

AID-FOR-TRADE CASE STORY

ST VINCENT AND THE GRENADINES

ST. VINCENT AND THE GRENADINES TOURISM DEVELOPMENT PROJECT

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Country: St. Vincent and the Grenadines

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EXECUTIVE SUMMARY

In recognition of the decline in banana production and export and the growing importance of services, particularly tourism services to the economy of the country, the Government of St Vincent and the Grenadines (SVG) has engaged since 1998 in the sustainable development of the tourism sector with financial support from the European Commission. This Tourism Development Project therefore represents the implementation stage of a clear policy which targets the development of productive capacities in the tourism sector and the expansion of trade in those services. The two main components of this Project are the development of twenty (20) tourism sites and of a National Park System, including institutional strengthening of the National Parks Authority

The changes in international economic relations fuelled by the advances in information technology have given rise to new challenges to which small developing economies such as St. Vincent and the Grenadines have to respond, in order to become internationally competitive in an increasingly globalised environment.

The emerging prominence of the services sectors and particularly the growing influence of tourism, constitute a major feature of these changes in St. Vincent and the Grenadines. The tourism sector has emerged within the last decade as the nucleus around which services have been developing and illustrates the new strategic direction and the new sources of growth for the economy over the medium to long term. Tourism is perhaps the only industry which can lay claim to be internationally competitive, since it holds its own in the liberalized trading environment without the preferential treatment and protection which were central to the development of other traditional productive sectors. It is considered an export activity, characterized by the provision of services which earn foreign exchange.

Tourism in St. Vincent and the Grenadines is largely a private sector led industry traditionally based on marine activities in the Grenadines. Over the past fifteen years, Government has strived to provide the necessary incentives to stimulate local investments as well as foreign direct investments in the accommodation sub sector, through the Hotels Aid Act. This programme has had some limited success as this relates to the locally owned and managed small establishments, concentrated on mainland St. Vincent. Foreign direct investments in the industry have been largely focused on the Mustique accommodations and resort and marina developments in Palm Island and Canouan. Much of the success in tourism has been attributed to these foreign owned businesses operating throughout the Grenadines.

While not discounting the importance of the resort and marine type tourism activities in the Grenadines,

special emphasis is being placed on developing the product on mainland St. Vincent, linking tourism and the environment and utilizing in a sustainable way, the natural resources, the heritage and culture and the other physical attributes which the country possesses. Through the implementation of this Tourism Development Project with the active involvement of the communities, the Government is seeking to spread the benefits of tourism to the rural communities as an instrument of poverty reduction, particularly in light of the economic displacement caused by the decline in banana production and export.

Tourism services have demonstrated capacity to provide opportunities for economic growth and expansion in the areas of employment creation, foreign exchange generation, increased tax revenues, enhanced rural development and infrastructural investments. Indeed the tourism industry's benefits do not only reach the hotels and restaurants sub-sector but also a number of related economic activities such as cruise tourism, ground and sea tour operations, dive operations, the provisioning of yachts, etc., whose transactions are not covered under "tourism" in the National Accounts. In 1994, tourism replaced bananas as the single largest foreign exchange earner in the economy and in the ensuing decade and a half, gross tourism receipts grew by over 200%.

ISSUES ADDRESSED

The main beneficiaries of this project are the communities surrounding the project sites with a direct economic and environmental impact. The tourism sector at large was expected to benefit from the sustainable development of these sites as well as the establishment of a National Park System, while the Government was expected to see an increase in tourism-generated revenues.

Through the development of a Park System, the Government sought in the medium term to provide opportunities for employment and to empower communities to participate in the management of these resources as a strategy for poverty reduction, while promoting a greater integration of environmental considerations.

The project sought to address certain constraints identified as being critical to the further development of the tourism sector, particularly as this relates to the Government's policy of spreading the benefits of the tourist expenditures. Among the major ones were as follows:

- Tourism attractions and recreational sites which lack basic amenities and which need to be enhanced to internationally acceptable minimum standards;
- The need to create additional revenue-generating activities in the tourism sector that will benefit the Government and the communities, and support the maintenance of the tourism recreational sites;
- The need to provide greater opportunities for employment and poverty reduction in disadvantaged communities;
- Dysfunctional attitudes towards tourism among sections of the population;
- Environmental protection and preservation;
- Greater community participation in the development, management and benefits of the natural resources used for sustainable tourism purposes;
- The need to improve the linkages between tourism and other economic sectors to stimulate economic activities;
- Enhanced productive capacities in tourism sector;
- Improving the competitiveness of trade in tourism services.

OBJECTIVES PURSUED

The overall objectives of the project were as follows:

- To attain high levels of sustained growth, increasing employment and reducing the levels of poverty.
- To enhance opportunities for trade in tourism services;
- To develop and spread the benefits of the tourism sector in rural areas, through the implementation of a Tourism Master Plan for the development, management and operation of all designated sites.

PROJECT DESIGN AND IMPLEMENTATION

The Project was implemented under the aegis of the Ministry of Tourism; however a fully staffed Project Support Unit (PSU) was established to support the National Parks Authority which had direct responsibility for the execution of the project. The development of the twenty (20) sites was done through work contracts.

A Project Steering Committee was appointed to have oversight responsibility on the project execution. This Committee supervised the work of the National Parks Authority (NPA) /PSU, by reviewing and approving work programmes and project priorities, receiving progress reports, providing guidance and policy support to the NPA/PSU and monitoring and evaluating the execution of the project in keeping with the overall policy directives of Government and being sensitive to the issues and concerns of stakeholders. In the initial months of the project after the establishment of the PSU, the Steering Committee met at least once per month, and convened meetings thereafter on a quarterly basis.

The Tourism Development Project was managed by the National Parks Authority, with the support of a Project Support Unit, which life coincided with the duration of the project. This Unit supported the work of the NPA in the daily management and execution of the project implementation. NPA Staff were trained in order to ensure a smooth transition when the project support came to an end and the National Parks System in place.

The Project Support Unit was staffed with a Project Support Coordinator, a Project Accountant, an Administrative Assistant, a Secretary/Typist, and an Office Attendant/Driver, as well as with additional staff provided through Technical Assistance to support the implementation of the different project components (National Parks System Development Adviser, Community Adviser, Marketing Adviser, 2 experts for the Design and Supervision of Works).

There was one local counterpart staff for each member of the PSU (from the following departments: NPA, Tourism Marketing, Forestry, Fisheries & Environmental Unit, Physical Planning, Works, Tourism and Community Development)

The Annual Work Programmes was prepared by the PSU, reviewed by the Project Steering Committee, endorsed by the National Authorizing Officer (NAO) and approved by the EU Delegation in Barbados.

PROBLEMS ENCOUNTERED

The implementation of the project faced its own set of challenges. Among these were the following:

- Too many contracts in the construction phase of project implementation. This became administratively burdensome.
- The duration for the empowerment process of communities for the management and maintenance of the sites was too short.
- Difficulty in building capacity and managing the transition from agricultural- based communities to the delivery of tourism services.

- Limited capacity and commitment to administer and maintain sites.
- Procurement problems encountered in sourcing a boat for the marine park, since the rules of origin and grant conditionalities only allow purchases from specific countries.
- The design of a proper system to implement user fees that will be acceptable to locals and foreigners alike.

FACTORS FOR SUCCESS/FAILURE

- The issue of sustainability and the need to develop a proper system of user fees which will provide much needed funds for the effective maintenance of sites.
- Improved marketing of sites to locals and foreigners alike.
- Communities “buying in” to the project and taking ownership.
- Revenue streams being generated and benefits accruing to the communities.
- Implementing environmental education for the proper use of sites.
- A more sustained community capacity building and training programme.
- The adherence to strict carrying capacity rules.
- Implementing measures to ensure the safety and security of all users of sites.

RESULTS ACHIEVED

Components of the Tourism Development Project are still being implemented, however periodic evaluation has revealed that some tangible results have already been achieved due to the existence of the project. These can be summarized as follows:

- Job opportunities have been provided because of the Park System which are impacting on poverty reduction.
- Greater community participation in the development, management and benefits of natural resources.
- Greater awareness and knowledge of environmental protection and preservation.
- Improved quality in the country’s tourism product through the upgrade of tourism attractions and recreational sites.
- Increases registered in internal and international tourism.
- Greater linkages between tourism and other economic sectors as well as with the the rural economy, to stimulate economic activities and aid in rural transformation.
- National Parks Authority (NPA) established and operational.
- National Parks Management System for designated parks, protected areas, recreational sites and tourist attractions established and functional, with income generating measures implemented.
- Publicity and promotional programmes for the twenty (20) designated sites designed and implemented.

LESSONS LEARNED

- The number of contractors implementing a project of this nature should be limited. The terms of reference however, must stipulate that the contractors employ a certain percentage of their workers from each of the communities in which they are undertaking civil works, in order to create employment.

- There must be a certain level of flexibility in the procurement rules of the donor community in particular, the rules of origin for certain unique elements of supplies.
- More consultative approach at all levels in project design, since communities are not always willing to accept the responsibilities which come with the ownership of a project.

CONCLUSION

The Government of St. Vincent and the Grenadines (SVG) in response to the economic decline in the banana industry has made the strategic decision to fill the void in the national economy by strategically targeting the growth of the tourism sector. The government is committed to trade liberalization and deepening of regional integration. The government's focus is on a Modern Competitive Post Colonial Economy.

Tourism is one of the central pillars in government's overall economic diversification strategy. It is a vital source of revenue for the government and a means of employment for the people of St. Vincent and the Grenadines. It has also added value in other economic sector, for example agriculture, manufacturing and handicraft.

To this end Aid for Trade has a critical role to play in developing the country's Services sector, infrastructure (Airports, Ports and Roads) and to build capacity. The Aid can assist in facilitating trade and attracting Foreign Direct Investment.

However, there is a need for ongoing dialogue between Donors and recipients to ensure that there is greater appreciation and sensitivity to the culture and immediate development needs for which the funds are to be utilized.