

A close-up photograph of a person's hand holding a wooden frame. Inside the frame is a yellow, textured material that looks like a honeycomb or a craft project. The background is a dark, textured surface.

St Helena's Sustainable Economic Development Plan

2018 - 2028

St Helena Government

End of Year 2018-19 Progress Report

May 2019

Background

St Helena's Sustainable Economic Development Plan (SEDP) 2018-2028 was endorsed by Executive Council in May 2018. In order to ensure that the SEDP continues to be effective, six-monthly reviews of the actions were planned, alongside yearly updates of indicator data.

The speed of implementation of the SEDP largely depends upon a number of external factors including funding, private sector initiative and investor interest. Despite this, St Helena Government's (SHG) Corporate Planning and Policy Unit (CPPU) have been working to an internal implementation plan which assigns responsibilities and timescales. In the first few months after the SEDP was endorsed, the Chief Economist delivered presentations to teams within SHG and Enterprise St Helena (ESH) who were responsible for delivering actions for the SEDP. The teams have been working towards reducing barriers to, and enabling investment and sector growth. CPPU's Performance Manager has been monitoring progress.

The SEDP presents many actions required to achieve the SEDP goals. In order to avoid overloading the reader with information, this update only reports progress against actions pegged to be started or achieved within the 2018-19 year. This first year of implementation was predominately about setting the ground work and removing barriers, to seed growth in following years.

The actions outlined in this report are important because they reduce barriers or open up opportunities for economic development and help to achieve the SEDP vision. The SEDP vision is to achieve development which is economically, environmentally and socially sustainable and this vision will be achieved by increasing standards of living and quality of life; not relying on aid payments from the UK in the longer term; whilst affording to maintain the Island's infrastructure; achieve more money coming into St Helena than going out and sustain and improve St Helena's natural resources for this generation and the next. The goals, as set out in the SEDP, which will help achieve the vision are as follows:

1. Increase Exports	Selling goods made, grown or caught in St Helena to markets abroad and people from abroad increases the amount of money entering St Helena, which can help raise standards of living.
2. Substitute Imports	Buying and consuming goods and services made, grown or caught in St Helena rather than buying and consuming imported goods and services reduces the amount of money leaving St Helena.
3. Attract Visitors and Increase Tourism	Encouraging the provision of tourist infrastructure required for a variety of visitor needs from hotels, restaurants and attractions serviced by a skilled and customer focused workforce.
4. Mitigate impacts of inflation on the lowest income groups	Avoiding reduction in purchasing power by the lowest income groups by regularly reviewing the Minimum Wage and Social Protection benefits.
5. Improve Land Productivity	Making use of derelict or underused brownfield land and changing use of existing property to provide space for businesses to thrive. Supporting businesses to make the most productive use of land.
6. Sustain and improve our Natural Capital	Maintaining and enhancing St Helena's exceptional environment, landscape, heritage and cultural qualities for this generation and the next.
7. Improve Infrastructure	Using tax revenue and other funding streams for investments to improve health, education, water, electricity, transport, risk management and other infrastructure.
8. Develop, Maintain and Attract a Skilled Workforce	Ensuring that local people develop skills which will contribute to the growth of St Helena's economy. Providing the wages and incentives for St Helenians to come back to St Helena and stay on St Helena. Supporting inward migration particularly in sectors where there are skills or labour shortages.
9. Develop the Digital Economy	Open up St Helena to new economic markets by investing in broadband services and infrastructure, work towards delivering a fibre optic cable for the Island.
10. Reduce Leakage of Income	Provide investment opportunities for people living on St Helena to buy into, as an alternative to investing abroad. Ensure some of the returns on overseas investment is kept within St Helena.

Indicator Data

Performance

Indicator	Reporting	Baseline Data	Data available in 2019	Progress
Annual payment data through Bank of St Helena	Bank of St Helena	£37.3m out of St Helena; £16.3m in to St Helena (as of 2016/17 FY)	£37.4m out of St Helena; £16.8m in to St Helena (as of 2017/18 FY) £39.2m out of St Helena; £16.4m in to St Helena (as of 2018/19 FY)	2017/18 saw a £0.1m increase in bank flows out and £0.5m increase in bank flows into St Helena compared to the year previous. 2018/19 saw a £1.8m increase in bank flows out and £0.4m reduction in bank flows into St Helena compared to the year previous.
Annual imports and exports	Statistics Office ASYCUDA	£23.2m imported (2013/14) Provisional data for 2017: £95k exported (60% fish; 30% coffee) £31.5m imported.	£325k exported in 2017/18 (90% fish, 10% coffee) £28.2m imported (2017/18), of which £8.9m for the airport construction project.	The SEDP was only in consultation in 2017/18 and had not yet been endorsed during the year of reporting. However, in 2017/18, fish exports had increased. Imports increased in 2017/18 compared to the baseline figures from 2013/14, however when airport construction is removed, overall imports fell. New trade statistics are being developed by SHG Statistics so the picture developed will be clearer in the next data update.

Indicator	Reporting	Baseline Data	Data available in 2019	Progress
Average employee income	Statistics Office Tax Office	£7,650 (2015/16) (nominal price) which is £8,290 when inflated to 2017/18 prices	£8,220 (2016/17) £8,500 (2017/18) (nominal prices) which is £8,560 (2016/17) and £8,500 (2017/18) Inflated to 2017/18 prices	<p>The SEDP was only in consultation in 2017/18 and had not yet been endorsed during the year of reporting.</p> <p>Median income in nominal prices increased each year since baseline.</p> <p>However, inflation increased faster than wages in 2017/18 compared to the year previous, so real median incomes rose by £270 in 2016/17 and dropped slightly by £60 in 2017/18.</p>

Indicator	Reporting	Baseline Data	Data available in 2019	Progress
Revenue by sector (sectors related to SEDP) (Note that revenue is not an indication of profit)	Statistics Office Tax Office	Total £38m. (2016/17) Building materials suppliers £1.36m; Butchers £326k; Cafés, Restaurants and Distilling £463k; Construction, Trades and Firewood Processing £4.3m; Crafts £13k; Diving/Swimming £126k; Farming £232k; Fishing £531k; Hotels £260k; Photography/Digital £52k; Rented Accommodation £586k; Seamstress/tailoring/upholstery £26k; Taxis and Car Hire £167k; Telecommunications, IT services support and Banking £5.9m; Tour Guides and Tourism/Travel Agents £58k; Other (including retail and commercial) £23.7m.	Total £58m (2017/18) Building materials suppliers £0.8m; Butchers £361k; Cafés, Restaurants and Distilling £434k; Construction, Trades and Firewood Processing £4.4m; Crafts £43k; Diving/Swimming £156k; Farming £309k; Fishing £98k; Hotels £89k; Photography/Digital £9.5k; Rented Accommodation £150k; Seamstress/tailoring/upholstery £3k; Taxis and Car Hire £112k; Telecommunications, IT services support and Banking £6.2m; Tour Guides and Tourism/Travel Agents £45k; Other (including retail and commercial) £44.5m.	<p>Note there is a lag of one year in collecting this data as tax returns are completed the year after the tax year of concern. The SEDP was only in consultation in 2017/18 and had not yet been endorsed during the year of reporting.</p> <p>There was an overall increase in activity in St Helena in 2017/18 compared to the year previous shown by total revenues increasing from £38m to £58m.</p> <p>The largest increase in revenues in 2017/18 compared to the year previous benefited retailers, bars, and businesses who described themselves as metal welders, ‘multi services’ and ‘other’.</p> <p>The visitor focused industries (crafts / car hire / diving / ferry services) saw a noticeable percentage increase in revenues in 2017/18 compared to the year previous as did animal and vegetable farming, reflecting the increase in activity in these sectors.</p> <p>The crèche/child minder, landscape gardening, and maintenance sectors also made noticeably more revenue in 2017/18 compared to the year previous.</p> <p>Building materials suppliers and taxi drivers saw a reduction in revenues in 2017/18 compared to the year previous. There was also a reduction in accountancy services offered and purchased.</p>

Indicator	Reporting	Baseline Data	Data available in 2019	Progress
Number of businesses operating	Statistics Office Tax Office	54 companies and 660 businesses registered (April 2016)	The Companies Registry has 122 active businesses registered in St Helena. The 2018 Business Survey recorded 129 business operating on St Helena, excluding sole traders and not for profit organisations. Of these, 26 had 10 or more employees.	Data had been refined since the baseline, as of the 660 businesses registered originally, a proportion of these were no longer operating.
GDP total, GDP per capita,	Statistics Office	£33.514m GDP £7,392 GDP per capita (2014/15)	£42.4m GDP (2017/18) £9,220 GDP per capita (2017/18)	GDP increased from the baseline figures. Note, on St Helena, large aid funding projects have significant influence on GDP.
Annual Inflation	Statistics Office	5.1% (Annual Average 2017 calendar year)	3.8% (Annual Average 2018 calendar year)	The inflation rate decreased compared to the year previous. This means prices are not rising as fast as they did a year previous.
Unemployment allowance claimants	Statistics Office	12 claimants (as of February 2018)	23 claimants (average monthly claimants for 2018/19)	The number of claimants increased compared to the year previous.
Working Age Population	Statistics Office	2,851 (as of 2016)	No update; this is the latest (SHG Statistics Team are working on a new system to track age/sex of arrivals and departures)	N/A

Indicator	Reporting	Baseline Data	Data available in 2019	Progress
Number of visitors arriving by all means of transport (of which are for tourism or holiday)	Statistics Office	4,266 (1,350 tourism or holiday) (as of 2017)	5,030 (2,362 tourism or holiday) (2018)	Number of holidaymakers in 2018 increased by around 75% compared to the year previous.
Number of visitors arriving by air (of which are for tourism or holiday)	Statistics Office	917 (394 tourism or holiday) (2017) (Note that the commercial air service started on 14 October 2017)	3833 (2,053 tourism or holiday) (2018)	Number of holidaymakers arriving by air in 2018 increased by around 421% compared to the year previous.
Number of rooms for tourists	ESH	122 rooms (as of 2018)	142 rooms (as of 2019)	The availability of rooms has increased by around 15%
Number of local and foreign investors secured by ESH	ESH	1 (as of 2017/18) ¹	5 (as of 2018/19)	The number of investors secured by ESH increased from 1 in 2017/18 to 5 in 2018/19. It is noted however that investors proceed without support from ESH and these are not captured in this data.

¹ Note that the SEDP baseline was 12 (as of 2015/16). This, however, captured the 3 years prior to 2015/16. The baseline has now changed to reflect better data. In 2015/16 4 investors were secured. In 2016/17, 2 investors were secured. In 2017/18, 1 investor was secured and in 2018/19 5 investors were secured.

Indicator	Reporting	Baseline Data	Data available in 2019	Progress
Capital investment generated (£) by ESH (FDI and local private sector only)	ESH	£400,000 (as of 2017/18) ²	£1,058,000 (as of 2018/19)	The amount of capital investment generated more than doubled in 2018/19 compared to 2017/18. It is noted however that investors proceed without support from ESH and these are not captured in this data.
Individuals completing accredited training courses in SEDP related fields and achieving first year objectives	SHCC	New data to be collected	Data not available	N/A

² Note that the SEDP baseline was as of 2015/16. The baseline has now changed to reflect better data. The time series statistics are £535,000 (as of 2015/16), £97,512 (as of 2016/17), £400,000 (as of 2017/18) and £1,058,000 (as of 2018/19)

Economic Outlook

State of the economy: May 2019

Employment

St Helena is a small and remote island community with around 4,500 residents.

Unemployment is currently low, mainly because of recent investment in the Airport and associated infrastructure, and many residents work in multiple roles in order to provide services to the local economy. Inflation increased faster than wages in 2017/18 compared to the year previous, so real median incomes rose by £270 in 2016/17 and dropped slightly by £60 in 2017/18.

The average number of unemployment benefit claimants during 2018/19 was 23, up from 13 in the previous year and a further sign that the St Helena economy experienced downturn in 2018/19, largely due to the Basil Read business rescue from July 2018. It is not expected that these newly unemployed will be long term unemployed because of their skills, but it will take time for the workforce to absorb these potential workers. Meanwhile, labour shortages continue within hospitality and care professions.

Sectors

Gross Value Added is the measure of the value of goods and services produced in a sector. National Accounts statistics published in 2019 show that the sectors contributing the most to the economy in 2017/18 (apart from Government services, which contributes around 50% of total Gross Value Added, or GVA) were retailing (19% of total GVA), telecommunications/finance/insurance (14%), production (including water and electricity provision) (8%), and construction (4%).

St Helena is able to compete internationally on the basis of quality drawing on the island's geography, shared language, currency, time zone and close ties with the United Kingdom, low crime and corruption and relatively inexpensive labour and property costs. Exports are concentrated on high quality products including coffee, premium tuna, and niche tourism. Potential opportunities exist for St Helena to compete on the world stage and have been outlined in the SEDP; they include international research, the export of honey bees and honey, developing the digital sector and registering vessels with the Red Ensign.

Unlike larger economies, St Helena's remoteness also constrains its ability to improve productivity through mechanisation and automation. One example is the installation of Automated Teller Machines (ATMs), which has not been possible because the cost of specialised maintenance and repair is too high. While the commercial air service has significantly reduced the cost of importing services (particularly as a result of travel times reducing from five days to one day), it remains challenging; a major constraint compared to larger, better connected economies, is the current high cost and slow speed of accessing the internet; a challenge due to be abated by connection to a fibre optic cable in 2021.

Gross Domestic Product

The typical headline measure of the overall economy, Gross Domestic Product (GDP), has limited usefulness in the context of St Helena. Aid flows represent a significant proportion of total GDP, so changes to the levels of aid have a corresponding impact on GDP and the estimates of the growth in St Helena's economy. Additionally, large one-off projects, such as the Airport construction project, can make substantial differences to the estimates and make their interpretation very difficult. There are also measurement challenges, with limited confidence in some data sets or data gaps in areas typically covered in larger economies by regular statistical surveys.

Nonetheless, St Helena's Statistics Office estimated Gross Domestic Product (GDP) for the 2017/18 financial year at £42.4 million, or about £9,220 per capita. GDP is estimated to have fallen by 7.1% in 2016/17 and 1.7% in 2017/18 as the Airport

construction period came to an end. The 2017/18 estimate uses the production approach, and is based on total Gross Value Added, plus customs duties. The Statistics Office has improved data sources and methodology for the national accounts, working closely with the UK Office for National Statistics, but inflation, tax revenue, population, and employment and wage data has also been used to describe the state of the economy over the past financial year.

Addressing the trade imbalance

The Statistics Office estimates that imports of goods for 2017/18 totalled £28.2m (of which £8.9m was for the Airport construction project), with the value of St Helena's main exports (fish and coffee) at £325,000. Around 90% of exports were fish, with coffee a further 10%. Funds transferred to and from abroad through the Bank of St Helena is a reasonable proxy for the movement of funds in and out of St Helena. For 2017/18, this showed £37.4m going out (mostly to pay for imports) and £16.8m coming in to the Bank of St Helena.

St Helena has many comparative advantages. It benefits from significant natural resources; premium grade tuna, some of the world's most expensive and sought after coffee, and an ecosystem which supports a third of all the endemic species in the British territories and attracts tourists. St Helena is also a safe and easy place to visit; the Island uses the Pound as currency and speaks the English language. And the Airport provides an opportunity for St Helena to better compete internationally, since it reduces the time needed to travel to the Island. Increasing exports, and reducing reliance on imports by producing, supplying and buying local are the key strategies to help retain income on St Helena and to reduce the annual trade deficit, and to help St Helena to become self-sufficient in the longer term.

Supporting investment

There is a particular focus within SHG and ESH to facilitate investment. The [Investment Policy](#) was refreshed in May 2018 and the [Investment Strategy](#) was endorsed in April 2019; it includes a description of the incentives which are available to

investors including lower corporation tax rates for selected export/import substitution sectors and reduced import duties as per the Approved Investment Scheme. The Immigration Policy is also being updated in 2019/20 to ensure that the process for managing immigration is as transparent and streamlined as possible to facilitate investment.

ESH supports investors to start up and expand their businesses. In 2017-18, as part of the business engagement programme, over 400 businesses benefited from consultations; 114 existing businesses and 41 potential new-business start-ups were supported financially and with advisory services, and advisory services were also provided to a further 113 clients.

The challenge of demographic change

In 2018 there was a slight increase in the population of St Helena; the estimated average monthly resident population was 4,587 compared to 4,457 in 2017. There are marked seasonal variations in the population estimates, with numbers increasing over the Christmas holiday period. In 2017/18 and 2018/19, over 700 people left St Helena for overseas employment or emigration each year. This is similar to previous years; many of these emigrants return at the end of contracts, and new opportunities resulting from commercial flights commencing will encourage St Helenians to return to the Island, and others to visit and live on St Helena. However, there has also been immigration both from returning Saints, sustaining the resident St Helenian population at 49,105 in 2016/17, 49,622 in 2017/18 and 51,180 in 2018/19.

Charts 1-4 show changes in population in recent years, including estimated immigration and emigration numbers based on population calculations.

Chart 2: Total Population in recent years

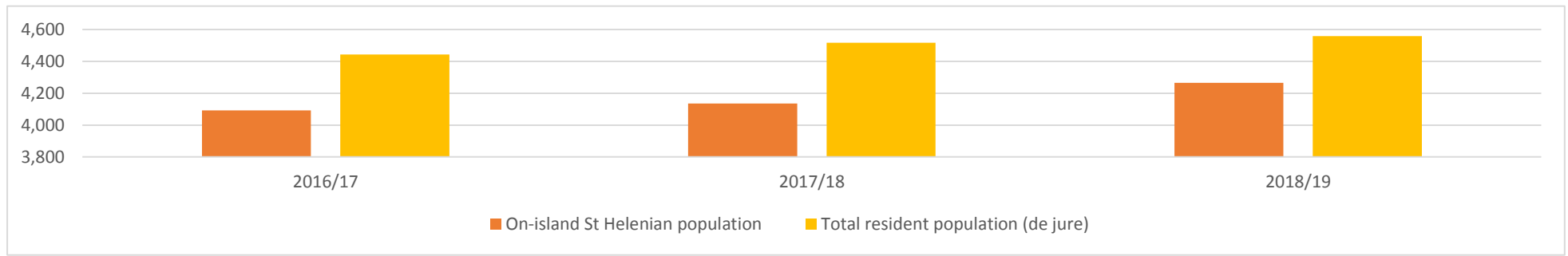


Chart 3: Total Population Increase in recent years

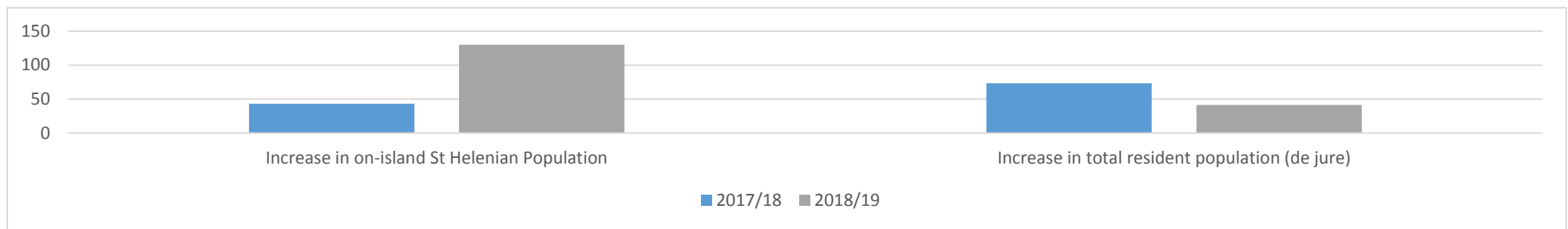


Chart 4: Immigration and Emigration in recent years



St Helena has an aging population. The median age has risen from 33 in 1998 to 47 in 2016, and the old age dependency ratio (the number of people of pensionable age compared to the number of people of working age) has more than doubled in the same period, from 17 to 35. More than one in five of the St Helena population is over the age of 65.

With the current birth rate, and without higher inward migration or St Helenians returning from overseas, this trend will continue. Like many countries with a high old age dependency ratio, this poses a significant challenge for the economy, for example to maintain tax revenues from a shrinking workforce, and to provide care for increasing numbers of elderly.

Infrastructure

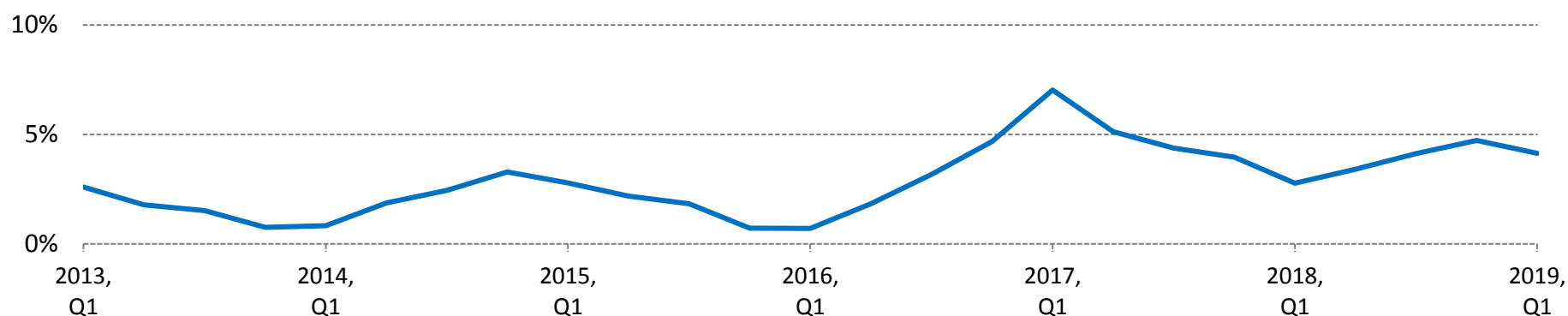
Investment in infrastructure is crucial to stimulate economic growth. Completion of the Rupert's Wharf project will enable relocation of the port operation and provide the opportunity to develop Jamestown waterfront for commercial use. Investment in renewable energy infrastructure reduces reliance on imported fossil fuels with volatile prices. Investment in a connection to the undersea fibre optic cable will provide faster and cheaper access to the internet, opening up new opportunities to improve productivity, develop new economic activity, and deliver public services more efficiently. As well as providing direct economic benefits, these investments will facilitate education and upskilling, the green agenda and provide telemedicine opportunities, which will underpin future sustainable economic growth and improvements in social wellbeing. The UK Government has clearly signalled its commitment to St Helena by providing up to £30m to improve the Island's infrastructure over the next six years (2019/20-2024/25), £15m of which is committed over the next three years (2019/20-2021/22), and £15m which is indicatively planned for the subsequent three years (2022/23- 2024/25) subject to a review to be undertaken at the halfway stage of the implementation.

Inflation

Since most goods available on St Helena are imported, prices paid by consumers are affected by three key factors: changes in the exchange rate of the Pound against the Rand (and to a lesser extent the US Dollar and Euro); price inflation in South Africa and the UK; and changes to the freight tariff of the only ship carrying imported goods to St Helena, the MV Helena.

Inflation rates were relatively steady in 2018/19, following the sharp increase 2016/17 caused by the UK vote to leave the European Union and the subsequent drop in the value of the Pound, and a drought in South Africa. Nonetheless inflation rates are relatively high compared to the UK. The relative strength of the Pound against the South African Rand was a key reason why inflation rates have not been higher.

Chart 5: Annual price inflation rate, St Helena, 2013 to Q1 2019

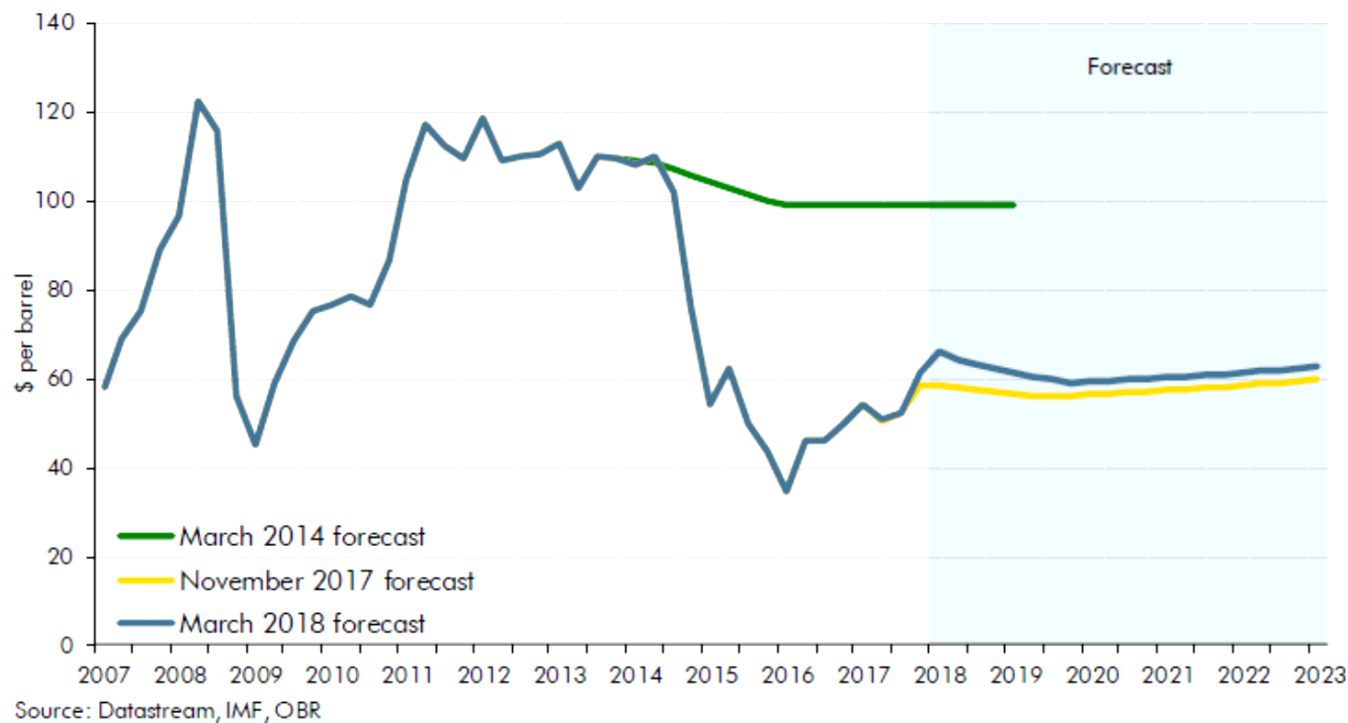


The inflation expectation for 2019/20 is 4.3%, 2020/21 is 4.1%, and 2021/22 is 4.0%. This prediction is calculated using the lagged relationship between prices on St Helena and in the UK and South Africa, and the inflation expectations of the UK and South Africa. The Bank of England, for instance ('Prospects for Inflation' report, February 2018), expects that 'The

current overshoot of [UK] inflation above the 2% target is almost entirely due to the effects of higher import prices following sterling's depreciation, the contribution from which will dissipate in coming years’.

St Helena’s biggest import is gasoline and diesel for transport and electricity generation, and St Helena’s economy is therefore very sensitive to changes in the price of oil. Oil prices have been very volatile, and dollar oil prices have risen significantly. The chart below shows actual oil prices compared to forecasts from the UK Government’s Office of Budget Responsibility, illustrating the difficulty in making accurate projections.

Chart 6: Oil price forecast, \$ per barrel



Inflation forecasts for St Helena are reliant on assumptions/forecasts of prices in the UK and South African economies, and global oil prices. Oil prices are typically volatile and difficult to predict, as is the impact of the expected departure of the UK from the EU. Prices on St Helena, and the economy as a whole, will be impacted by external shocks. St Helena's energy strategy encourages investment in renewable energy, to reduce the negative affect of volatile oil price changes on the St Helena economy.

SEDP Progress Summary

Progress to date: May 2019

The progress within the second six months of SEDP publication shows positive movement in many of the SEDP sectors. The headlines are as follows:

- Additional investment committed to island in 2018/19 was upwards from £2.058m.
- Between April 2018 and March 2019 leisure visitors to the island spent 43,880 nights on the island, and an estimated £5.5 - £6 Million during the year.
- ExCo approved the Investment Strategy and a number of tax incentives to encourage investment, particularly in SEDP sectors. Those producing in SEDP sectors are now able to claim a reduction in corporation or self-employed tax to the part of the business involved in primary production or export. New investors now have a set process by which to claim import duty concessions (Approved Investment Scheme). More information available at <http://www.sainthelena.gov.sh/investors/>
- The Minimum Income Standard was updated to reflect inflationary increases in prices, and the Basic Island Pension and Income Related Benefit increased as a result. The basic level of IRB for a single person increased from £69 per week to £70, with maximum amount of Basic Island Pension increasing from £71.30 per week to £72.40 in April 2019.

The Minimum Wage increased by 8p in April 2019. Both changes ensured that those with the lowest incomes were protected against price increases.

- Work has been done to build a change in behaviour amongst consumers on St Helena. ESH and the Agriculture & Natural Resources Division (ANRD) re-launched the 'Buy Local, Supply Local' campaign to encourage change in purchasing habits and hosted popular agricultural events which featured local goods.
- The 2018 milestones for the EDF 11 funding for the fibre optic cable were all met. This allowed us to claim a tranche of EDF 11 funding.
- Plans to launch a Research Institute for St Helena are underway, with a staff member employed to support researchers in developing their applications to conduct research and in planning their visit to the Island; develop website content, secure and make accessible research data and findings
- An agronomist is now in post, to support the Agriculture sector. And day old chicks have been imported to reduce further risk of local eggs shortage.
- A site for a new 'marine lab' has been identified in Jamestown and funding has been secured. Planning permission is due to be granted.
- Work has started to repaint the Tourist Office to help towards improving the look of buildings in Jamestown and include wheelchair access.
- When visitors arrive, they can now pay their Short-Term Entry Fee in Dollars, Euros and Rand.

This progress is on top of the progress outlined in the six-monthly progress report, published in October 2018.

The following section outlines the actions relevant to 2018/19 and specific progress. Text relating to progress between October 2018 and April 2019 has been outlined in red.

SEDP Sector



Tourism

Ensure upkeep and investment of heritage information signs.

Tourism has an interpretation signage programme. The first consignment has been ordered and currently with RJI for shipment. The aim is to provide stories around the Island.



Strategically allocate land for tourist accommodation. Ensure a speedier planning process with time commitments.

The review of the Land Development Control Plan (LDCP) is currently in progress. Zoning for tourist development and infrastructure works are being discussed as part of the process. However, no significant changes can be made until the review is completed.



Encourage the telecoms provider to provide tourist focused WIFI solutions.

WIFI package for accommodation providers is now available from Sure South Atlantic Ltd. This action can now be discharged.



Common Issues

Increasing the amount of renewable energy on-Island, reducing reliance on diesel and encouraging improvement of distribution networks is required to avoid significant increases in energy costs in the future.

A preferred bidder for the Renewable Energy procurement project has been identified and the contract is expected to be signed between Connect Saint Helena Ltd and the preferred bidder, PASH Global, soon.



Improving the speed and reducing the price of internet on St Helena is a catalyst for growth for a number of sectors.

The Fibre Optic Cable and Satellite Ground Station Board and St Helena Connected have been set up and are managing delivery. EU funding has been secured.



in progress

The 'buy local' campaign should be restarted, with suppliers encouraged to use consistent labelling.

ESH launched the 2018 Agriculture Programme with the theme Supply Local, Buy Local. This includes a number of industry days and bringing local produce to market.



done

To be reassessed
in 2 years.

As per an Investment Strategy for St Helena, private investment should be facilitated to start-up and expand business (subject to labour and displacement impacts). Private sector funding sources need to be identified to support sectors to invest in cost saving infrastructure.

The Investment Strategy was endorsed by EXCO on 23 April 2019. Four investments were completed in 2018/19. At the time of writing, ESH was entertaining three potential investors, although this evolves.



done

Processes and ordinances that hinder export and import substitution should be reviewed and changed where agreed.

St Helena's Investment Policy was endorsed by ExCo in June 2018. The Investment Strategy was endorsed by EXCO on 23 April 2019. A Labour Market Strategy and SHG Workforce Plan shall be developed, and the Immigration and Land Planning and Development Control Ordinances are being reviewed. Furthermore, restrictions to import coffee trees, so to encourage local propagation is being processed by the Economic Development committee (EDC). This goes alongside consideration of potential research to understand the DNA of the coffee on St Helena.



in progress

Regular Labour Surveys are required to understand labour and skills shortages in more detail.

The Labour survey was distributed in November 2018 by the Statistics Office and results were published in March 2019.



done

To be reassessed
in 2 years.

Some industries require funding and facilitation of research through links with overseas partners such as universities.

A new Research Institute is planned to be launched in 2019. A group, led by the Education Directorate, has been operating to



in progress

Priority is required to strategically allocate land for viable businesses in export and import substitution sectors.

assist delivery and a facilitator has been employed to lead this work.

The review of the LDCP is currently in progress. Zoning for commercial development and infrastructure works are being discussed as part of the process.

The Investor Prospectus is being refreshed. This will advertise opportunities and available assets. Funding for a digital land registry is also currently being considered.



in progress

Immigration policy needs to support growth of viable export and import substitution sectors where skilled labour is scarce.

The shortage occupation list has been updated as from August 2018 and had been approved by the Immigration Control Board at the meeting held on Wednesday 19 September 2018.

The SHG/Immigration website has been updated at this link: <http://www.sainthelena.gov.sh/shortage-occupation/>



done

To be reassessed
in 2 years.

A circular economy approach, as set out in the Waste Management Strategy needs to be acted upon to make the best use of resources.

The following has been progressed; OCTA Innovation Project (funded to December 2019) designed to address composting of organic wastes and anaerobic digestion of piggeries (Solomon's and ENRD) effluent. DEFRA Marine Debris Project (funded to March 2019) designed to address plastics recycling. Capital Programme business cases submitted for plant to establish a commercial recycling centre designed to address cans, plastics and glass recycling. Circular economy already embedded within Waste Management Services operations - new signage at HPLS constructed from waste materials found on site, negating the need for budget expenditure for the same.



in progress



Fisheries

Tackle the shortage of fisherman through apprenticeships.

Design of apprenticeship is being developed between Education, the St Helena Fisheries Corporation (SHFC), Fisherman's Association and Blue Marine.

Education designed and successfully recruited an Apprentice Fish Processor through SHFC, the apprenticeship is now completed and the apprentice has been taken on in full time employment with the Company.

Education continues to review the apprenticeships.



in progress

Work to ensure sufficient investment financing is achieved (private or public). Focus funding to provide i) freezing/cooling infrastructure ii) cost reduction investments iii) replacement equipment iv) debt relief.

Expressions of Interest received in September and Tender submissions received in March 2019. However no tenderer met all of the pass/fail criteria, and there continues to be an opportunity for an investor.



in progress

Consider encouraging vessels from overseas who share the commitment to one-by-one fishing to assist.

The Fisheries Licencing Group has been formed and this is a standing issue which shall be developed over the coming year.



in progress

Ensure a site is available for the relocation of the Fish Processing Plant, for a newer more efficient plant be built.

A potential site has been identified for relocation.



in progress

Scientific work should be undertaken to determine sustainable catches

New marine based posts have been funded in 2018 and 2019 to collect data and improve science.



in progress



Agriculture

Use an agronomist to guide improved soils and crop management to improve land and crop productivity. Agronomist to provide training.

Continue to fund management of invasive species. Ensure compliance by leaseholders with respect to land management

Work with retailers and suppliers to continue to encourage the purchase of (ideally solar powered) chilled units to ensure vegetables last longer.

Post has been advertised and filled. The post holder has started work on St Helena.

Trials conducted on farmland on key invasive species have been on-going since the start of the invasive plant project.

Summary:

1. Bull grass - Testing different control options for bull grass at Deadwood Plain and Flagstaff
2. White weed – Testing different control methods for the control of white weed in Lemon Valley Head, French's Gut and Swampy Gut
3. Blue weed control in Donkey sanctuary paddock
4. Wild mango – control trials at Cork's Bridge

The aim of these control trials are to determine the most cost-effective control methods for these key agricultural weeds. Based on the results from the trials best practice guidelines for the control of each of selected species will be compiled which includes suggestions for the annual work plan for different sectors. All of the above will form part of the National Invasive Plant Species Management Framework. The results of the trials will be made available in September 2019.

Research is required to ascertain the viability and cost effectiveness of this initiative.



done



in progress



in progress

Continue to encourage a move towards using a single cooperative for vegetable planning and wholesale to help reduce wastage and to absorb risk.

Continue to support farmers to collect and store rain water.

Support the importation and growth of disease free species for sale to local farmers.

Ensure facilities are in place to transport small animals by plane.

ANRD is in the process of working with the private sector to develop cooperative farming for potato farming.

The rainwater storage tanks import duty were reduced to 5% in 2017, and agricultural users of water are subsidised. This action can now be removed as it is completed.

Three consignments of day old chicks have been imported. This will continue subject to demand.

Plans for small animals to travel by air are in progress.



Coffee

Expert support needs to be available, particularly to producers wishing to begin roasting.

New coffee growing enterprises have commenced on St Helena in 2018-19. However, a new coffee roaster has not yet come forward. EDC invited the coffee growers to their March 2019 meeting and their needs and concerns regarding roasting, labour and threatening diseases were recorded and actions made.



Honey and Honey Bees

ESH to continue work with research centres to understand the value of bees. Bee DNA to be ascertained.

DNA samples sent this year, however, unfortunately these were spoilt and DNA could not be extracted. ESH as a facilitator, in collaboration with ANRD, will be looking to attempt a second DNA



Research what plants are good for bees and non-invasive.

test. This could potentially be funded by ESH once ANRD have submitted their proposal.

National Trust developed a list of trees and plants which would be beneficial. This was published in conjunction with ESH in a leaflet. This will be promoted at a time when there is sufficient plant stock available to sell; thus ensuring that when the public are mobilised on this issue, they are also able to help by planting shrubs, plants and trees in their garden.



in progress



Academia, Research and Conferences

Continue to work with Research Institutes to develop well marketed conferences and research opportunities.

Another successful Environment Conference took place in March 2019.



done

To be reassessed
in 2 years.



Ship Registry and Sailing Qualifications

Update the Ship Registry Gazette to include a list of countries which is consistent with other countries in the Red Ensign Group

The draft Ship Registry Policy was considered by EDC in March 2019, but approval has been held off until all of the other Fisheries and Maritime legislation has been consulted on. SHG attended the Red Ensign conference in June 2018 and again in March 2019 and more information has been provided to understand the maritime legislation changes required on top of the policy.



in progress

Support training of those willing to set up a sailing school in St Helena.
Support immigration where there are skills gaps.

Yacht club was relaunched in 2018 by James and Hannah Herne; sailing opportunities are now available to the public. A range of Royal Yachting Association (RYA) courses currently being advertised by the St Helena Community College. The SHFC made the availability of these courses known to fishermen through their pay package letter.



done

To be reassessed
in 2 years.



Bottled Water

Reduce import duty on bottles, caps and cleaning machinery for the sector.

The duty for inputs into drinks making was reduced from 20% to 5% in April 2018. This action is now complete and can be removed.



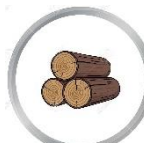
done

Encourage development within the private sector sphere.

Private sector interest still being sought. ESH is aware of one historic exploration and made an initial approach.



in progress



Timber

Mark up those bidding for SHG construction projects or Crown Land when they use local materials

Comparison costs with using UK framework supplier and SA standard timber has identified that local timber need to have quality standards or fire ratings. Material testing needs to be carried out to ascertain suitability.

Currently the local supply chain does not exist for timber for the use by the construction industry. This requires the development of the importation and planting of pine trees and production facilities.



in progress



Bricks, Blocks, Minerals and Rocks

Ensure those who choose to use local materials are scored more positively when bidding for SHG construction projects, or to buy or lease Crown Land. For SHG construction projects, collate a database of local material costs and check that the bidder's cost estimates mirror the cost of local goods.

Comparison costs with using UK framework supplier and SA standard construction products has identified that local brick and blocks have no quality standards or fire ratings. Material testing needs to be carried out to ascertain suitability.

The majority of works utilise local blocks and it is rare to import unless for major capital projects when it then becomes a case of having the right capacity as well as capability regarding the quality requirements.



in progress



Liquor, Wine and Beer

Sector to ensure liquor is marketed in hotels and gift shops and work with tour operators to ensure groups visit the distillery.

Distillery products are now available across the Island to buy for example, in the duty free store, and a number of stores and hotels in Jamestown. Tours to the distillery are popular. This action can now be closed.



done

Encourage the setup of a local bottling plant or alternative solution.

Private sector interest still being sought. ESH is aware of one prior and one current exploration.



in progress

Encourage suppliers to use online market places. Assist producers, where necessary, in making links with niche buyers abroad.

ESH has facilitated the correspondence between international liquor companies and St Helena Distillery for marketing and distribution opportunities abroad. Distillery says the problem they have is to ship beyond Cape Town, shipping by the container is the only option. Issue flagged with Solomon & Company (St Helena) Plc



in progress



Traditional Products

Assist the sector by providing access to design and commercial expertise, where required.

Ensure that goods are marketable for modern tastes.

Ongoing. ESH continues to drive development and growth through local industry/trade representatives.

Arts and Crafts have led souvenir design competitions and the availability of good souvenirs has considerably increased. This action can now be closed.



in progress



done

This report was developed by St Helena Government's Performance Manager, Chief Economist and Statistics Office

Report dated May 2019