



**St Helena
Government**

DAPM: 2014-15 AIDE MEMOIRE AGREED

The visiting Department for International Development (DfID) Development Aid Planning Mission (DAPM) and the St Helena Government have this morning (Saturday) signed the 2014-15 Aide Memoire (AM). The document was signed by HE Governor Capes and DfID Deputy Head of the Overseas Territories Department, Dr Kenny Dick (pictured).

The DfID team, on-Island from 11-18 January 2014, reached agreement with the SHG team, which included the five ExCo Members, after eight days of intensive talks. The DfID team comprised Deputy Head of the Overseas Territories Department, Dr Kenny Dick, Senior Social Development Adviser, Dr Mary Thompson, and Senior Economic Adviser Doug Winslow (who arrived earlier than his colleagues, on 4 January, for preliminary discussions). Councillor Les Baldwin, Chairman of the Social and Community Development Committee, headed up the Councillor team.

Discussions focused on SHG's and Enterprise St Helena's performance, spending and outputs in the current financial year - and the budget proposed by SHG for financial year 2014-15. There were also discussions around specific areas, including social welfare, health, education, policing, shipping, air access future needs and overall economic development.

All participants this year have remarked on the close working relationships and co-operation between DfID, SHG officials and Councillors.

The Aide Memoire finalises the draft budget for the financial year 2014-2015.

Headlines include:

- A good and positive result for the Island in a very difficult global economic climate
- DfID officials will recommend for Ministerial approval a Grant in Aid package for 2014/15 of £13.55 million, up slightly on the £13.4 million in 2013/14
- SHG domestic revenue for 2014/15 is forecast to increase strongly, reflecting growth in St Helena's economy

Highlights include:

- Economic Development. The AM says that closer working relations between SHG and Enterprise St Helena must continue, to ensure that the Airport's potential to transform the Island's economy is fully realised. We must ensure that economic development is inclusive and that all Islanders can participate in the benefits of air access

- The implementation of the MoU signed between SHG and DFID in 2010, setting out SHG's commitment to open its economy to inward investment and increased tourism, in parallel with the development of air access, remains a high priority. Developing the labour market, continuing the divestment strategy, creating an investment-friendly legislative environment and improving environmental management all remain key to realising the objectives behind the MoU
- More could be done to provide effective and coordinated business planning advice and to ensure that there is an appropriate supply of credit to the private sector
- Hospital Redevelopment. SHG to ensure that planned renovations are carried out as soon as possible and develop an initial longer-term Hospital plan. This is critical for the health and well-being of St Helenians
- SHG to implement the new Social Policy Plan and Labour Market Strategy, ensuring adequate data to assess and address poverty and vulnerability. The planned Strategic Framework for Integrated Social Services should be developed and implemented as soon as possible
- Clients of Sundale and the Prison to be relocated as soon as practicable to the planned improved facilities
- The recent Lucy Faithful Foundation Review found significant child safeguarding issues in St Helena, and SHG should ensure that the new Safeguarding Action Plan, developed through the Child Safeguarding Board, is fully implemented and that all children in St Helena are able to enjoy childhood and develop their full potential
- Education and Health are key human development areas that are fundamental both to individual potential and to creating a society that facilitates social cohesion and economic growth. Improvements in Health and Education outcomes in St Helena continues to be a high priority
- RMS St Helena protected. SHL's Business Plan for 2014/15 will be submitted just after the DAPM ends, but DfID officials anticipate seeking approval for an RMS subsidy of close to £4 million, in line with recent improvement in revenues. DfID will also continue to meet the costs of essential capital works to ensure the ship remains fit for service
- Public spending in St Helena will continue to be more tightly focused on our immediate priorities, channelling resources in ways that lay the foundations for sustainable economic growth, greater investment and social development

- Effective prioritisation of infrastructure developments remains a challenge with many competing demands. The recent improvements in procurement and implementation must be embedded across the capital works programme and adequate provision made for maintenance in recurrent budgets.
- **Massive and continuing airport investment, plus the strong aid package from DfID, gives St Helena in the opportunity to grow its economy**

Thanks go to the SHG team, to Councillors, and to the DfID team for recognising the need to target limited resources towards maximising the economic and social benefits which will come with air access.

Please see the attached Aide Memoire and its Annex for a detailed narrative and budget breakdown.

.

Notes for Editors

Formal discussions for this year's DfID Development Aid Planning Mission (DAPM) began with the arrival of Deputy Head of the Overseas Territories Department, Dr Kenny Dick and Senior Social Development Adviser, Dr Mary Thompson, on Saturday 11 January 2014, when they joined their colleague Doug Winslow, Senior Economic Adviser. The talks concluded today, Saturday 18 January 2014, when the DfID team departed the Island.

Context

The airport contract agreed in November 2011 remains the biggest single investment in an Overseas Territory ever made by the UK Government. It's a vote of confidence for the Island and a game-changer, with St Helena now poised for the biggest transformation in her history. The impending economic and social transformation means that this is an exciting but challenging time for the Island.

The UK Government's investment in the Airport (with now approximately 25 months until operation) - together with the current Aid package - provides St Helena with a unique opportunity to grow its economy and create a better and brighter future. This is in stark contrast to the experience in the UK, which is only now returning to growth after a deep recession. Government budgets continue to be tightened and value for money in public spending has never been more important. Departments are having to make difficult choices about what services they can and cannot afford, and where public investment will have the best impact.

Austerity in the UK has affected all sectors of society, even the most vulnerable. This is in sharp contrast to what we have achieved in St Helena where, despite tight budgets, we have substantially increased the support available to the most vulnerable, most significantly, through the introduction of a unique Minimum Income Standard.

Value for money, efficiency and impact have become watchwords, and St Helena is no exception. But set against austerity and cuts in the UK, we are fortunate that the main challenge for us, so far, has been to prioritise a growing budget, rather than make deep cuts to services. So we must be clear about our priorities - only economic growth will provide the long-term income needed to improve the quality of life here and provide a permanent solution to economic isolation - building a strong, prosperous and increasingly self-sufficient St Helena. The challenge for us is not only to ensure that we grasp the opportunity presented to us, but to ensure that everyone in St Helena benefits from the transformation of our economy.

DfID has been clear from the outset about the deal for St Helena - DfID funds the Airport and St Helena does all it can over time to become financially self-sustaining and graduate away from budgetary Aid. This translates into SHG channelling available resources in ways that lay the foundations for genuine and sustainable economic growth, greater investment and social development, ensuring that Saints can participate, while maintaining its obligations to deliver core public services and protect the most vulnerable.

Underpinned by SHG's Sustainable Development Plan, St Helena is on a path to prosperity, but the building of an Airport in itself is no guarantee of success. The Island has to rise to this once in a lifetime opportunity to build a sustainable economy and earn money from the outside world, reversing decades of decline. So, the Airport funding and Aid package comes with a number of important reciprocal reforms, designed to ensure that St Helena will be ready to take advantage of the opportunities that air access will bring.

DAPM, SHG and Elected Members have been discussing what this all means for the Island and her people - for the delivery of services, for employment, for health and for education. And ultimately, what it may mean for children in school today and how to ensure that these young people are able to take up the future opportunities on the Island.

SHG

18 January 2014