards a more transparent and accountable decision making process.

St. Helena does not have any formal anti corruption legislation or overall code of ethics. Conflict of interest procedures are in place for both Executive Council and Legislative Council members. The equivalent for public servants is in the current Public Service Orders and in the new Code of Management which will soon replace them.

In respect to corruption in general, the small size of the community, the concomitant smallness of local contracts available and a committed civil service tend to offer few opportunities for corruption. Overall, in the public service there is an ethos that is intolerant to corruption and upholds transparency in financial decisions. This is enhanced by the existence of an active independent media.

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 strategy will contribute directly towards the realization of the Vision for St Helena. The strategy is underpinned by six key national strategic objectives formulated through intensive consultations with stakeholders.

4.2 Vision and strategic objectives

The Strategy for St Helena published in 2005¹² 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 achieved through sustainable economic, environmental and social development leading to a healthy and eventually 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 objectives:

- Providing education, training, scholarships and skills in specialist areas to meet future development needs.
- Developing an education system that prepares the population for living in a more open environment and a globally oriented economy.

¹² 'St Helena Strategy – Our Vision for the Future', December 2005

- Addressing the effect of changing school rolls on infrastructure and resourcing needs through, for example, rationalising primary education to produce a socially stimulating and sustainable primary education system and improving the quality and coverage of secondary education.
- Developing adult and vocational education and training.

Strategic objective three

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

Sub-strategic objectives:

- Promoting the development of the local business sector.
- Promoting tourism and airport related developments through the implementation of the Tourism Policy.
- 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 lead 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 Safe 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.
- Promoting health and safety in the work place.
- 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 natural, built and cultural environment.
- 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.
- Maintain low levels of crime.
- 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.
- Developing a contributory and inclusive national pension scheme.

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 public finance management and good governance.
- Ensuring protection of human rights.
- Examining scope for improved access to civil and political rights under, for instance, the ratified UN Human Rights Charter and the UN Charter on Civil and Political Rights.
- Improving and strengthening systems, management capacity and human resource development in the public sector to ensure effectiveness, efficiency, accountability and sustainability, in order both to deliver the SDP strategy and to underpin constitutional change.
- 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.

The St Helena Strategy also identifies seven lesser priority national strategic objectives. Of these, the following are of particular relevance to the SDP strategy:

- Protect and conserve the environment.
- Promote and develop social policies to the benefit of society on St Helena.
- Protect and cherish the culture of the Island.
- Care of the elderly.

To measure the progress in meeting these strategic objectives, a number of targets have been developed for the medium term. These targets include achieving the following by the year 2020:

- An increase in the current population of about 4,000 by 30 per cent.
- A decline in aid to less than 10 per cent of overall SHG annual expenditure (and elimination of aid by 2025).
- The majority of national employment and wealth to be generated by the private sector.
- An increase in the number of tourists to over 20,000 per annum.

4.3 Achieving sustainable development

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

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, thereby 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. 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 people to actively participate in a dynamic more knowledge-based 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 contribute to making St Helena a destination for nature tourism.

Taking forward the SDP will require a participatory approach, involving the public and private sectors and civil society. The island's participation in the formulation and implementation of the SDP is envisaged through the representative bodies, LegCo and ExCo, the representative organisations of the private sector, and of civil society. 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

The integrated sustainable development strategy has four main pillars:

- 1) Growth through private sector development.
- 2) Investment in human and physical infrastructure.
- 3) Care for the vulnerable.
- 4) Public sector modernisation.

These pillars strongly underpin the attainment of St Helena's national strategic objectives, as shown in Table 6 below:

Table 6. SDP pillars and national strategic objectives

SDP pillars	National strategic objectives
Growth through private sector development	Strategic objective 1: Improve access Strategic objective 3: Sustainable economic development Strategic objective 5: Develop a sustainable work force
Human and physical infrastructure	Strategic objective 1: Improve access Strategic objective 2: Improve education Strategic objective 3: Sustainable economic development Strategic objective 4: Healthy Community in a safe environment Strategic objective 5: Develop a sustainable work force
Care for the vulnerable	Strategic objective 4: Healthy Community in a safe environment
Public sector modernisation	Strategic objective 3: Sustainable economic development Strategic objective 6: Democratic rights, human rights and self determination

The policies and programmes to be implemented during the period 2007/08-2009/10 under each of those pillars are elaborated below. It should be realised, though, that many of these policies and actions will be continued in the years following the period of this SDP.

Growth through private sector development

4.4.1 Promoting private sector development

An important precondition for an increase in St Helena's GDP is the creation of an enabling environment that will allow increased private sector participation in the national economy. The objective is to reduce Government's ownership of resources and intervention in industry 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 for business opportunities relating to large 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 Companies Ordinance, introducing a bankruptcy law and a regulatory framework to enforce competition;
- phasing out 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 learnt from the previous experiences and a best practice 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. A new outsourcing policy and programme has been drawn up, 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 Sanitary and Phyto Sanitary (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 Tourism Association, the Builders Association, and Farmers and Fisheries Associations, all play an important role as an interface between the public and private sectors in promoting economic and private sector development. These organisations will be intensively involved in developing policies and programmes affecting private sector development.

4.4.2 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.¹³ Added attractions are strong and distinctive culture and heritage features, based on St Helena's general history; particular attractions are the Napoleonic heritage, and for South Africans the Boer internment heritage. A high degree of security and low crime rates are other attractions. 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. This Agency will 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 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.

¹³Kelly and Robinson Tourism Consultants, St Helena Tourism Strategy, 2005-2015, March 2006

4.4.3 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 rationalise 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. The scope for optimising the use of the island's fisheries resources will be examined. In this context also the present regulatory regime governing the purchasing, processing and local/export sale of fish will be reviewed.

4.4.4 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 the 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.¹⁴ 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.

¹⁴ ARS Ltd, Land Use, Draft Report, 2006.

- 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, sewerage) for on-selling plots, with or without housing units to the public.

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.

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, a Crown Estate management function has been established. This requires co-operation between different Departments involved in managing and maintaining land and buildings, including LL&PD, ANRD, OCS, PW&SD and the Human Resources Department.

The policy on property 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.

4.4.5 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.
- Assessing the scope for introducing a territory-wide contributory pension scheme.
- 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.

The expansion of economic activity resulting from airport construction and other economic incentives introduced in the coming years will result in new and more remunerative employment opportunities for persons wishing to operate their own businesses and in terms of wage employment generally. These employment opportunities will make it more attractive for St Helenians to remain on or return to the island. At the same time it should be recognised that labour shortages may arise which will need to be met by non-Saint workers and in this context, the immigration policy will need to be reviewed.

Human and physical infrastructure

4.4.6 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 continued development 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 Service 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 co-operation between AVES and potential clients of the system, including the private sector and other government departments in meeting their training needs.

Initial Teacher Education will include maximum exposure to school based practice, planned and integrated very closely with in-service education across the Department, co-ordinated and monitored by a training officer.

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 and Social Services Department.

4.4.7 Access infrastructure

Air access

In 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 and operate basis (DBO). 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 7 refers). Within 15 years of opening the airport visitor arrivals are projected to rise to 25,000 per year and eventually after 40 years to be 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 7. Population and visitor projections, 2006-2024, (Based on airport opening in 2012)

	Population	Saints Visiting	Peak Saint Visitors	Tourists	Peak Tourist Visitors	Max. population
2006	4,130	1,560	90	500	34	4,754
2010	4,210	1,560	90	650	42	4,992
2012	4,270	2,256	130	6,280	173	5,323
2015	4,520	4,344	251	7,912	211	5,882
2020	5,270	7,824	451	16,483	479	7,351
2024	6,150	10,608	612	26,461	785	8,897

Source: Infrastructure Review Report

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 for the shipment of cargo to the island after the airport is completed and the RMS has been phased out.

4.4.8 Utilities and road infrastructure

The construction and operation of the airport will have significant implications for the demand for utilities and road infrastructure. 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 sewerage 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. Furthermore, road and building maintenance will be organised on a more systematic basis, based on a survey of conditions of roads and buildings. However, 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.
- Developing a programme of outsourcing services within the utilities and infrastructure sectors.

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.

A study will be undertaken on the public transportation system, examining the scope for extending its coverage and scheduling, and whether and in what form subsidies should be continued.

4.4.9 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 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.

4.4.10 Environmental infrastructure

It is recognised that with increased economic development and increased numbers of visitors, the fragile environment, both terrestrial and marine, of the island will come under additional threat. The Tourism Strategy study highlights nature-based and cultural and heritage features as key tourist attractions on St Helena. For tourism development to be sustainable, so must be these attractions. Ensuring the protection of the natural, built and cultural environment will therefore be a key issue.

The work on environmental protection will be guided by the Strategy for Action to Implement St Helena's Commitments under its Environment Charter, 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 based on the ten Commitments of the Environment Charter.¹⁵ The strategy 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 environment activities.

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

- 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);
- improvement of solid waste management, and sewerage; and
- participation in 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 Environment Agency will be considered, under which a number of the presently dispersed functions 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.

¹⁵ St Helena Environmental Charter, 2001; and Strategy for Action to Implement St Helena's Commitments under its Environment Charter, 2005.

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 on 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. An inventory will be made of the island's built heritage and a policy for maintaining historic buildings will be formulated involving St Helena National Trust, PW&SD, and private owners.

With the establishment of the airport the environment will be exposed to new challenges during both 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 wirebirds at Prosperous Bay Plain and has stimulated positive mitigating actions. A detailed environmental impact assessment of the airport project is currently being implemented.

Care of the vulnerable

4.4.11 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 for 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 depend

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.¹⁶ 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 but some may take place beforehand.

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.

4.4.12 Social welfare

Social safety net programmes protecting the vulnerable in 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 pays allowances to pupils enrolled in Year 11 as part of a wider employment and social benefit policy and also provides training for the unemployed, and the Department of Health and Social Services, which has extensive

¹⁶ 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.

programmes caring for the elderly.¹⁷ In addition, civil society will be closely involved in the design and implementation of social welfare programmes, as they operate close to the target groups and are able to mobilise supplementary human and financial resources.

An example of interdepartmental co-ordination of programmes supporting the vulnerable is the Social Impact Reference group of which members are: Chief Education Officer, Chief Administrative Health and Social Services Officer, New Horizons representative, Employment Benefits and Administration Officer, the Chief of Police and the Chief Development Officer.

Improved targeting will 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. Other initiatives are to promote tenants to buy their houses and to use these finances for building new houses and restoring the existing housing stock. Furthermore, the scope for converting larger dwellings into smaller units will be pursued, as a considerable number of the tenants of social housing consist of small households, often single persons.

Benefits for the unemployed will be ensured for the genuinely unemployed based on clear criteria and screening procedures. Programmes to support the 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 the unemployed who are not available for work because of mental health problems, support will be provided under the Occupational Therapy Scheme or through SHAPE. The latter initiative is a good example of a social enterprise involving different agencies, as the SHAPE initiative combines a civil society, a foreign investor, COPE,¹⁸ three government departments, the Departments of Health and Social Services, Employment and Social Security and Education (AVES), and a public agency, SHDA, to provide training, support and employment opportunities to people with disabilities.

Public sector modernisation

4.4.13 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 SDP 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:

¹⁷ The policy to pay Year 11 is part of an ESSD policy which included means testing for payment additional to the £1 per day put in to education budget.

¹⁸ COPE is a British-based social enterprise that supports adults with disabilities to participate in productive businesses and supports the establishments of social firms inside and outside the UK.

- On the revenue side, taxes, and charges for services will be restructured so that they effectively and equitably raise funds for financing government expenditure without stifling private consumption and investment. A charges policy aimed at moving towards increasing cost recovery has been formulated and its implementation is in progress. A tax review is planned to restructure completely 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 is aimed at simplifying the tariff regime (reducing rates from six to three rates, 0, 20 and 30). It also aims to make the regime more development-oriented, eliminating duties on investment goods and raising duties on consumption goods and in 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 local spending of construction workers.

4.4.14 Security and disaster management

In the wake of having an airport, there is a need to upgrade the capacity of maintaining island 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 updated to include the airport. Improvement of local policing will be pursued by closer involvement of communities. Prison services will be upgraded to meet international human rights standards.

4.4.15 Governance and Public Finance Management

Governance

Improvements in governance will be taken forward in accordance with DFID's Country Governance Analysis template covering the three broad areas of State Capability, Accountability and Responsiveness. Elements under these include matters such as revenue mobilisation and public

financial management; and conditions for investment, trade and private sector development which are dealt with elsewhere in the SDP. Therefore, intended actions below focus on:-

State Capability

Political Stability and Personal Security

St Helena has no political parties and there is generally political stability. Sometimes complicated political arrangements are not always fully understood and efforts including training will be made to broaden and deepen understanding. A consultation with the public is planned on the constitutional developments trialled within the parameters of the existing Constitution. The aim is to have a clear, stable platform for the next election planned for 2009.

Economic and Social Policy Management Capability

There are capacity issues here and, as indicated elsewhere, there are plans for Government Economist support and also a Social Development Planner.

Government Effectiveness and Service Delivery

There will be a review of corporate management arrangements, of the Heads of Department Forum and of the support given to Councillors. The Governor's office is also being strengthened not least because of the work now generated by the Dependencies. There will also be continuing support for Audit Services, their consultancy role and encouraging departments responding to their recommendations and delivery efficiencies. The innovation of the Audit Committee will also be reviewed.

SHG's Corporate Governance will also be "benchmarked" by Audit Services against the UK's 'Good Governance Standard for Public Services'.

Accountability

Political Freedoms and Rights

The rights and responsibilities have been made clearer in codes of conduct and register of members' interests. Councillors will look at the representative roles in terms of operating from 2 rather than 8 constituencies.

Transparency and Media

SHG intends to continue to publish draft policies and bills for public comment and these are usually included in full in the media. Councillors are currently discussing how they can use the media more effectively to encourage input from the public. There are two radio stations and two newspapers on the island and the Audit Services are looking at value for money and level playing field aspects. Their recommendations will be followed up as appropriate.

Political Participation and Checks

Councillors will review electoral law and procedures to encourage voting and other political participation. The first draft of a booklet intended for schools has been produced. Further training for Councillors is being arranged and could include those with aspirations to become politicians. Scrutiny training for Public Accounts Committee members is being arranged in order to try to improve its scrutiny of the executive and the Audit Service will continue to offer support and guidance with preparation of annual Public Accounts Sessions.

Judiciary and Rule of Law

Politicians respect the separate role of the judiciary. In terms of proposed new law Councillors are given opportunities for extensive briefing so that matters can be explained to constituents and inform discussion in Legislative Council.

Civil Society

Organisations have developed in some areas but not others e.g. human rights. A Social Development Planner is looking at how civil society can be more appropriately involved in the major changes which will take place on St Helena.

Responsiveness

Human Rights and Civil Liberties

There is already considerable human rights provisions in Ordinances but Councillors continue their consideration of codifying and enshrining human rights in an Order in Council which could not be overruled by local Ordinance.

Pro-poor Policy

The main focus here is on protecting the vulnerable in terms of moves towards full cost recovery for utilities.

Gender Equality, Discrimination and Inequality

There is legislative provision for equality and appropriate processes for employment within Government. Equality will be taken into account in work on development of employment legislation.

Regulatory Quality

Work will be done on designing appropriate regulatory input in parallel with the move to utilities being outside Government.

Corruption

SHG is considering whether it could sign up to the United Nations Convention Against Corruption. It is also developing its financial service policy and related legislation.

The Audit Service aims to lead on the development of an Anti-Fraud and Corruption Strategy for adoption by SHG.

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:

- Ensuring leadership of the reform programme and sustaining 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 be 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 public service modernising programme will be put in place and this will include a full time public service modernising advisor and a public policy expert to support the required institutional reforms. The programme aims to:

- a) enable SHG to meet the challenges of formulating, implementing and monitoring those policies introduced as a result of the airport;
- b) implement this Sustainable Development Plan; and
- c) improve the efficiency and effectiveness of government and remove barriers to private sector growth.

The public service modernising advisor 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. Issues to be looked at critically for improvement are human resource management and development, performance and effective organisations.

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, enhanced accountability 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 public finance management. A recent report that assessed PFM performance in St Helena concluded that the PFM system in place meets international best practices in this area and ensures adequate accountability and transparency¹⁹. However in view of introducing air access and improving the business environment there are a number of critical improvements that need to be carried out in the next three years. These concern in particular:
 - Streamlining of the Decision Taking Process
 - Updating and improvement of the financial and audit Legislative Framework
 - Increasing Transparency in Accounting and Reporting
 - Strengthening Internal Audit and embedding its function

¹⁹ Oxford Policy Management, Fiduciary Risk Assessment, for Department of International Development and the Government of St Helena, June 2006.

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 proposes to introduce a human rights order in its constitution. As agreed at the Eighth Annual Meeting of the Overseas Territories Consultative Council, SHG will consider endorsing 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.

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

Section 4.4 above highlights the key strategic issues in relation to the four pillars of the SDP strategy. Each of these pillars is underpinned by the Island's national strategic objectives (Table 6 refers). Annex 4 further expands on this to show how each Strategic Objective links in with the Sustainable Development Strategy. It further outlines targets that have been set and breaks these up into the programmes and activities that will allow the Strategic Objectives to be realised over this planning period.

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 St. 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 projects, 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 3 per cent per year) in the following two years.

The fiscal estimates are presented in Table 9 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 8. Macroeconomic projections, 2006/07-2009/10 (in current prices and amounts in £000)

	2006/07	2007/08	2008/09	2009/10
Private consumption	12,010	12,311	12,821	13,340
Government consumption	14,044	14,181	14,181	14,181
Total investment	950	1,067	1,530	1,995
-Private investment	350	417	530	645
-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	13,617	14,070	14,533
GDP	14,584	14,918	15,486	16,061
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 9. Fiscal projections, 2006/07-2009/10 (in current prices and amounts in £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	14,584	15,366	16,429	17,551
Revenues as percentage of GDP	44.2%	44.1%	42.2%	40.4%
Expenditure as percentage of GDP	94.7%	93.5%	89.9%	86.6%
Recurrent financing needs as percentage of GDP	50.5%	49.5%	47.8%	46.2%
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.

* These figures are taken from the DFID figures in the 2007 Aide Memoire. They are based on inflationary increases and do not incorporate the financial implications of changes identified in this Plan. When the financial implications have been calculated by SHG, and budgets agreed, the Plan will be updated.

5.2 Investment programme

The investment programme for the SDP period is presented in Table 10. 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 the main sources of funding within the development budget, although some smaller locally funded projects are also planned.

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 complex. A further extension of this complex 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 wastewater project began in 2006/07 and will 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 management project and a contribution to the EC funded Wharf Improvement Project.

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

An infrastructure review²⁰ has recently been conducted in order to assess 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.

²⁰ 'St Helena Access Project Infrastructure Review', March 2007

Table 10. 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
LOCALLY FUNDED PROJECTS							
Housing	58,000		58,000			58,000	
Investment Policy	150,000		50,000	50,000	50,000	150,000	
Water Projects	150,000		150,000			150,000	
Community Care Complex – Additional Wing	300,000		300,000			300,000	
New Fire Station	100,000			100,000		100,000	
Total Locally Funded Projects	758,000		558,000	150,000	50,000	758,000	
DFID FUNDED PROJECTS							
Approved DFID-funded projects							
P388 Water Development Phase II	1,413,797	1,288,797	125,000			125,000	
P392 Community Care	2,163,244	1,588,244	575,000			575,000	
P396 Drainage/Sewerage.(Waste-water.)	617,618	129,964	138,636	183,350	165,668	487,654	
P397 SHDA	367,448	119,119	248,329			248,329	
P399 Interim Wind Generation Project	440,000	297,697	142,303			142,303	
Total DfID-approved	5,002,107	3,423,821	1,229,268	183,350	165,668	1,578,286	
Pipeline DFID-funded projects							
Electricity Distribution	1,977,126		450,000	450,000	300,000	1,200,000	777,126
Solid Waste Management	975,860		150,000	290,000	200,000	640,000	335,860
Contribution to Wharf Improvement Project	1,200,000		50,000	400,000	400,000	850,000	350,000
Vocational Training	461,000		48,000	153,000	260,000	461,000	
SHDA Development Phase II	414,000			198,000	216,000	414,000	
Total DFID-pipeline	5,027,986		698,000	1,491,000	1,376,000	3,565,000	1,462,986
Airport Project	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Total DFID Funded Projects (ex. airport project)	10,030,093	3,423,821	1,927,268	1,674,350	1,541,668	5,143,286	1,462,986
EC FUNDED PROJECTS							
Wharf Improvement Project (1)	10,683,188	0	3,308,774	3,503,014	3,101,139	9,910,927	770,261
TOTAL PUBLIC INVESTMENT (ex. airport project)	21,471,281	3,423,281	5,794,042	5,327,364	4,692,807	15,814,213	2,233,247

Source: Development Fund Estimates

Notes:

(1) Approximate figures based on conversion from agreed euro disbursements over calendar years into financial year amounts in pounds at current exchange rate.

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 (MIE) Framework has been developed which incorporates targets, indicators and means of verification (MoVs). This 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 MIE Framework identifies the key policies, programmes and actions to be implemented over the SDP period in relation to each of the four pillars of the SDP strategy (see section 4.4). In turn, following various consultations, these have been translated into targets and alongside these are the indicators and MoVs that have been developed to measure the achievements. The MIE Framework in practice can be seen at Annex 4.

The SDP is part of developing a process of strategic planning in St Helena; it therefore 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.

6.3 Monitoring in practice

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.

An SDP Monitoring Committee will be established to undertake the monitoring of the high level indicators in Table 11 below and the indicators and targets contained in Annex 4. This Committee will comprise both public and private sector individuals and is to be chaired by the Chief Secretary. It is expected that the SDP Monitoring Committee will meet at least twice a year to ascertain the progress made on the realisation of the targets. The Committee will submit a report based on its findings to the Executive Council.

These findings, together with new perspectives on future development, may give rise to modifications in policies and actions, which can result in amendment of the SDP over time. It is envisaged that at the end of the first two years of this SDP period, i.e. early 2009, the SDP will be reviewed in more detail and a successor SDP will be formulated, covering the years 2009/10 – 2011/12.

Table 11. High Level Indicators

Target	2006/07 Baseline	2007/08 Benchmark	2008/09 Benchmark	2009/10 Benchmark	MoV
1. Economic Growth Through Private Sector Development					
(a) Private Sector Employment Grows * 2007/08:2% 2008/09: 5% 2009/10:10%	886	904	950	1,045	Employment Surveys
(b) No of Approved Investors Increase	0	5	10	15	Finance Rec.
(c) No of businesses registered	184	190	195	200	Tax Office
(d) No. stay-over visitors increase 2007/08: 5% 2008/09: 5% 2009/10: 10%	1102	1157	1215	1336	Tourist Office Statistics
(e) Volume of Fish Landed (metric tonnes)	531	557	585	615	Fisheries Directorate
(f) Number of New Private Houses Built	24	24	24	24	LLPD
2. Human and Physical Infrastructure					
(a) Number of Primary Schools in Use	6	4	3	3	Education Dept.
(b) Pupil Teacher Ratio for Primary Schools	8:1	23:1	23:1	24:1	Education Dept.
(c) Pupil Teacher Ratio for Lower Secondary School	9:1	16:1	20:1	25:1	Education Dept
(d) Pupil Teacher Ratio for Upper Secondary School	7:1	10:1	15:1	20:1	Education Dept.
(e) Airport Construction		Tender Issued	Work Started **	Work Continues	Access Office
(f) Wharf Development		Cargo handling equipment procurement and cliff stabilisation in progress	All works scheduled for implementation in 08/09 in progress	All works at least 75% completed.	DEPD
(g) Share of Energy Generated Renewable (%)	17	17	22	33	Energy Division

Target	2006/07 Baseline	2007/08 Benchmark	2008/09 Benchmark	2009/10 Benchmark	MoV
(h) No of Broadband Connections	0	185	238	291	Cable & Wireless
(i) No of Historic Buildings Protected	203 listed buildings of which 58 are owned by the Crown	Legislation in place	50	60	LLP/NT
3. Care for the Vulnerable					
(a) Contributory Health Scheme for Offshore Workers		Advice Sought	Scheme Introduced/ promoted	Scheme Implemented	Health Dept.
(b) Welfare Scheme to Support Affordability of Utilities		Scheme introduced & implemented			ESSD
(c) No of Long-Term Unemployed	100	80	60	40	ESSD
(d) Reduce waiting list for social housing	72	60	50	30	ESSD
4. Public Sector Modernisation					
(a) Increased Cost Recovery for Utilities	Electricity: 51% Water: 52% ****	Electricity: 54% Water: 60%****	Electricity: 58% Water : 70%****	Electricity: 64% Water: 75%****	Finance Dept.
(b) Pay and Redundancy Restructuring ***		Draft report & policy at consultation stage	Package of Measures Agreed and implementation started	Continued implementation	Personnel Dept.
(c) Reduction in the Size of the Public Service	1,080	972	901	760	Personnel Dept.
(d) Vacancy Rate in the Public Service (%)	12	12	10	5	Personnel Dept.
(e) Domestic Revenue as a Share of Total Package a minimum of (%)	47	32	30	30	Finance Dept.

Footnotes

* excludes non-resident workers on access projects

** June 2008

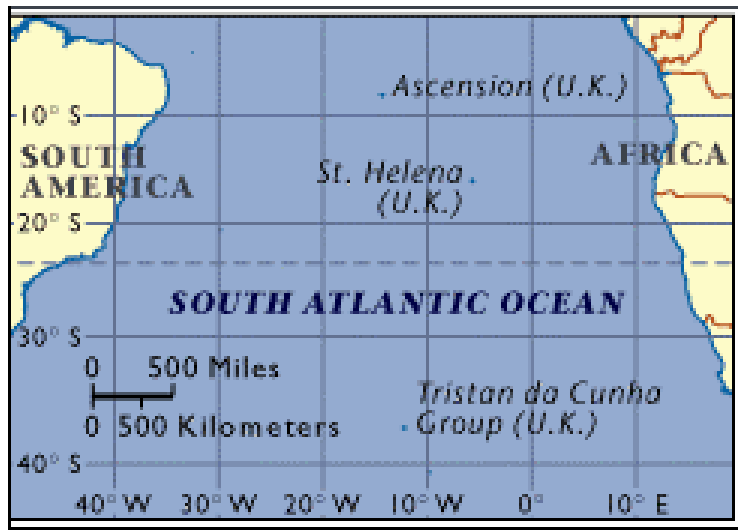
*** Numbers involved to be advised by June 2008

**** To be reviewed

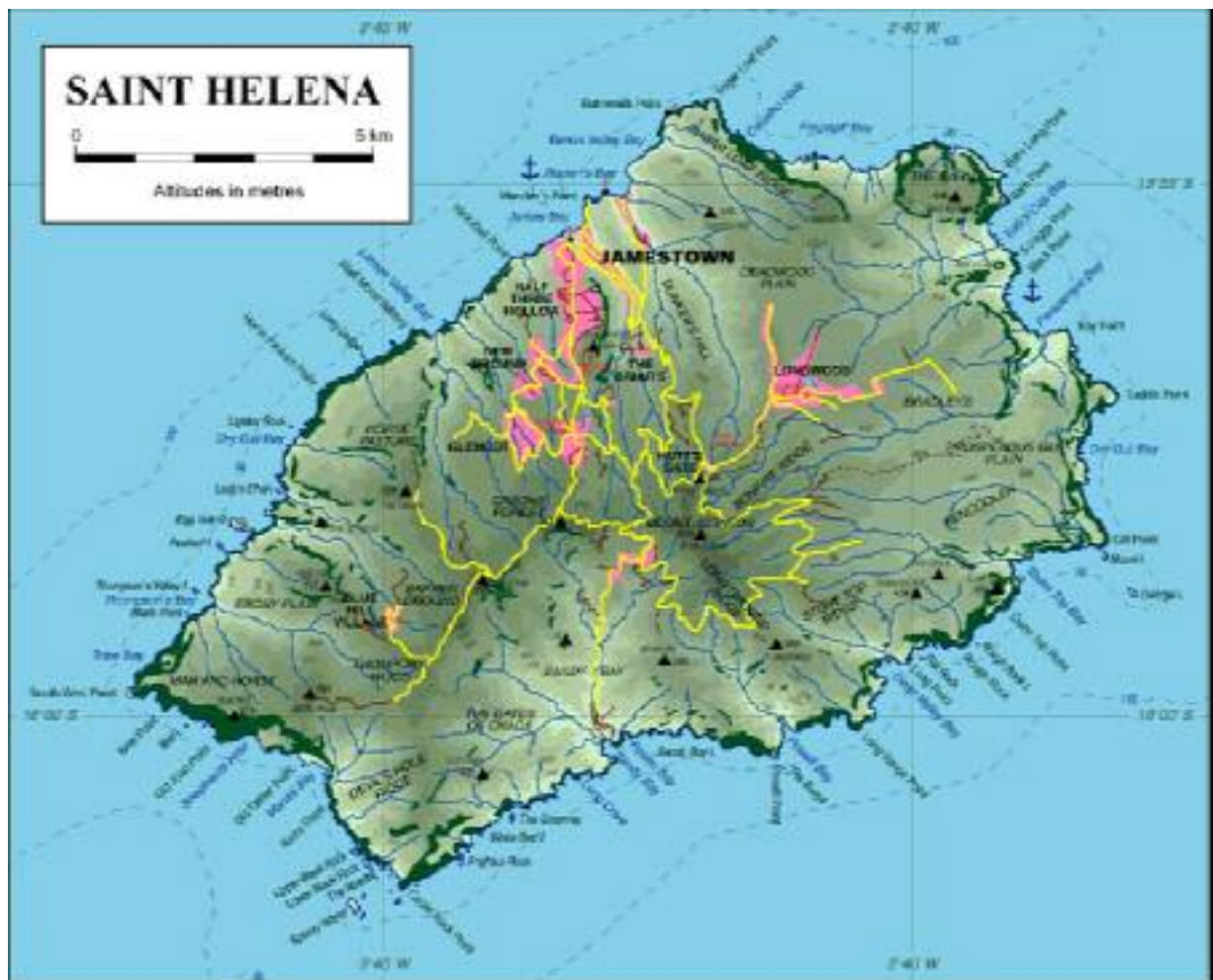
Annexes

Annex 1: Maps of St Helena

Map 1: St Helena South Atlantic Ocean



Map 2: St Helena



Annex: 2. Summary data

	Year of reference	Data
Population and education		
Total number of inhabitants	2006	4,030
Share of population aged 15 and below in the population	2004	15% approximately
Share of those over 60 in the population	2004	20% approximately
Population growth rate (average %)	1998-2006	- 2.8%
Life expectancy	2005	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%
Under-25 illiteracy rate		As above
Enrolment ratio : secondary, % of relevant Age group	2006	100%
Infrastructure		
HDI (Human Development Index)	1998	0.69
% of the population subsidised for housing or living in social housing	2005	14%
% of the population without home access to drinkable water	2006	None
Number of hospital beds per 1,000 inhabitants	2006	10
HIV rate per 1,000 inhabitants	2006	None
Number of regional and international harbours	2006	None. There is only an open roadstead anchorage.
Number of regional and international airports	2006	None
Number of flights to the member state, per week	2006	None
Road network (in Km)	2006	125 km
Number of waste-water treatment plants	2006	None
% of population with access to electricity	2006	95% (estimated)
% of households with access to internet	2005	10%
Economy		
Inflation rate	2005	2.9%
GDP per capita (£)	2005/06	£3,100
GNP per capita (£)	2005/06	£3,831
GDP growth (average % past five years in constant prices of 2002)	2001/02 – 2005/06	1.6%
Unemployment rate (%)	2004	7%
Exports of goods and services (% of GDP)	2005/06	6.9%
Imports of goods and services (% of GDP)	2005/06	130.3%
Number of tourists	2005	1,180 including tourists arriving by RMS and visitors on yachts, excluding cruise ship visitors.

	Year of reference	Data
Foreign direct investment	2005	0
External debt as % of GDP	2005	0
Fiscal balance as % of GDP	2005/06	5.8%
Geography and climate		
Area		47 sq miles
Number of inhabited islands		One, excluding the dependencies Ascension and Tristan de Cunha, which are situated hundreds of miles away from St Helena.
Population density (per sq mile)	2006	85.7 per sq mile
Distance to member state's capital city	2006	Over 4,500 miles
Minimum travel time to capital city	2006	5 days
Nearest economic centre	2006	Angola, Namibia. (over 1,000 miles)
Number of natural disasters	2000 - 2006	No major national disasters, but recurrent rockfall in built-up areas.
Average rainfall per year	2005	217mm-985mm depending on location
Altitude of the territory's peak		821 m

Sources: Statistical Yearbook 2005, Development & Economic Planning Department. National Human Development Report 1999. St Helena Mini Household Expenditure Survey 2004, Development & Economic Planning Department.

Annex 3: Tables

Table A.3.1. GDP and GNP by expenditure category (£000)

	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	15,954
-government consumption	9,944	10,763	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	2,347	2,171	2,840	2,414	2,609	2,332	4,271
- training	350	374					
-transfers	-2,661	-2,795	-2,655	-2,332	-2,448	-2,597	-2,853
-gov't revenue for services	-666	-651	-627	-710	-674	-498	-597
Investment	1,452	1,856	1,872	1,759	1,152	953	803
-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	873
-goods	109	150	104	87	191	240	280
-tourism	415	461	603	738	452	431	426
-other services	679	350	189	130	184	79	167
Imports	11,971	13,402	11,888	10,775	12,867	13,683	16,446
-goods	4,753	7,346	5,550	5,528	6,214	7,149	7,842
-shipping services	4,521	3,511	3,498	2,833	4,044	4,202	4,333
-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	13,585	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	14,342	13,898	16,050	18,482	17,185	17,053	15,599

Source: Development & Economic Planning Department

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
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	1,499	1,956	1,582	1,694	1,915	1,433	2,066
Other	1,779	1,252	1,103	1,097	1,128	822	792
Total revenue	5,994	6,153	5,572	5,943	6,113	5,481	6,653

Source: Government of St Helena Estimates of Recurrent Revenue and Expenditure

Note: The loss of income from reimbursements in 2004/05 relates to the establishment of the Bank of St Helena and reduction in income from Government Savings Bank for which there was a corresponding reduction in expenditure.

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	94,462	106,082	0.9%	0.8%	21	27
OCS	375,782	562,379	3.6%	4.0%	84	143
Personnel	250,050	548,843	2.4%	3.9%	56	140
Legal, Lands & Planning	122,473	177,349	1.2%	1.3%	27	45
Police	439,919	593,757	4.2%	4.3%	98	151
Audit	64,299	102,275	0.6%	0.7%	14	26
Finance	577,719	1,114,691	5.5%	8.0%	129	284
Development & Economic						
Planning	173,011	279,377	1.7%	2.0%	39	71
Post Office	97,835	134,981	0.9%	1.0%	22	34
Pensions	593,178	833,528	5.7%	6.0%	132	212
Education	1,241,340	1,474,914	11.9%	10.6%	276	376
Public Health & Social Services	2,050,830	2,972,044	19.6%	21.4%	457	757
Employment & Social Security	1,360,032	1,362,431	13.0%	9.8%	303	347
Agriculture & Natural						
Resources	862,672	940,100	8.2%	6.8%	192	239
Public Works & Services	2,170,154	2,699,409	20.7%	19.4%	483	687
	10,473,756	13,902,160	100%	100%	2,333	3,540
Public Debt	289,048				64	
Shipping		3,056,000				778
Total	10,762,804	16,958,160			2,397	4,318

Source: St Helena Government Accounts 2000/01 and St Helena Government Estimates 2006/07

Note: Public Debt and Shipping have been excluded from the calculation of percentages to enable a like for like comparison to be made over the period

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		

Source: St Helena Mini Household Expenditure Survey, 2004. Development & Economic Planning Department

Annex 4

Actions and Targets to Monitor Achievement of the Sustainable Development Plan

1. Growth through Private Sector development

a. Promoting private sector development

Strategy: to increase the size of the private sector within an appropriately regulated environment

Key Actions to achieve Strategy

Key Actions	Responsibility	Date
Implementation of Investment Policy	Finance	On-going
Revision of Companies Ordinance	Finance/LL&PD	2007/08
New legislation on Bankruptcy	Finance/ LL&PD	2007/08
Introduction of Financial Services Legislation and Regulations	Finance/ LL&PD	2007/08
Competition and Monopolies Policy	Finance	2007/08
Revision of Tax Legislation	Finance/ LL&PD	2007/08 – 2009/10
Strengthening of Business Support Services	SHDA	2007/08 – 2009/10
Promotion of inward investment	SHDA	2007/08 – 2009/10

Targets to measure success of Key Actions

Target	Indicator	Base Data 2006/07	Means of verification
Growth in the economy	Growth in GDP at least: 2007/08: 1% over 2006/07 2008/09: 2% over 2007/08 2009/10: 2% over 2008/09	GDP £14.584M (Est)	DEPD: Statistics yearbook
Increase private sector employment	Numbers earning a living in private sector at least: 2007/08: 2% over 2006/07 2008/09: 5% over 2007/08 2009/10: 10% over 2009/10	Number: 886	2007 Census Employment force surveys
Increase in private sector businesses	Number of businesses registered for tax at least: 2007/08: 190 2008/09: 195 2009/10: 200	Number: 184	Tax Office
Increase in private sector earnings	Turnover of private businesses at least: 2007/08: base figure 2008/09: 3% over 2007/08 2009/10: 3% over 2008/09	2006/07 data not available	Tax Office

b. Tourism

Strategy: to attract more tourists who are attracted by the products available, i.e.the natural environment and history

Key Actions to Achieve Strategy

Key Actions	Responsibility	Date
Implementation of Tourism Policy	OCS	On-going
Focussed marketing of the Island, together with the UK and SA Representatives	OCS	On-going
Optimisation of RMS schedule to increase tourist numbers	Shipping Office	2007/08
Introduction of a grading system for tourist accommodation	OCS	2008/09
Establishment of appropriate Tourism institutional arrangements	OCS	2007-08 – 2009/10

Targets to measure success of Key Actions

Target	Indicator	Base Data 2006/07	Means of verification
Increased tourist numbers over the three years	Increase in numbers day visitors/overnight stays on the Island by 2009/10 to: 1,165 in RMS tourists (5% increase per annum) 192 yachts (5% increase per annum) 14 cruise ships (10% increase per annum) 4,355 landed cruise ship passengers (5% increase per annum)	Number of day visitors/overnight stays on the Island: RMS: 1,102 tourists (2005) Yachts: 166 (2005) Cruise ships: 10 (2006) Landed Cruise ship passengers: 3,762 (2006)	Tourist Office
Overall satisfaction with visit/stay	Satisfaction Rating: 2007/08: 70% 2008/09: 80% 2009/10: 85%	Rating: 66% (2004)	Tourist Office
Increased beds for tourists under construction over the next three year	Increase in beds under construction by 2009/10: 5*: 100 4*: 40 3*: 25 2*: 20 Self/catering B&B: 0	No of beds All hotels: 60 Self/catering B&B: 78	Tourist Office

c. Agriculture

Strategy: to increase the volume of local products

Key Actions to achieve Strategy

Key Actions	Responsibility	Date
Consolidation of activities to provide an integrated advisory service to farmers	ANRD	On-going
Review of farming subsidies to target them to key bottlenecks and encourage innovation	ANRD	On-going
Review and agree revised Agricultural Leasing Policy	ANRD	2007/08
Review options to stimulate fisheries development	ANRD/SHFC	2008/09

Targets to measure success of Key Actions

Target	Indicator	Base Data 2006/07	Means of verification
Increase in food products	Increase in local sales by 2009/10 to: Vegetables: 166,000 Kilogrammes Meat: 108,000 Kilogrammes	2006: 138,531 Kilogrammes vegetables 98,336 Kilogrammes meat	ANRD Records
Increase fish catches	Increase in catches to: 2007/08: 557 tonnes 2008/09: 585 tonnes 2009/10: 615 tonnes	Catch: 531 metric tonnes	SHFC
Maintain volume of fish sold locally	Maintain sales at: 2007/08: 48 metric tonnes 2008/09: 48 metric tonnes 2009/10: 48 metric tonnes	Fish sold on the Island: 48 metric tonnes	Fisheries Section

d. Land and Housing

Strategy: to increase the availability of appropriate housing for Saint Helenians

Key Actions to achieve Strategy

Key Actions	Responsibility	Date
Enforce Land Development Control Plan	LDCA	On-going
Establish Crown Estate Management function	LL&PD	2007/08
Phased release of housing plots for development	LL&PD	2007/08 – 2009/10
Review Government Landlord Housing policies and procedures	ESSD	2007/08
Review feasibility of establishing Housing Association for social housing	ESSD	2008/09
Introduce Immigrant Landholding Policy	LL&PD	2007/08

Targets to measure success of Key Actions

Target	Indicator	Base Data 2006/07	Means of verification
Release housing plots	Plots released for Saint Helenians at least: 2007/08: 30 2008/09: 30 2009/10: 30	Plots released: 37	LL&PD
Increase in houses built	Houses completed at least: 2007/08: 24 2008/09: 24 2009/10: 24	Houses completed: 24	LL&PD
Reduce waiting list for social housing	Number on waiting list 2007/08: 60 2008/09: 50 2009/10: 30	72	ESSD Records

e. Labour market

Strategy: to promote the participation of Saint Helenians in the building and operating of the new airport and associated economic development

Key Actions to achieve Strategy

Key Actions	Responsibility	Date
Introduction on employment legislation to ensure fair treatment of all employees	ESSD	2007/08 – 2009/10
Introduction of Health and Safety legislation for the workplace	PHSSD	2007/08 – 2009/10
Consideration of the implementation of an Island-wide pension scheme	Finance/ESSD/Personnel	2007/08 – 2009/10
Implement cost-effective training of unemployed to enable them to find work	ESSD	On-going

Targets to measure success of Key Actions

Target	Indicator	Base Data 2006/07	Means of verification
Halt decline in population	Population of Island to be at least: 2007/08: 3,888 2008/09: 3,869 2009/10: 3,869	Population: 3,927	DEPD: Statistics yearbook
Unemployment rate does not increase	Unemployment rate does not exceed: 2007/08: 5% 2008/09: 5% 2009/10: 5%	Unemployment Rate: 5%	ESSD Records
Increase in numbers of Saint Helenians employed in the construction of the airport	Number of Saint Helenians employed at least: 2007/08: to be determined when contractors appointed 2008/09: to be determined when contractors appointed 2009/10: to be determined when contractors appointed	Saint Helenians employed on the airport contract: None	Contractors records

2. Human and physical infrastructure

a. Education

Strategy: to provide a highly educated and well trained workforce

Key Actions to achieve Strategy

Key Actions	Responsibility	Date
Continued reform of Primary education to promote effective education of pupils	Education	On-going
Streamlining of secondary education to improve the quality and variety of courses offered	Education	On-going
Introduction of revised Education Ordinance	Education/ LL&PD	2008/09
Expansion of the Adult Vocational Education Services (AVES) to meet the needs of the Island	Education	On-going
Implementation of an AVES Council to co-ordinate public and private sector training needs	Education	2008/09

Targets to measure success of Key Actions

Target	Indicator	Base Data 2006/07	Means of verification
Improved results by school students at GCSE level	% of students achieving A-C passes at GCSE 's at least: 2007/08: 44% 2008/09: 46% 2009/10: 48%	Students achieving A*-C passes at GCSE: 42.7%	Education Department records
Improved results by school students at AS/A level	% of students achieving A-C passes at AS/A level at least: 2007/08: 45% 2008/09: 48% 2009/10: 50%	Students achieving A-C passes: 42.5%	Education Department records
Number of people studying courses at AVES	Number of people at least: 2007/08: 400 2008/09: 400 2009/10: 700	People: 338	AVES Records

b. Access infrastructure

Strategy: to build an airport on St Helena and develop the wharf facilities in Jamestown

Key Actions to achieve Strategy

Key Actions	Responsibility	Date
Project Manage the airport project	DFID/Air Access Project	On-going
Project Manage the Wharf Improvement Project	DEPD	On-going
Carry out review of options for cargo shipments after RMS is phased out	Air Access Project	2007/08 – 2009/10

Targets to measure success of Key Actions

Target	Indicator	Base Data 2006/07	Means of verification
Construction of airport	2007/08: Tender documents issued 2008/09: Contract signed & work started on site 2009/10: Work continues on site	NA	Access Office
Wharf Development	2007/08: Contract works for rockfall protection 2008/09: Reclamation works started 2009/10: Construction of customs/passenger terminal	NA	DEPD

c. Internal infrastructure (utilities and roads)

Strategy: to develop the physical infrastructure to support both the needs of the resident population and to ensure the new economic developments

Key Actions to achieve Strategy

Key Actions	Responsibility	Date
Implementation of Electricity Distribution Project	PW&SD/DEPD	2007/08 – 2009/10
Implementation of Energy Division Strategy	PW&SD	2007/08 – 2009/10
Implementation of immediate remedial works on water quality and storage	PW&SD	2007/08
Implementation of DFID Infrastructure strategy - water, drainage, roads, solid waste and energy	DFID/PW&SD	2007/08 – 2009/10
Establish Electricity Authority, autonomous from Government	PW&SD/ LL&PD /Finance	2009/10

Targets to measure success of Key Actions

Target	Indicator	Base Data 2006/07	Means of verification
All homes and businesses have access to the grid	% of homes and businesses that have access to the grid, at least: 2007/08: 96% 2008/09: 98% 2009/10: 100%	Homes and businesses with access to the grid: 94%	Energy Division records
Increase the use of renewable energy sources	% of electricity produced by renewable energy resources, at least: 2007/08: 17% 2008/09: 22% 2009/10: 33%	Renewable energy resources: 17%	Energy Division records
All homes and businesses have access to water of an appropriate quality	% of homes and businesses supplied with appropriate quality water, at least: 2007/08: 87% 2008/09: 89% 2009/10: 92%	Homes and businesses with appropriate water: 85% treated and 15% untreated	Water Division records
All roads are laid and maintained to an acceptable standard (Tarmac surface)	% of roads at an acceptable standard: 2007/08: 95% 2008/09: 96% 2009/10: 97%	Roads at an acceptable standard: 94%	Roads Division records

d. Communications and IT

Strategy: to improve communications on Island, and with the rest of the world through affordable internet and telecommunications

Key Actions to achieve Strategy

Key Actions	Responsibility	Date
Retendering and negotiation of telecommunications services for the Island	Governor	2007/08 – 2009/10
Improve access to broadband internet services	Cable and Wireless	2007/08
Write and implement an IT strategy to improve IT use within SHG	Finance	2007-08 – 2009/10

Targets to measure success of Key Actions

Target	Indicator	Base Data 2006/07	Means of verification
Increase broadband connections	Total broadband connections 2007/08: 185 2008/09: 238 2009/10: 291	Broadband connections: 0	Cable and Wireless
Reduce number of staff accessing the Internet through dial-up	% staff accessing Internet through dial-up 2007/08: 23% 2008/09: 23% 2009/10: 23%	Staff with dial-up access: 17%	IT Section
Reduce number of staff relying on hard-drive to save documents	% of staff backing up documents on the file server 2007/08: 38% 2008/09: 63% 2009/10: 100%	Staff backing up documents on a file server: 23%	IT Section

e. Environmental infrastructure

Strategy: to protect and maintain, and sustainably use, the natural environment and built heritage of the Island

Key Actions to achieve Strategy

Key Actions	Responsibility	Date
Implementation of commitments agreed under the Environmental Charter	DEPD	On-going
Implementation of the nature protection programmes in accordance with the OTEP strategy	ANRD/NT	On-going
Introduction of Environmental Impact Assessments/screening for all developments	DEPD	On-going
Improved co-ordination of environmental programmes through institutional restructuring	ANRD/DEPD	2008/09
Introduce legislation to ensure the maintenance and repair of historic buildings	NT/ LL&PD	2007/08

Targets to measure success of Key Actions

Target	Indicator	Base Data 2006/07	Means of verification
No loss of indigenous flora and fauna species	To be determined	To be determined	DEPD/NT/ANRD
Maintain or increase the number of wirebirds living on St Helena	No of wirebirds counted at least: 2007/08: 400 2008/09: 400 2009/10: 400	400	DEPD/NT Wirebird project
Maintenance of forestry reserves?	350 productive hectares maintained	450 hectares productive Forestry 150 hectares Forestry	ANRD
Maintenance of fish reserves?	Quota of grouper allowed to be removed: 2007/08: 36 metric tonnes 2008/09: 36 metric tonnes 2009/10 36 metric tonnes	Removal of no more than 36 metric tonnes of grouper allowed	ANRD
No loss of historic buildings through lack of appropriate maintenance	Implementation of protection measures 2007/08: Legislation in place 2008/09: 50 2009/10: 60	203 grade 1,2 and 3 listed buildings of which 58 are owned by the Crown.	LL&PD /NT

3. Care for the vulnerable

a. Health

Strategy: to improve the health and wellbeing of Island

Key Actions to achieve Strategy

Key Actions	Responsibility	Date
Implementation of preventative health programmes to encourage healthy lifestyles	PHSSD	On-going
Implementation of a health education programme to reduce demands on doctors	PHSSD	On-going
Re-orientation of care for the elderly to enable them to stay at home	PHSSD	On-going
Consideration of a contributory health scheme for Saint Helenians working offshore	PHSSD	2008/09

Targets to measure success of Key Actions

Target	Indicator	Base Data 2006/07	Means of verification
Maintain or improve life expectancy for residents of the Island	Life expectancy at least 2007/08: 76 2008/09: 76 2009/10: 76	Life Expectancy: 76	PHSSD
Reduce incidence of uncontrolled diabetes	% of population with uncontrolled diabetes, no more than 2007/08: 13% 2008/09: 12% 2009/10: 11%	Diabetics: 13%	PHSSD
Reduce incidence of hypertension	% of population with hypertension, no more than 2007/08: 20% 2008/09: 18% 2009/10: 16%	Hypertensives: 20%	PHSSD
Reduce hospital inpatient days for the elderly	Number of inpatient days for people over 65 2007/08: 1,850 2008/09: 1,665 2009/10: 1,500	Inpatient days: 2,056	PHSSD
Increase percentage of elderly staying in their own home and reduce the percentage in care	% of elderly in care less than: 2007/08: 52% 2008/09: 47% 2009/10: 37%	Elderly in care: 56%	PHSSD
Reduce number of doctor appointments	No of doctor appointments per head population no more than: 2007/08: 6.63 2008/09: 5.5 2009/10: 5	Appointments per head: 6.63	PHSSD

b. Social welfare

Strategy: to provide a safety net to protect the vulnerable

Key Actions to achieve Strategy

Key Actions	Responsibility	Date
Review Social Security policies for access, screening and levels of support	ESSD	2007/08
Review necessity for Social Security legislation to underpin revised policies	ESSD	2007/08
Review housing policies to ensure unoccupied houses are minimised	ESSD	2007/08
Implement welfare system to protect low income households from increased utilities prices	ESSD	2007/08 – 2009/10
Implement on-going review of benefits to ensure fraud is minimised	ESSD	On-going

Targets to measure success of Key Actions

Target	Indicator	Base Data 2006/07	Means of verification
All persons in need have access to support offered	To be confirmed		ESSD
No increase in the numbers of long-term unemployed	No of long-term unemployed: 2007/08: 80 2008/09: 60 2009/10: 40	No of long-term unemployed: 100	ESSD
Improve efficiency of management of social housing	Reduce % of bedspaces which are unoccupied to no more than: 2007/08: 6% 2008/09: 4% 2009/10: 2%	Unoccupied bedspaces: 9%	ESSD

4. Public sector modernisation

a. Public finance and reducing aid dependence

Strategy: to rationalise public finances to enable eventual financial self-sufficiency

Key Actions to achieve Strategy

Key Actions	Responsibility	Date
Implementation of improved cost recovery for all public services	All departments	On-going
Maintain high collection rates for taxes and fees to keep arrears to a minimum	Finance	On-going
Increase departmental efficiency through a variety of measures across Government	All departments	On-going
Implement outsourcing policy across all Government Departments	OCS	On-going
Manage Government budgets within financing parameters	Finance	On-going
Establish basis for eventual accruals accounting	Finance	2007/08 – 2009/10

Targets to measure success of Key Actions

Target	Indicator	Base Data 2006/07	Means of verification
Improve cost recovery on electricity	% of costs recovered at least: 2007/08: 54% 2008/09: 58% 2009/10: 64%	Recovery rate: 51%	Finance Department
Improve cost recovery on water	% of costs recovered at least: 2007/08: 60% 2008/09: 70% 2009/10: 75% (Note: % to be reviewed)	Recovery rate: 52%	Finance Department
Improve cost recovery on waste water/sewage	% of costs recovered at least: 2007/08: 0% 2008/09: 80% 2009/10: 85%	Recovery rate: 0%	Finance Department
Improve cost recovery for solid waste disposal	% of costs recovered at least: 2007/08: 0% 2008/09: 80% 2009/10: 85%	Recovery rate: 0%	Finance Department
Improve cost recovery for fees and services for discretionary charges	% of costs recovered at least: 2007/08: base line figure to be determined 2008/09: increase of 3% on 2007/08 2009/10: increase of 3% on 2008/09	Recovery rate not known	Finance Department
Reduce arrears for fees and charges	Arrears as a % of total annual income, no more than: 2007/08: To be confirmed 2008/09: “ 2009/10: “	Arrears:	Finance Department
Maintain collection of taxes (Customs and Income tax)	Debtors as a % of taxes due no more than: 2007/08: 2% 2008/09: 2%	Debtors: 2%	Finance Department

	2009/10: 2%		
Reduce Government activity through outsourcing services	Number of activities outsourced in the year at least: 2007/08: 2 2008/09: 3 2009/10: 4	Outsourced activities: 1	OCS
Manage Government revenue budget within parameters of Aid Agreement	Additional revenue funding sought: 2007/08: £0 2008/09: £0 2009/10: £0	Funding sought: £0	Finance Department

b. Security and Disaster Management

Strategy: to maintain low levels of crime and ensure that there is an effective plan in the case of emergencies

Key Actions to achieve Strategy

Key Actions	Responsibility	Date
Focus Police Service to prevent crime	Police	On-going
Complete and maintain Disaster Plan	Police	On-going
Monitor risks in the Government services and ensure all mitigation measures are taken	Governor	On-going

Targets to measure success of Key Actions

Target	Indicator	Base Data 2006/07	Means of verification
Maintain low crime rates for serious crimes	No of serious crimes no more than: 2007/08: 6 2008/09: 4 2009/10: 2	Serious crimes: 3	Police Department
Maintain low crime rates for other crimes	No of other crimes no more than: 2007/08: 178 2008/09: 170 2009/10: 162	Other crimes: 187	Police Department
Have an up-to-date and practical Disaster Management Plan	Exercises to test the plan at least: 2007/80: 2 2008/09: 2 2009/10: 2	Exercises carried out:0	Police Department
Introduce a risk monitoring log system	Risk Log established and regularly monitored by 2007/08	None	Governor

c. Governance and PFM

Strategy: to reform institutional structures, reduce the size of the public sector and increase efficiency

Key Actions to achieve Strategy

Key Actions	Responsibility	Date
Restructuring of Government to reflect changing priorities and divestment through outsourcing	OCS	2008/09 – 2009/10
Review of staff pay and conditions including keyposts, enhanced schemes of service and pay bands	Personnel	2007/08
Implement a redeployment and redundancy policy	Personnel	2007/08
Maintain tight fiscal control in accordance with good practice	Finance	On-going
Ensure all policies and procedures enshrine human rights	All departments	On-going

Targets to measure success of Key Actions

Target	Indicator	Base Data 2006/07	Means of verification
Following organisational reviews, implement re-structuring of five high spending departments	2007/08: 2008/09: 2009/10:		ANRD, Education, ESSD, Public Health – following publication of Strategic Plan; and, PW&SD following recruitment of four engineers.
Reduce public sector employment	Numbers employed in public sector reduced by at least 2007/08: 972 2008/09: 901 2009/10: 760	Number : 1,080	Personnel Department
DFID/EU Fiduciary Assessments do not identify increased risks	Fiduciary risk remains “Low”	Risk Assessed: “Low to Medium”	DFID/EU reports
No successful human rights challenge made	No successful human rights challenge	No successful challenges	LLP
liP accreditation for Government Departments	Departments having liP accreditation: 2007/08: 6 2008/09: 10 2009/10: 10	Accredited Departments: 6	Personnel

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