



BARBADOS SUSTAINABLE RECOVERY PLAN 2018



A FRAMEWORK FOR BARBADOS
NATIONAL ECONOMIC AND SOCIAL
DEVELOPMENT RESTRUCTURING AND
ENHANCEMENT PROGRAMME

(NESDREP)

Prepared by
Economic Affairs Division
Ministry of Finance and Economic Affairs
In Consultation with the Social Partnership
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BARBADOS
SUSTAINABLE
RECOVERY PLAN
2018

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ACRONYMS AND ABBREVIATIONS

AF –	Adaptation Fund	GCF –	Green Climate Fund	OAG –	The Office of the Attorney General
BADMC –	Barbados Agricultural Development and Marketing Corporation	GDP –	Gross Domestic Product	PFM –	Public Financial Management
BAICO –	British American Insurance Company	HCS –	Head of the Civil Service	PMT –	Proxy Means Test
BBA –	Barbados Bankers Association	IB –	International Business	PWC –	PriceWaterhouseCoopers
BCCI –	Barbados Chamber of Commerce and Industry	IBI –	International Business Investments	RDC –	Rural Development Commission
BCIA –	Barbados Cultural Industries Authority	IICA –	Inter-American Institute for Cooperation on Agriculture	RGDP –	Real Gross Domestic Product
BIDC –	Barbados Investment and Development Corporation	IMF –	International Monetary Fund	S & P –	Standards and Poors
BOP –	Balance of Payments	M&E –	Monitoring and Evaluation	SDGs –	Sustainable Development Goals
BPSA –	Barbados Private Sector Association	MAU –	Management Accounting Unit	SG –	The Solicitor General
BRA –	Barbados Revenue Authority	MCS –	Ministry of the Civil Service	SIDS –	Small Island Developing States
Brexit –	British Exit from European Union	MCSY –	Ministry of Culture Sports and Youth	SOEs –	State Owned Enterprises
BSRP –	Barbados Sustainable Recovery Plan	MED –	Ministry of Environment and Drainage	SPOS –	Social Partnership Oversight Subcommittee
BTB –	Barbados Transport Board	MFE –	Ministry of Finance and Economic Affairs	SSA –	Sanitation Service Authority
BWU –	Barbados Workers Union	MHLR –	Ministry Of Housing, Lands and Rural Development	TCPDO –	Town and Country Planning Development Office
BVE –	Barbados Visitor Economy	MIICSD –	Ministry of Industry, International Business, Commerce and Small Business Development	U.K. –	United Kingdom
CAIPO –	Corporate Affairs and Intellectual Property Office	MSCECD –	Ministry of Social Care, Constituency Empowerment and Community Development	U.S.A –	United States of America
CATs –	Competitiveness Action Teams	MTMF –	Medium-term Macro-Fiscal	UN –	United Nations
CPC –	Chief Parliamentary Counsel	MTW –	Ministry of Transport and Works	VAT –	Value Added Tax
CTUSAB –	Congress of Trade Unions and Staff Associations of Barbados	NCC –	National Conservation Commission	WTO –	World Trade Organization
DFE –	Director of Finance and Economic Affairs	NCF –	National Cultural Foundation		
DSA –	Debt Sustainability Analysis	NEB –	National Employment Bureau		
DRM –	Domestic Resource Mobilisation	NESDREP –	National Economic Sustainable Development and Recovery Economic Programme		
EAD –	Economic Affairs Division (Ministry of Finance and Economic Affairs)	NGOs –	Non-Governmental Organisations		
FAO –	Food and Agriculture Organization of the United Nations	NHC –	National Housing Corporation		
FSC –	Financial Service Commission	NIE –	National Implementing Entity		
FSERM –	Fiscal Sustainability and Economic Recovery Model	NSRL –	National Social Responsibility Levy		
		NUPW –	National Union of Public Workers		



STATEMENT BY THE GOVERNMENT OF BARBADOS (GOB)

History was made in Barbados when the social partners engaged in substantive dialogue to produce this document, the 'Barbados Sustainable Economic Recovery Plan (BSRP) 2018'. This Plan has been crafted to put the Barbadian economy on a path of sustainable economic recovery and reinvigorate social progress. Central to this plan is i.) Government's commitment to maintain its fixed exchange rate peg with the US dollar at US \$1 = BDS \$2, which was in place since July 5, 1975 and ii.) increasing the levels of investment, employment and income.

The production of the BSRP 2018 is indeed an unquestionable demonstration of our commitment to mutual collaboration, consensus and tripartism in the context of the Social Partnership mechanism comprising Government, the Private Sector and Labour Organisations.

As Barbados is in its 51st year of political independence, crafting this home-grown plan to navigate our very small open and highly vulnerable economy through the difficult financial and economic challenges is testimony to the maturity of our people. Truly we are craftsmen of our future.

The public servants, members of the private sector and labour organisations under the leadership of the Director of Finance and Economic Affairs (DFE) and acting Head of the Civil Service (HCS) – Dr. Louis Woodroffe, have over the last few months engaged in extensive dialogue which has resulted in the framework contained in this document.

The framework established in this document is a means to an end but not an end in itself. It is a conduit through which meaningful endeavours may be implemented in order to expedite the recovery efforts. To this end, continuous dialogue with all social partners will remain paramount.

The production of the BSRP 2018 is indeed a historic document of which we can all be proud. Nevertheless, our work has only just begun since the efficient implementation of the strategies, programmes and projects contained in this Plan will represent the yardstick of our success towards the achievement of a full and sustainable economic recovery.

The Right Honourable Freundel J. Stuart, Q.C., M.P

Prime Minister of Barbados



STATEMENT BY THE BARBADOS PRIVATE SECTOR ASSOCIATION

The Barbados Private Sector Association (BPSA) believes the Barbados Sustainable Recovery Plan 2018 presents an opportunity to chart the recovery of the Barbadian economy.

In keeping with the announcement during the 2017 Annual Budgetary and Financial Statement, this document, and the process for its completion, was co-ordinated and controlled by the Ministry of Finance and Economic Affairs, with consultation with the other Social Partners at points during the process of its development.

While we acknowledge the broad consensus on the objectives set out in this document, we recognise that implementation plans, which are critical to the success of the objectives, are still to be developed.

The private sector considers the proposed formation of an Oversight Committee as a Subcommittee of the Social Partnership with:

- Unfettered access to the information needed to measure implementation progress, so long as such is permissible under the Official Secrecy Act or are not bound by confidentiality clauses in contracts with third parties; and
- The obligation to issue quarterly independent reports on this progress to the public to be a major step towards the transparency needed to restore business confidence in Barbados.

This document represents an improvement in the collaboration of the Social Partners which we should strive to further develop and build on in the future.

Mr. Charles Herbert

Chairman

Barbados Private Sector Association



STATEMENT BY THE CONGRESS OF TRADE UNIONS AND STAFF ASSOCIATIONS OF BARBADOS

The Congress of Trade Unions and Staff Associations of Barbados (CTUSAB) approves of the Barbados Sustainable Recovery Plan 2018, which was developed after discussion and consultation among the Social Partners and its Committees, pursuant to its intended formulation as announced in the 2017 Annual Budgetary and Financial Statement and further agreement at the full meeting of the Barbados Social Partnership on August 11, 2017.

This Plan is the result of rigorous discussions over the past four (4) months and represents the hope and aspirations of the Social Partners for the recovery and growth of the Barbadian economy.

The Congress welcomes the proposed formation of the Special Subcommittee of the Social Partnership charged with the implementation of the initiatives contained in the Plan and pledges its full participation.

The Congress believes that the formulation and implementation of the Barbados Sustainable Recovery Plan 2018 will strengthen the collaborative mechanisms of the Barbados Social Partnership model.

Mr. Cedric H. Murrell

President

Congress of Trade Unions and Staff Associations of Barbados



STATEMENT BY THE BARBADOS WORKERS' UNION

The Barbados Workers' Union (BWU) recognises that the Barbados Sustainable Recovery Plan 2018 is indicative of a major effort which everyone in the country has to make to assist our country to move onto a meaningful recovery path.

The BWU accepts that the challenges are myriad and that there are several levels of need that have to be addressed. This Union feels, however, that where the objective is to set the conditions to permit ALL groups to benefit, then recovery will be healthy and the entire country will benefit. Approaches to social dialogue, as witnessed during the past five (5) years will not suffice.

The Union understands that as part of its contribution to the national recovery effort, it will have to have its membership share in some moments when sacrifices may have to be made. It considers that meaningful discussions must be held where any such painful decisions will need to undergo a critical examination by all stakeholders. The Union further reiterates that measures must be made to reduce the levels of hardship facing some of our citizens.

The BWU undertakes openly and in good faith to participate in those parts of the plan where it can render meaningful assistance. It is our hope that with the willingness we should all have to pull together, we will achieve the goals we have set ourselves.

Ms. Toni Moore
General Secretary
Barbados Workers' Union



ACKNOWLEDGEMENTS

The Economic Affairs Division of the Ministry of Finance and Economic Affairs takes this opportunity to express its most sincere gratitude for the excellent collaborative efforts undertaken by representatives of the Social Partnership towards the completion of the Barbados Sustainable Recovery Plan (BSRP) 2018. This is testimony to the spirit of “Team Barbados”, in which tripartism prevailed towards developing a clear and concise framework addressing several key areas of restructuring which the economy urgently requires.

The Division is extremely grateful for the valuable assistance provided in the preparation of the BSRP 2018 from key stakeholders in particular, the Congress of Trade Unions and Staff Associations of Barbados, led by Mr. Cedric Murrell; the Barbados Workers’ Union, Ms. Toni Moore and Sir Roy Trotman (Special Advisor); the National Union of Public Workers, Ms. Roslyn Smith and Mr. Akanni McDowall; the Barbados Private Sector Association, Mr. Charles Herbert and Mrs. Anne Reid; the Barbados Chamber of Commerce and Industry, Mr. Edward Abed and Mr. Carlos Wharton; the Barbados Bankers Association, Ms Donna Wellington; PricewaterhouseCoopers, Mr. Oliver Jordan and Mrs. Joanna Robinson; Non-Governmental Organisations.

The Economic Affairs Division wishes to thank all Permanent Secretaries and representatives from various Government Ministries, Departments, Statutory Bodies, Agencies, and Non-Governmental Organisations who attended the first meeting to discuss the BSRP 2018 on August 15, 2017, as well as the Progress Meeting on August 23, 2017, and all other related deliberations between and after these dates. Special mention is made regarding the support of the Governor and Research Department of the Central Bank of Barbados.

The Division wishes to express sincere gratitude to the team leaders of the three (3) Working Groups in the areas of Fiscal Reform, Growth, and Sustainability and Social Responsibility: Ms. Nancy Headley, Permanent Secretary (Finance), Ministry of Finance and Economic Affairs; Mr. Seibert K. Frederick, Permanent Secretary (Economic Affairs), Ministry of Finance and Economic Affairs and Mr. Jeffrey Kellman, Acting Deputy Permanent Secretary, Ministry of Social Care, Constituency Empowerment and Community Development.

Special thanks are also extended to those persons listed in Appendix VI for their contributions to the formalisation of this document.

Equally, the Economic Affairs Division especially Mr. Patrick McCaskie, Director of Research and Planning and Senior Economist Cyril Gill who undertook the major work in respect to this strategic document and should be commended. Special mention is also made with regards to the contributions of Chief Economist Mr. Ronnie Griffith; Senior Economist; Mrs. Kelly Hunte and Ms. Wynelle Savory; Economists: Ms. Tamesha Lowe and Ms. Richelle Gaskin and Intern: Mr. Antonio Alleyne.

The Economic Affairs Division acknowledges the assistance provided by the Government Printery, which would have ensured timely production of this document.

Above all, it is to be stressed and acknowledged, that now the work on BSRP enters the next phase, “implementation”. This important aspect of transforming the plan into action will require significant collaboration to ensure that the strategies, programmes and projects start on time, finish on time and of utmost importance are executed efficiently. In this regard, we wish to thank you in anticipation of your continued support towards the achievement of a full and sustainable economic recovery of our beloved country, Barbados.

LOUIS ST. E WOODROFFE Ph.D.
Director of Finance and Economic Affairs
Ministry of Finance and Economic Affairs
and
Head of the Civil Service (Acting)



EXECUTIVE SUMMARY

The process of economic recovery within the Barbadian economy from the Global Financial and Economic Crisis since 2008 has been mixed. Real sector activity showed positive signs with the growth out-turn at the end of the third quarter 2017 remaining encouraging, though slightly moderating to 1.4 per cent from the 2.2 per cent estimated at the end of June 2017. There was an improved tourism performance, and the unemployment rate is projected to remain relatively low at 10.0 per cent at the end of 2017. Inflation is expected to increase moderately to 3.4 per cent by year-end 2017. The banking and financial sector remained stable and well capitalised. There was some progress in achieving a reduced fiscal deficit, though the fiscal sector remained challenging. The public debt to GDP ratio remained high and the Net International Reserves position stands below the international benchmark of 12 weeks of import reserve cover.

Barbadians continue to enjoy relatively high quality social services in the areas of education, health care, social security, welfare, law and order and a fair and equitable justice system. There is a high level of social cohesion, human development and a clean sustainable environment. Above all, Barbados continues to boast a high level of political stability.

This document, “Barbados Sustainable Recovery Plan (BSRP) 2018”, a framework for the National Economic Sustainable Development and Recovery Plan (NESDREP), takes as its broad vision; “A Society that is economically, environmentally and socially sustainable with a return to investment grade”. The Plan has six (6) broad goals, namely:

- 1. Build a comfortable net international reserves level by 2020;**
- 2. Achieve fiscal sustainability through a balanced budget by 2020/21;**
- 3. Accelerate real GDP growth to reach 3.0 per cent by 2021;**
- 4. Establish a credible and sustainable debt management plan;**
- 5. Enhance and safeguard the provisions for social development; and**
- 6. Reduce the unemployment level on average to 8.0 per cent by 2020.**

The vision and six (6) goals of the BSRP 2018, will be pursued in the context of an accelerated, time-bound and measured approach to the implementation of an agreed set of more prudent financial management and sustainable growth measures that are socially responsible and sustainable. This 2018 Framework will build on the ‘Barbados Growth and Development Strategy 2013-2020,’ in seeking to address the phases of adjustment and reform, which are necessary pre-conditions for a sustainable economic and socially responsible recovery. The framework will also seek to ensure that the measures are prioritised in a way that allows for a positive impact on the fiscal deficit, the foreign exchange reserves and the balance of payments.

The Framework for recovery and social responsibility has its genesis in the May 30, 2017 Financial Statement and Budgetary Proposals, in which the Minister of Finance and Economic Affairs, the Honourable Christopher Sinckler, announced that the Economic Affairs Division would spearhead the preparation of a NESDREP in consultation with the Social Partnership. The urgent request for this Framework Document was restated by the Private Sector and supported by CTUSAB, the BWU and the Chair of the Social Partnership, The Prime Minister of Barbados, The Rt. Honourable, Freundel Stuart, Q.C., M.P. at the meeting held on August 11, 2017.

The Framework Documentation, which emphasises the NESDREP, serves along with all of the other proposals which Government has received, as the centrepiece for national discourse and charts an immediate, short, medium and longer-term agenda for growth and development of Barbados’ economy and society. This programme focuses on setting out a



clear and concise national plan aimed at addressing several of the key areas of restructuring which this economy urgently requires. The main areas of focus include:

- i. Boosting foreign exchange earnings through creating even more attractive conditions for foreign direct investment by;
 - a. Developing initiatives that facilitate both the earning and saving of foreign exchange, and
 - b. Expediting the disbursement of project funds, which provide a critical fillip to the stock of foreign reserves.
- ii. Fiscal consolidation through: public financial management reform including:
 - a. the passage in Parliament of a new Financial Management and Audit State - owned Enterprises Act to govern the financial affairs of Government statutory boards and enterprises. Further, priority will be given to the regularisation of the financial reporting and debt management of the State- owned Enterprises (SOEs);
 - b. efficiency gains across the public sector with the view of reducing paper based processes, transitioning the Government to a digital agile platform. Key aspects to be reviewed and addressed include: improved methods for payment, the issuing of licences and permits and ensuring access to social and essential services by the general public, particularly the poor and vulnerable.
- iii. State - owned Enterprises reform. This may include: mergers, operational consolidation and divestment. In the first instance, priority will be given to merging the entities previously mentioned in the Ministerial Statement of December 2014.
- iv. Tax policy reform and tax administration upgrade. Emphasis will also be placed on the implementation of a 'single-window taxpayer information technology system.' There is also the need to streamline taxes due to and payable by the Government in order to increase Government revenue while providing needed cash flow to the private sector which inevitably will enhance growth conditions in the economy.
- v. Debt growth stabilisation and reduction. This will be achieved through fiscal reform and the implementation of a debt management programme. This remains a key priority and will require deep discussion with the Government's creditors in order to determine the path forward.
- vi. Productive sector reform. Priority will be placed on reducing the cost of doing business and increasing the speed of critical government deliverables (e.g. permits and planning permissions) in critical sectors such as agriculture, manufacturing, construction, tourism, international business and energy to improve efficiency and the attractiveness of the country to domestic and foreign investors. Furthermore, finding appropriate mechanisms to capitalise emerging sectors such as the cultural industries and deepening the growth of the international business sector through incentives geared to attract niche market segments in our worldwide tax treaty network.
- vii. Instituting a Competitiveness Commission and Operational Unit to drive implementation of the work currently being undertaken by the tripartite Competitiveness Action Teams (CATs). Focus will be placed on improving output and efficiencies in the following areas: the Grantley Adams International Airport; the Bridgetown Seaport; the Legal System in the Offices of the Chief Parliamentary Counsel (CPC) and the Solicitor General (SG); the Court System; Physical planning permission - Town and Country Development Planning Office; and Tax Efficiency – with respect to the Barbados Revenue Authority (BRA) and the Customs Department. The Social Partnership will be fully engaged to hone in the best results within this endeavour.



- viii. Implementation of the new national energy policy. This will be critical to accelerate the Government's plan to make Barbados energy independent by 2035 based on the extensive use of alternative energy sources while saving the country millions in foreign exchange. The key timelines in the policy will be tracked under the BSRP.
- ix. Social sector reform. Critical reform is required in key areas to ensure sustainable social development such as health, education, sanitation, and housing. Critical to this is a deep look at universal social support, with focus on the most vulnerable in the society. Critical to this, will also be the transition of the public sector headcount over time to the private sector, as efficiency initiatives that currently require significant headcount are transition to digital platforms.

The objectives, strategies, programmes and projects contained in BSRP 2018 have been developed through extensive consultations with a number of sources including the two critical working groups from among the Social Partnership which examined the fiscal and foreign exchange issues confronting the country and made preliminary recommendations as to how else Government might go about addressing these challenges.

IMPLEMENTATION OF THE BSRP FRAMEWORK

Central to this plan is the recommendation to radically accelerate the slow pace of implementation of policies, programmes, projects and initiatives. This remains a major structural challenge within the Government of Barbados which affects the efficiency and effectiveness of both the public and private sectors.

There is consensus among the social partnership that this is the number one weakness that must be urgently corrected for Barbados to achieve a sustainable recovery, quantum efficiency and productivity gains going forward. It therefore calls for urgent systemic restructuring and process reform in the management of the Public Service.

A key feature of this framework is to ensure that implementation is supported through: 1) appropriate staffing, 2) identifying the clear lines of responsibility, 3) an operational framework for oversight that allows key stakeholders represented by the social partnership and civil society (local as well as multilateral agencies, academia, creditors and rating agencies) to understand how the Government intends to function with respect to fast-tracking its policies and procedures going forward.

THEMATIC AREAS OF THE BSRP

Outlined in the recovery plan are four thematic areas of focus for achieving the six (6) goals of the plan. These thematic areas are outlined within the schedules of the document with the associated key performance indicators, dependencies, timelines and accountabilities.

These thematic areas include:

- i. **Fiscal Sustainability** – the fiscal recovery framework captures 20 specific objectives aimed at creating efficiencies within the public sector.
- ii. **Growth** – the growth recovery framework, which comprises 37 objectives, is geared towards stimulating investments and establishing an enabling environment for increased growth;
- iii. **Foreign Exchange** - the foreign exchange recovery framework contains two (2) critical objectives which seek to augment current strategies directed towards improving the stock of foreign reserves;
- iv. **Social Services** – 11 objectives underpin the social services framework and aim to protect the poor and vulnerable within the society with the view of improving quality of life and livelihood through employment opportunities and social services.

The implementation of these strategies is anchored in Government's unswerving commitment to maintaining its fixed exchange rate regime with the US dollar, which was in place since July 5, 1975. Sustaining the fixed peg to the US dollar promotes stability particularly in small

open economies such as Barbados and will help achieve the objective of keeping people employed through increased levels of investment and other employment opportunities

Each objective in this framework is accompanied by a series of strategies. Collectively, these measures give credence to a strategic approach to the sustainable economic recovery of the Barbadian economy. The initiatives outlined will focus on promoting sustainable growth going forward enabling Barbados to be resilient even in the face of economic shocks (BREXIT and natural disasters). This further dictates that Government functions as efficiently as possible in order to support the fiscal sustainability goal. The measures also provide reassurance and confidence that the Barbadian economy will be restored to a steady state equilibrium of pre-crisis levels. The pre-crisis steady state dictates that the economy returns to pre-crisis average growth rate of 3.0 per cent by 2021 with adequate fiscal space and a solid foreign exchange buffer.

PRIORITIES OF THE BSRP DURING 2018

The main priorities, strategic action points and programmes identified within this strategic framework are identified below:

TABLE: 1 SUMMARY OF THE BSRP PRIORITIES FOR 2018

Initiatives	Agency(ies) responsible	Timeframe	Impact
Fiscal			
Promote transparency and efficiency of SOEs. (<i>Objective 2</i>)	MFE / MAU/Auditor General	September 2018	Improve fiscal prudence and management among SOEs
Implement a program for systematic reduction in payables and receivables – (<i>Objective 5</i>)	BRA, Central Bank of Barbados, NIS, SOEs, MAU	June 2018	Improved cash flow for businesses and government
Establish a framework for debt stabilisation & reduction (<i>Objective 7</i>)	MFE	June 2018	The reduction in interest cost leads to a higher primary surplus, which enhances the available fiscal space to allow for a greater share of resources to be spent on growth inducing initiatives
Initiate PFM reforms (<i>Objective 1</i>) & develop the fiscal strategy framework which will coincide with the debt management strategy (<i>Strategy 1.2</i>)	MFE	June 2018	Improved fiscal prudence and management
Sustainability in issuing concessions (<i>Strategy 9.7</i>)	MFE / BRA/ SG/AG	September 2018	Increased receivables to central government
Establishment of a mechanism for the financing of health care (<i>Strategy 13.1</i>)	Ministry of Health	June 2018	Expenditure savings
Development of a sustainable funding model for tertiary education in Barbados (<i>objective 11</i>)	Ministry of Education Technology and Innovation	June 2018	Expenditure savings
Export earning/savings companies to be prioritized for VAT Refunds (<i>Strategy 4.1</i>)	MFE, BRA, Central Bank	March 2018	Increased exports and foreign exchange earnings

**TABLE: 1 SUMMARY OF THE BSRP PRIORITIES FOR 2018**

Initiatives	Agency(ies) responsible	Timeframe	Impact
Growth			
Improve business facilitation (Objective 9)	MIICSD	April 2018	Business Facilitation Action Plan and Strategy developed by April 2018.
Improve execution of projects (Objective 11)	Economic Affairs Division	April 2018	Improved efficiency with respect to the management and execution of projects
Advance initiatives for tourism investment development (Objective 12)	Barbados Tourism Investment Inc. (BTII)	Over the period 2017 - 2020	US\$1 billion investment over the period.
Enhance international business environment (objective 13)	Ministry of international business, CA, CPC, IPO, ID, SG, Ministry of the Civil Service	September 2018	Increase in foreign direct investment, employment and growth
Implement the national competitiveness strategy (Objective 16)	Barbados Competitiveness Programme	September 2018	Possible US\$20 million of direct investment.
Implement renewable energy plan (Strategy 14.1)	Division of Energy and Telecommunications.	February 2018	An immediate transition to 100 per cent renewable energy usage will result in an contribution to GDP growth and increase Foreign Exchange Savings
Foreign Exchange			
Develop initiatives that facilitate both the earning and saving of foreign exchange to address the instability of the level of foreign reserves (Objective 1)	MFE, BRA,	April 2018	Increased foreign exchange
Deliver on Agreed Incentives Framework for Tourism Stakeholders to Encourage Re-Investment, Attract foreign exchange and Build Confidence (Strategy 1.3)	Ministry of Finance, Ministry of Tourism, BTPA, BHTA, TDC, BTMI, BMA, BAS	September 2018	Growth and increased foreign exchange earnings
Divestment of Certain Public Assets (Strategy 1.4)	Ministry of Finance	March 2018	Growth and increased foreign exchange earnings
Social Responsibility			
Continue the housing development divestment programme of RDC Units (Objective 10)	RDC	August 2018	Reduction in expenditure and increase revenue to RDC
Complete the Sales at Parish Land, St. Philip (Objective 2)	National Housing Corporation	April 2018	
Develop a retraining and Re-Tooling programme (Strategy 8.1)	TAD, Ministry of the Civil Service (Office of Public Sector Reform)	August 2018	250 persons enrolled into the retraining and retooling programme

TABLE: 1 SUMMARY OF THE BSRP PRIORITIES FOR 2018

Initiatives	Agency(ies) responsible	Timeframe	Impact
Establish a means testing framework (<i>Strategy 5.1</i>)	Ministry of Social Care, Constituency Empowerment and Community Development	July, 2018	Improved effectiveness of social provisioning
Increase the level of service in the Provision of Public Transport (<i>Objective 6</i>)	Barbados Transport Board	July 2018	

Over the implementation horizon of the BSRP, the Government will be working towards achieving a number of key macroeconomic and fiscal targets. These targets will be refined within the Fiscal and Debt Strategy Framework proposed within this plan and will serve to guide the Budgetary Statement on Revenue and Expenditure on an annual basis going forward. In the interim however, the main thrust of the macro-fiscal targets are as follows:

- Debt - the objective will be to reduce total central government debt to below 100 per cent of GDP in the shortest time possible.
- Fiscal Deficit - the objective will be to target a balanced budget by 2020/21.
- Growth - target the return of growth to pre-crisis steady state average growth levels which is estimated to be around 3.0 per cent by 2021.
- Unemployment - reduce the unemployment level on average to around 8.0 per cent.
- International Reserves - build the stock of international reserves to above the international benchmark of 12 weeks by 2020.



CHAPTER I

ECONOMIC AND SOCIAL OVERVIEW

SECTION A: ECONOMIC AND SOCIAL PERFORMANCE

This section presents a summary report on the economic and social performance of the Barbadian economy up to September 2017. It shows that the banking and financial sector remained stable and well capitalised while the real sector of the economy showed positive growth trends led by the hospitality sector with low unemployment and relatively low but rising inflation. The fiscal and external sectors remained challenging albeit with a slight improvement in Government revenue performance.

1.1 REAL SECTOR

Real GDP per-annum over the decade ending 2007 grew by 1.8 per cent before declining on average over the next eight (8) years following the global financial and economic recession.

Meanwhile, in the general economy there has been improvement in the main sectors since 2014. Tourism arrivals have increased year on year with significant growth in the sector seen since 2015. By 2017, arrivals were back to pre-crisis levels. While tourism accounts for approximately 12.0 per cent of GDP directly, a number of interconnected general services also supported the buoyant tourism industry resulting in broader improvements to the economy since 2015.

For the first nine months of 2017, real sector activity grew by an estimated 1.4 per cent, due to expansions within the construction and tourism sectors of 4.3 per cent and 8.5 per cent respectively.

In particular, the construction industry benefited from increased activity associated with the Sandals Royal project, as well as other commercial real estate projects. Growth in the tourism sector has stemmed largely from an increase in long-stay tourist arrivals emerging from the major source markets including the USA, the UK and Canada. Reports indicate a slight decrease in the average length of stay for long-stay visitors, but the economic effect of this has been offset by greater volumes of North American visitors and to a lesser extent a 17.5 per cent increase in cruise ship passenger arrivals. Brexit, a weak Pound Sterling and the shift to shorter average stays and spend resulted in a recalibration of the typical visitor to the island with additional traffic from the shorter stay North-American traveller versus the longer staying UK tourist.

Growth in both the construction and tourism sectors have allowed for moderate increases in the labour force participation rate. Consequently, unemployment fell to 9.7 per cent in 2016, down from 11.3 per cent in 2015. Inflation rose from 1.5 per cent to 3.4 per cent in the past 6 months due to rising oil prices and the implementation of key revenue generation measures announced in May 2017; namely, the 2.0 per cent foreign exchange fee on the sale of foreign currency and the implementation of the National Social Responsibility Levy (NSRL), which since its introduction in September 2016, rose to eight percentage points to a rate of 10.0 per cent effective July 01, 2017.



Table 2: Real Sector Indicators (2007 - 2017)

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017p
Real Sector:											
Real GDP (\$ million)	1136.3	1137.7	1092.5	1095.4	1102.6	1105.7	1105.8	1106.0	1116.0	1138.4	1153.2
Real GDP Growth (per cent)	1.8	0.1	-4.0	0.3	0.7	0.3	0.0	0.0	0.9	2.0	1.3
Per Capita GDP basic prices ('000s)	29.5	28.5	28.6	27.8	27.8	26.5	27.2	26.5	31.7	28.6	-
Inflation Rate (per cent)	4.1	8.0	3.7	5.8	9.4	4.5	1.8	1.9	1.1	1.5	3.4
Unemployment Rate (per cent) average	7.4	8.1	10.0	10.7	11.2	11.6	11.6	12.3	11.3	9.7	10.0
Tourism Arrivals (per cent change)	2.0	-1.1	-8.6	2.6	6.7	-5.5	-5.2	2.2	14.9	6.7	6.2

Source: Ministry of Finance and Economic Affairs and Central Bank of Barbados

P Estimates at the end of September

1.2 EXTERNAL SECTOR

In 2007, the foreign exchange reserve cover stood at 21.0 weeks and fluctuated in the following years until 2012 where it stood at 20.2 weeks. In the subsequent years there was a steady decline in the stock of foreign reserves which fell just under the international benchmark by the end of 2016 and within the first nine months of 2017, slipped further to 8.6 weeks import cover.

This decline was driven by a combination of factors over the years, including a growing demand for foreign reserves as a result of higher commodity prices (precious metals, food supplies and oil). Oil prices in particular escalated from the 2009 lows of around \$40 a barrel to over \$100 a barrel during the years 2011 – 2014. This, in conjunction with the uncertainty in oil regimes, the low level of spare capacity in oil rich countries at the onset of the global recovery, the incidence of natural disasters in key food commodity regions, the incidence of natural disasters, inter alia, though varying in magnitude and pace contributed to the surge in prices worldwide.

The external current account deficit narrowed over the years but remains persistently in deficit. This persistent deficit, reduced opportunities to source external funding to finance the current account deficit (*as a result of the high costs of borrowing given recent downgrades by credit rating agencies*), and given the heavy reliance on consumer spending which has been subdued over the recent past led to reduced growth. Import growth remained relatively low also given low capital investments and domestic demand generally.

Table 3: External Sector Indicators (2007 - 2017)

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017p
External Sector:											
BOP Current Account as per cent of GDP	-5.6	-11.2	-7.1	-6.1	-9.2	-4.6	-10.3	-8.5	-5.5	-4.6	-4.1
Financial Account	10.9	5.8	7.8	5.5	11.7	3.3	5.5	7.9	4.7	0.5	1.3
Export Growth (per cent change)	3.1	-7.7	22.4	13.4	10.7	18.9	-9.8	3.7	1.8	2.1	-0.6
Import Growth (per cent change)	3.2	10.0	-24.5	8.3	16.3	-2.5	0.5	-1.1	-7.0	4.3	-2.4
Net International Reserves (per cent change)	29.8	-13.3	22.6	-13.6	-0.6	3.0	-21.5	-7.8	-11.9	-26.4	-19.6
Reserve Cover (Weeks of Imports of goods and services)	21.0	16.3	23.2	18.6	18.0	20.2	15.6	14.8	13.7	10.5	8.6

Source: Barbados Economic and Social Report and Central Bank of Barbados

P Estimates at the end of September

1.3 MONETARY SECTOR

In 2007, the commercial banks were stable and liquid as the increase in capital investments saw significant amounts of capital inflows in the Barbadian economy. This level of investor confidence permeated the domestic private sector and the rate of credit growth increased from 5.1 per cent in 2007 to 11.0 per cent in 2008.

During the period 2008-2011, productive loans within the commercial banking sector declined giving rise to the share of non-performing loans (NPLs) on their books. A less favourable economic environment led to a moderation in the growth of credit by the sector, focus was given instead to resolving non-performing loans and tightening credit policies, firstly to the hospitality sector and subsequently to other sectors deeply impacted by the crisis. The weakening in economic activity also affected the area of personal loans, which were also impacted by rising delinquency rates. The NPLs in particular, during the review period reached a peak of above 13.0 per cent well above the international benchmark of 5 per cent.

Following improvements to the tourism sector in 2014 and improved metrics in the NPL book, commercial banks continued to contribute meaningfully to the economy; but tightened lending criteria as well as a reported drop in underlying demand meant that credit growth has been much less vigorous than in previous recoveries.

The financial services sector in general, and commercial banks in particular, were significant holders of government securities. At the same time, debt levels continued to rise as well as the Central Bank's direct financing to Government, which increased the money supply significantly since 2014. However, amid continued declines in bond ratings and persistently large deficits, commercial banks became increasingly concerned with the fiscal trajectory. The excess liquidity in the commercial banking sector and a reduction in deposit rates following the Central Bank's decision to allow savings rates to be liberalised has reduced the cost of borrowing to corporate and personal clients in Barbados. Overall growth in loans has been tepid as a result of the sluggish growth in the economy after the crisis. However, emphasis by clients has been to repay loans obtained during the pre-crisis epoch where economic growth and demand conditions were more favourable.

During the first nine (9) months of 2017, the monetary sector remained stable with high levels of liquidity. Deposits held by commercial banks continued to rise notwithstanding the growth in loans. The Central Bank, wishing to reduce its lending to Government, decided to tighten the securities reserve requirement ratio of commercial banks from 10.0 per cent to 15.0 per cent and then to 20.0 per cent by January 2018.

Interest rates continued to fall for new lending; and growth will be contingent on funding available. Growth in bank credit to the private sector remained sluggish at 1.0 per cent.

Table 4: Monetary Sector Indicators (2007 - 2017)

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017p
Monetary Sector:											
Money Supply - currency in circulation (per cent change)	3.7	5.8	-2.5	2.7	1.3	-0.2	2.5	-1.2	10.1	-3.9	7.6
Currency held by banks	12.3	69.4	5.8	-4.4	-26.2	41.0	42.4	-6.0	15.8	36.6	32.6
Credit to Private Sector (per cent change)	5.1	11.0	-0.4	3.9	-2.7	10.5	-2.2	-4.6	0.5	1.1	1.0
Excess liquidity Ratio	12.3	14.8	6.3	1.3	1.7	4.7	3.9	6.7	10.6	14.5	15.1

Source: Central Bank of Barbados

P Estimates at the end of September

1.4 FISCAL SECTOR

The fiscal sector has gradually deteriorated since 2007 as the total debt-to-GDP ratio increased from an estimated 64.2 per cent and worsened every year until 2016 where it peaked at 138.0 per cent of GDP. The debt level however is expected to be moderated downwards to 135.7 per cent by the close of fiscal year 2017/18. The fiscal deficit climbed to its highest over the review period to 11.3 per cent of GDP in fiscal year 2013/14 until concerted efforts of fiscal consolidation employed each subsequent year, brought the fiscal deficit to around 5.7 per cent by the end of 2016/17. Current revenue recuperated in the years following the global economic crisis, from a low of 25.1 per cent of GDP in 2009/10 to an expected 30.7 percent by the end of fiscal year 2017/18.

For the first nine months of 2017 in particular, improvements to the fiscal deficit were observed as it declined to 3.1 per cent of GDP when compared to the corresponding period for 2016 which registered a deficit of 4.3 per cent of GDP. This could largely be attributed to enhanced revenue collection, in particular corporation taxes which increased in the first nine (9) months of 2017. The recent adjustment to National Social Responsibility Levy (NSRL) tax rate in addition to the Value Added Tax (VAT) also boosted revenues.

Total current expenditures decreased over the review period reaching to a peak of 36.9 per cent of GDP in 2015/16 and declining to an anticipated 34.4 per cent of GDP by the end of fiscal year 2017/18. Notwithstanding the marginal success in the reduction of public expenditures, strategies have proven to be challenging particularly given the limited fiscal space in which Government can manoeuvre without hampering significantly, public sector operations.

Fiscal year 2013/14 was the period which marked the height of the economic recession and the ushering in of the 19-month fiscal consolidation and austerity programme. At the core of the 19-month programme were the following main issues to be addressed:

- i) Cost of the Government (size of the labour force and costs associated with transfers and subsidies to SOEs);
- ii) Cost of debt – the increased debt load increased the cost of debt service to the Government
- iii) Low tax collection – which though there was some moderate improvement was not adequate to stem the growing deficit.

The fiscal challenges surrounding the country's continuous consolidation efforts since 2013/14 are deeply rooted in the global economic crisis. To date, the aim of reducing the fiscal deficit to sustainable levels has been slow however, efforts are continuing to close the gap. Financing the deficit will remain a critical but manageable challenge. The financing requirements are being met by short-term debt instruments, with the Central Bank becoming the major financier of the deficit. This occurrence however, is regarded as a temporary measure until greater sustainability can be achieved in the fiscal balances. Commercial banks which had reduced their holdings of government securities in 2016, increased funding during the first half of 2017 by \$205.9 million, largely due to a decision by the Central Bank to raise the securities requirements ratio for commercial banks. This policy change enabled the Central Bank to reduce its lending by \$19.4 million in 2017. The National Insurance Scheme has also reduced lending to the Government thus far in 2017.



Table 5: Fiscal Sector Indicators (2007/08 – 2017/18)

Year	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18p
Fiscal Sector:											
Fiscal Deficit as per cent of GDP	-2.8	-4.3	-7.9	-7.8	-4.4	-8.6	-11.3	-7.6	-9.7	-5.7	-4.5*
Total Debt as per cent of GDP	64.2	70.0	81.7	93.2	102.2	113.4	126.5	130.4	137.4	138.0	135.7 ¹
Primary Balance as per cent of GDP	1.5	0.0	-3.1	-2.4	1.6	-2.0	-4.4	-0.1	-2.2	2.2	3.5
Current Revenue as per cent of GDP	27.9	28.5	25.1	26.2	29.0	28.0	26.1	27.6	27.2	29.6	30.7
Current Expenditure as per cent of GDP	28.1	30.3	30.8	32.8	32.4	35.4	35.8	35.2	36.9	35.3	35.2

Source: Ministry of Finance and Economic Affairs

* Note that the Barbados Estimates of Revenue and Expenditure 2017-2018 records a projected deficit of 4.5 per cent at the end of fiscal year 2017/18.

1.5 SOCIAL SECTOR PERFORMANCE

The social sector remained a hallmark supporting Barbados' overall stability. Barbadians continued to enjoy relatively high quality social services in the areas of education, health care, social security, welfare, law and order and a fair and equitable justice system. There is a high level of social cohesion, human development and a clean sustainable environment. Above all, Barbados continues to boast of a high level of political stability.

Throughout the review period, the adult literacy rate within the population remained at a high of 99.7 per cent. Further, improvements in the rate of life expectancy of the population were observed climbing from the average age of 76.2 years in 2007 to 78.0 years in 2016.

The share of expenditure on health increased from 12.9 per cent in 2007 to 15.5 per cent in 2016. Expenditure on education increased from 14.8 per cent in 2007 to 19.1 per cent in 2015 and reached a high of 24.1 per cent in 2016.

Table 6: Social Sector Indicators (2007 - 2016)

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Social Sector:										
Human Development Index Ranking	31.0	31.0	37.0	42.0	47.0	38.0	38.0	57.0	54.0	54.0
Adult Literacy Rate (per cent)	99.7	99.7	99.7	99.7	99.7	99.7	99.7	99.7	99.7	99.7
Life Expectancy Rate	76.2	76.3	76.5	76.7	76.8	74.8	75.0	75.0	78.0	78.0
Access to Clean Water	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Expenditure on Education as per cent of Total Expenditure	14.8	14.6	15.2	13.2	15.1	13.7	11.9	12.6	19.1	24.1
Expenditure on Health as per cent of Total Expenditure	12.9	12.5	13.3	10.8	12.1	11.2	11.2	10.6	12.2	15.5

Source: Barbados Economic and Social Reports

¹ Total debt to GDP ratio for the fiscal year 2017/18 represent the Ministry's calculations based on available information at the time of publication

CHAPTER II

STRATEGIC POLICY FRAMEWORK AND ECONOMIC RECOVERY MODEL

SECTION A: DIAGNOSTIC ANALYSIS OF THE BARBADIAN ECONOMY

For a small open economy committed to maintaining its fixed exchange rate regime the key, macroeconomic objectives from a fiscal and economic stability standpoint are to maintain:

1. a low and sustainable fiscal position and strict fiscal discipline;
2. an adequate level of foreign reserves;
3. a sustainable debt management position; and
4. a sustainable economic growth rate.

These macroeconomic objectives must be aggressively pursued while maintaining order and control over the social fundamentals of the country.

As reported in chapter one of this document, the Barbadian economy has achieved stability in some key sectors and has met significant principal socio-economic benchmarks. However, there are some headwinds which prevail, and stem from the slow and low yielding fiscal consolidation endeavours, which in turn resulted in the slow growth patterns realised over the past few years. The slow consolidation efforts have been exacerbated due to the protracted economic crisis, the need for adequate social services provisioning and the slow pace of implementation of programmes, projects and strategies.

This low performance in key economic fundamentals has served as the underlying cause for the continuous drag on the fiscal position of the country. It has led to large fiscal deficits, high and unsustainable debt levels, increased demands on Central Bank financing, and declining foreign reserves, all of which play some role in suppressing investor confidence in the economy.

The Government of Barbados is cognisant of the constraints faced by the country and this economic recovery plan will seek to propose strategic action points. In consideration of the strengths, weaknesses, opportunities and threats this nation faces, the BSRP 2018 also considers an empirical investigation into the fiscal dynamics of the economy, particularly as it relates to the public sector debt position, in order to inform appropriately the accelerated solutions to the current challenges. This diagnostic assessment is intended to assist in developing the right mix of immediate and short to medium-term measures within an optimal policy agenda for the BSRP 2018. The strategic thrust therefore is to build on the existing strengths, correct the weaknesses, exploit the opportunities and mitigate the threats confronting the Barbados economy and its business and social partners.

To lay the foundation for recovery within the Barbadian economy there is need to tackle head on the structural constraints that have hindered growth and development. In this epoch of Barbados' development agenda, one of the logistical pillars, which facilitates this growth, is the fiscal management framework.

Priority therefore ought to be given to overcoming the weaknesses in this framework whilst seeking to diversify the economy and encourage a more robust platform for the efficient delivery of public services in Barbados.

SWOT ANALYSIS

In order to guarantee an effective and smooth recovery agenda within the Barbadian economy it is imperative to build on our strengths, correct our weaknesses and exploit our opportunities to ensure a full return to investment grade status and mitigate the impact of our internal and external threats. These are summarised as follows:

- Political and social stability and cohesion remain a major strength of the economy.
- Citizens benefit from quality health care and educational systems.
- Residents enjoy a clean and sustainable eco-environment and a relatively high quality of life.
- The economy has experienced moderate growth over the past three years. For the first nine months of the year 2017, the economy registered a 1.4 per cent real growth rate.
- The financial system has remained stable with improved liquidity within the banking sector.
- In 2016 the unemployment rate shows a downward trajectory with the latest annual figures showing unemployment reduced to 9.7 per cent down from 11.3 per cent a year earlier. It is expected that the unemployment rate will remain relatively low at the conclusion of 2017.
- The inflation rate remains relatively low signaling an ease of the cost of living conditions.
- The non-performing loans ratio has improved slightly, registering 8.8 per cent at the end of the third quarter 2017, the lowest rate achieved over the past six years.

Strengths

- There is room for improved fiscal prudence once the necessary changes to the public financial management machinery as proposed within this framework are adopted.
- Tremendous growth opportunities are available from the operationalisation of critical projects in major sectors, including: energy, tourism, construction, agriculture, manufacturing, culture and sports.
- Scope to prioritise action items which are at the foundation of the business facilitation framework.
- The opportunity to raise the quality and efficiency of the public sector's service delivery and project implementation profile.
- There is a scope to centralise, streamline and enhance debt management operations to proactively address growing risks in the public sector's debt portfolio and further support fiscal reform measures.
- Increased prospect for a return to investment grade status once key priority strategies have been fully realized.

Opportunities

Weaknesses

- The proverbial weaknesses of a small open economy such as Barbados still lingers and include, inter alia:
 - i. Low diversification
 - ii. Minimal economies of scale
 - iii. Limited natural resources; and
 - iv. Heavy reliance on imports.
- Low sovereign credit rating (below investment grade), and low investor confidence.
- Slow progress in business facilitation and investment.
- Weak rating in the World Bank's Ease of Doing Business report and a declining score on the Global Competitiveness Index.
- Slow implementation of major projects, programmes and other initiatives.
- Lack of reporting compliance, particularly for SOEs, despite regulatory and legislative mandates governing each enterprise.
- Operational inefficiencies in the public service as a result of bureaucracy and red tape.
- Low productivity across the public and private sectors.

Threats

- Macroeconomic stability and growth are still challenged by the high fiscal deficits and public debt.
- Large external debt payments are anticipated in the next few years coupled with low foreign reserves.
- Increasing refinancing and interest rate risks for domestic debt, which accounts for 80 per cent of the Central Government's debt portfolio.
- Further depletion of the foreign exchange reserves which has slipped considerably since fiscal year 2013/14; the stock of the reserves now registers 8.6 weeks of import cover (at the end of September 2017).
- Continued financing of the Government's fiscal deficit by the Central Bank.
- Inadequate capital inflows to cover external debt service payments.
- Delays in the start of major tourism related construction projects.
- The fiscal deficit is on a downward trajectory, but any reversal or the lack of structural changes could stall this improvement.
- Other headwinds such as the correspondent banking challenge could impact negatively on financial transactions, hindering trade and the movement of remittances.
- Susceptibility to external shocks (natural disasters such as hurricanes, international commodity price movements etc.)
- High financing requirement for outstanding arrears and the pending settlement of CLICO & BAICO that could place additional pressure on debt levels.

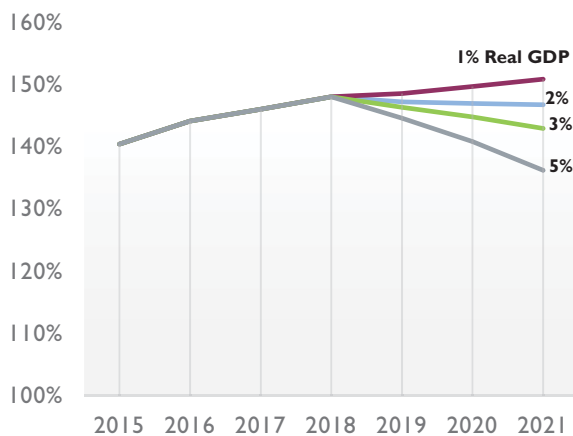
2.1 SITUATIONAL ANALYSIS

The Government of Barbados remains steadfast in fostering the appropriate policy mix to attain stronger growth prospects and a buoyant fiscal stance, while maintaining the social stability enjoyed by its people. The fact however, that there continues to be high debt levels as a result of the challenges of slow growth, moderate revenue performance, and increasing public expenditure, means that efforts geared at fiscal consolidation will be susceptible to economic downside risks, both externally and internally.

The results from a recent Debt Sustainability Analysis (DSA) undertaken by the Economic Affairs Division suggest that risks to the domestic fiscal position remain high over the medium-term and vulnerable to shocks. Given the high sensitivity of the debt profile to macroeconomic factors, caution must be taken not to over emphasise measures that could compromise the stability of the economy, given that the country has started to recover. Figure 1 captures the potential evolution of debt growth at varying levels of real GDP growth while Figure 2 illustrates the projected evolution of the debt path if certain levels of the primary surplus balance could be achieved as a portion to GDP.

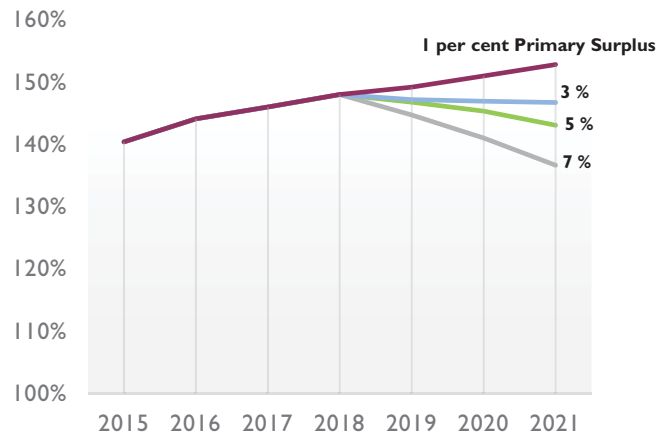
The baseline profile of the current debt stock suggests a continual increase in debt levels to around 152.0 per cent of GDP by the end of FY2020/21. Given this trajectory, the ability to reduce debt to pre-crisis levels will require concerted efforts. The DSA results indicate that to stabilise the debt level over the medium-term, a primary surplus of 3.0 per cent would have to be realised. However, to aggressively reduce debt, the primary balance surplus over the medium-term will have to be approximately 5.0 per cent on average or higher.

Figure 1: Illustrative Evolution of Public Debt to changes in medium-term growth*



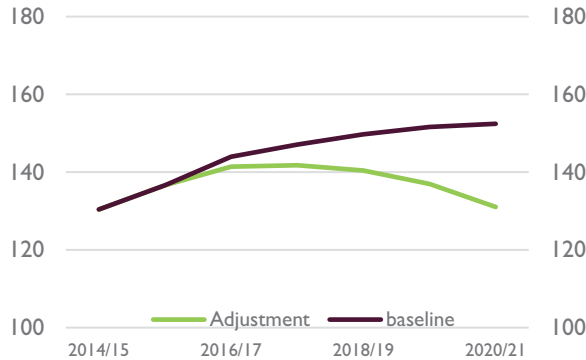
Source: Ministry of Finance and Economic Affairs

Figure 2: Illustrative Evolution of Public Debt to changes in the primary surplus*

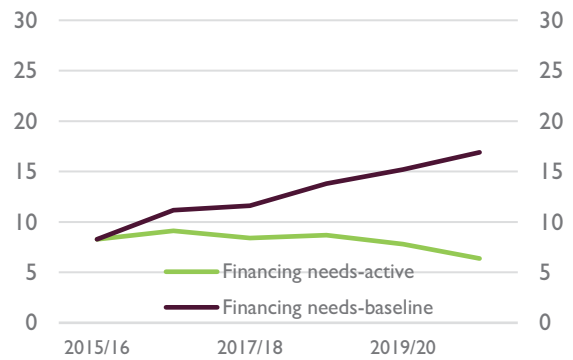


Source: Ministry of Finance and Economic Affairs

* Illustrations based on estimates prior to the announcement of the 2017 Financial and Budgetary proposals

Figure 3: Illustrative Evolution of Central Government Debt (per cent of GDP)*


Source: Ministry of Finance and Economic Affairs

Figure 4: Illustrative Evolution of Gross Financing Needs (per cent of GDP)*


Source: Ministry of Finance and Economic Affairs

* Illustrations based on estimates prior to the announcement of the 2017 Financial and Budgetary proposals

As demonstrated in Figures 3 & 4, the larger financing requirement year-on-year spurs the increasing debt levels and the larger debt levels in turn will continue to fuel the fiscal gap. As debt servicing increases, this limits the resources available for other productive expenditures. Eventually this bears some implication for the nation's stock of foreign reserves particularly given the fact that the Central Bank of Barbados has become Government's largest financier over the recent past.

In addition to the growing debt level, there are a number of other downside risks which could undermine growth and further deteriorate the fiscal position of the country. These risks include: i) the incidence of natural disasters; ii) higher international fuel prices which could increase budget transfers and electricity supply charges; iii) higher than expected US and domestic interest rates; iv) the Brexit effect which is still shrouded with uncertainty, creating a heightened sense of anxiety as it pertains to securing the gains made from the recent boost in tourist arrivals from Barbados' major source market - the United Kingdom.

A strict and disciplined approach to fiscal provisioning, particularly on the expenditure side, while improving revenue collection efforts is necessary to facilitate a sustainable reduction of the debt. Indeed, fostering growth must be at the pinnacle of the policy prescription package aimed at lowering the high debt. However, this can only be achieved through the appropriate levels of fiscal and even monetary policy accommodation as well as institutional and regulatory processes along with other structural reforms which facilitate investments, business creation and expansion, employment, contributing to export development and the boosting of foreign reserves.

Barbados' debt can be reduced much more aggressively with higher levels of fiscal adjustment and increased growth. Given the positive developments already occurring with respect to the country's macroeconomic fundamentals though, caution is required in relation to the pursuit of overly aggressive measures.

SECTION B: NATIONAL VISION AND GOALS

Given the current economic realities facing Barbados over the medium term, including the vulnerability to external shocks, there needs to be a holistic approach to systematically address the embedded risks related to the weak fiscal position, high debt level and low stock of foreign exchange reserves. Policy efforts to strengthen the overall macroeconomic framework must therefore be synchronised and extend beyond the initiatives contained in this document. Furthermore, clear coordination must exist between the fiscal, monetary and debt management pillars. The strategic policy framework of BSRP 2018 is underpinned by a national vision and six (6) broad goals, all of which mirror and in some ways build on the strategic thrust identified in the Barbados Growth and Development Strategy 2013- 2020.



Figure 5: Strategic Vision and Associated Goals

This policy framework provides a roadmap for recovery with the view of ensuring greater fiscal prudence, inducing greater economic vitality and social sustainability towards returning the country to a good investment grade status. The framework is also underpinned by a strong national consensus on maintaining the value of the domestic currency.

2.2 BROAD GOALS & OBJECTIVES

The following broad goals and objectives seek to steer the economy toward the vision of achieving investment grade status whilst maintaining environmental and social sustainability.

Goal 1: Build a comfortable Net International Reserve level by 2021

- Boost foreign exchange earnings through creating more attractive conditions for foreign direct and portfolio investment, business facilitation and export growth potential.

Goal 2: Achieve fiscal sustainability through a balance Budget by 2020/21

- Implement public financial management reform including; a new Financial Management and Audit (SOEs) Act to govern the financial affairs of Government statutory boards and enterprises.
- Establish an annual medium-term fiscal strategy framework which coincides with the proposed annual debt strategy and budgetary estimates of revenue and expenditure.
- Implement tax policy reform and tax administration upgrade project.
- SOE reform, including legislation, mergers, operational consolidation and divestment.
- Establish incentive regimes in an omnibus incentives legislation.

Goal 3: Accelerate real GDP growth to reach 3.0 per cent by 2021

- Facilitate physical capital formulation projects for critical sectors, including: tourism, energy, agriculture, manufacturing, boosting the international business environment and information technology and structural reforms.

Goal 4: Establish a credible and sustainability Debt Management Plan

- Debt growth stabilisation and reduction through fiscal reform and debt management enhancement plans, which include centralising and streamlining public sector debt management operations.
- Establish an annual Medium Term Debt-management Strategy (MTDS) to define debt goals, assess portfolio risks and set achievable long-term targets on a continuous basis.
- Undertake strategic market-neutral liability management operations to smooth debt service requirements and address embedded portfolio risks.
- Improve communications with creditors and stake-holders.
- Adopt a risk framework to quantify contingent risks and improve management of government guarantees.

Goal 5: Enhance and safeguard the provisions for social development

- Social sector reform in critical areas such as health, education, sanitation and social care.
- Means testing in accessing social services.
- Implementation of the new national energy policy to accelerate the Government's plan to make Barbados energy independent by 2035.

Goal 6: Reduce the unemployment level to on average 8.0 per cent

- Create an enabling environment for sustainable employment opportunities to "keep people employed."
- Reduce underemployment particularly among the youth.
- Explore and exploit opportunities for migrant labour programmes.

SECTION C: THE CONTEXT OF BARBADOS' ECONOMIC RECOVERY

FISCAL SUSTAINABILITY AND ECONOMIC RECOVERY MODEL

In this section, a “Fiscal Sustainability and Economic Recovery Model” (FSERM) was developed to effectively address: the issues identified in the above economic analysis; the diagnostic analysis in sections A and B; the BSRP’s vision of returning to investment grade and attaining the 6 broad goals. Consistent with the Macro-Growth and Development Model (MGDM) contained in the Barbados Growth and Development Strategy (BGDS) 2013-2020, the FSERM emphasises growth led by the private sector and based on a sustainable expansion in foreign and domestic investments. Greater fiscal sustainability anchored by national consensus to maintain the fixed exchange rate regime, will accelerate the pace of economic recovery and increase investor and consumer confidence, increase exports and dampen import demand.

The recovery model will be technology driven while embracing science, innovation and entrepreneurship through the expansion of the micro, small and medium-sized enterprise sector. Lastly, demand-side driven policy initiatives in the model are balanced against supply-side policy initiatives, the latter focusing on issues of efficiency, cost and price competitiveness and productivity in the use of labour, management, capital and technological resources.

With special reference to productivity, labour would be transferred from low efficiency areas and sectors to higher productive areas and sectors of growth. This transition, which must be gradual and carefully managed, will involve the training/retraining of personnel in preparation for work in the modern and higher productivity areas such as the services sector. The expected outcome of this model would result in an accelerated growth rate of productivity and real GDP.

On the development side, this growth will seek to maintain social and environmental sustainability in the context of securing a strong social safety net through targeted and strategic human and social development initiatives. The model also embraces the seventeen (17) Sustainable Development Goals promulgated by the United Nations (UN) in 2015.

An economic recovery represents the phase of the business cycle that follows a recession, during which an economy regains and exceeds peak employment and output levels achieved prior to the downturn. A recovery period is typically characterised by high levels of growth in real GDP, employment, corporate profits, and other indicators. Fiscal sustainability presupposes the pursuance of fiscal policy measures that are non-distortionary to the economy in which they are applied. In this context, a sustainable fiscal policy ensures that total current government revenue performance is efficient and in line with total government current expenditure. In addition, a sustainable fiscal policy agenda presupposes that capital expenditure is growth enhancing. Within the Barbadian economy, it is important that fiscal policy further strengthens the competitive landscape for investment-led business growth, particularly within the foreign exchange generating sectors.

Figure 6 (on page 13) depicts a Fiscal Sustainability and Economic Recovery Model with the vision of returning Barbados to investment grade while maintaining a society that is economically, environmentally and socially sustainable.

At the core of this Fiscal Sustainability and Economic Recovery Model is the vision of improving Barbados’ sovereign credit rating, as these credit ratings impact investor confidence and contribute to the decision-making process of potential creditors and international investors.

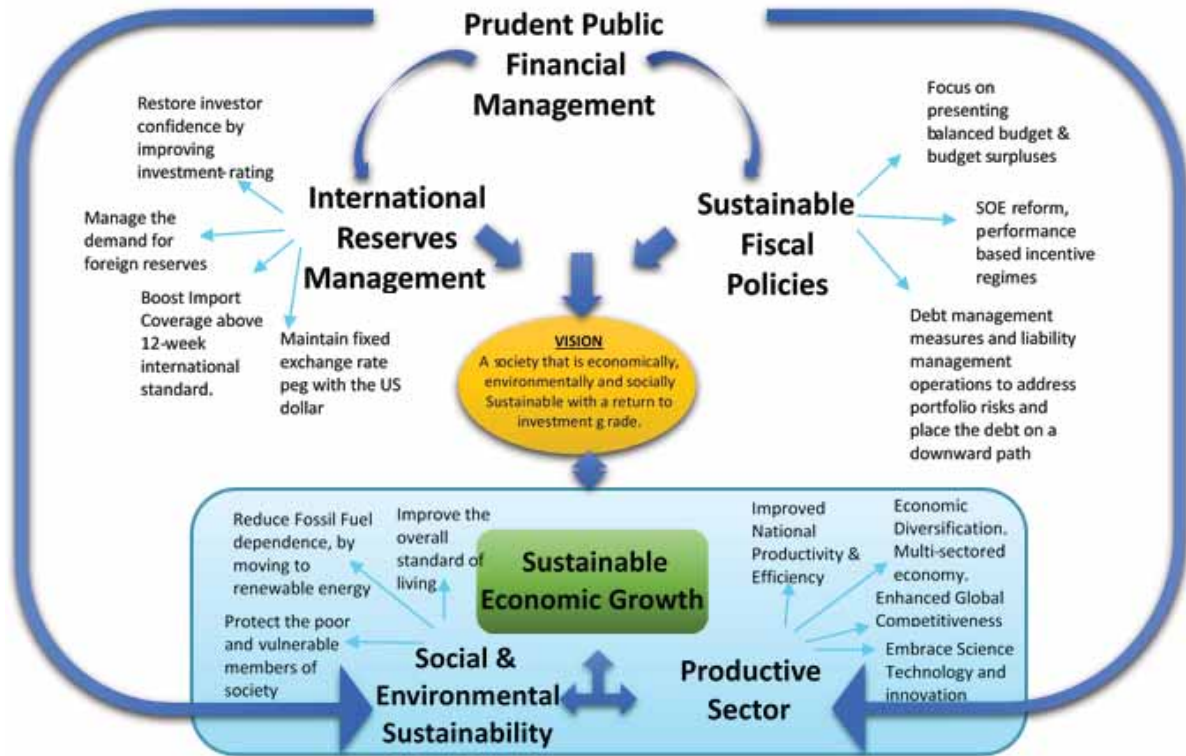


Figure 6. Fiscal Sustainability and Economic Recovery Model

On Sept. 27, 2017, S&P Global Ratings lowered its long-term local currency sovereign credit rating on Barbados to 'CCC' from 'CCC+'. They also affirmed our long-term foreign currency sovereign rating at 'CCC+'. The outlook on both long-term ratings is negative. That agency also affirmed the short-term ratings at 'C'.

The S&P report also noted that Barbados' policy challenges include "high general government debt, deficits, and debt servicing requirements; limited appetite for private-sector financing; and a low level of international reserves raising the risk to sustainability of the peg to the U.S. dollar."

The ratings agency said it could revise the negative outlook to stable over the next 12 months "if the Government succeeds in balancing its fiscal budget, either from implementation of fiscal measures or a prolonged rebound in growth; improves its access to financing, from private creditors locally and globally; and stabilises the country's external vulnerabilities and bolsters international reserves."

Caribbean Information and Credit Rating Services Limited (CariCRIS) has also lowered the assigned regional scale ratings by one notch to CariBBB- (Foreign Currency Rating) and CariBBB (Local Currency Rating) from CariBBB (Foreign Currency Rating) and CariBBB+ (Local Currency Rating). These ratings were attributed to the sustained reduction in net international reserves which at the end of September 2017, stood at around 2.2 months of import cover, below the internationally recognised minimum of 3 months. However, the CariCRIS has also revised its previous negative outlook to stable based on the expectation of a number of tourism related projects slated to be completed over the next two years. These projects together will help boost economic activity and foreign exchange earnings.

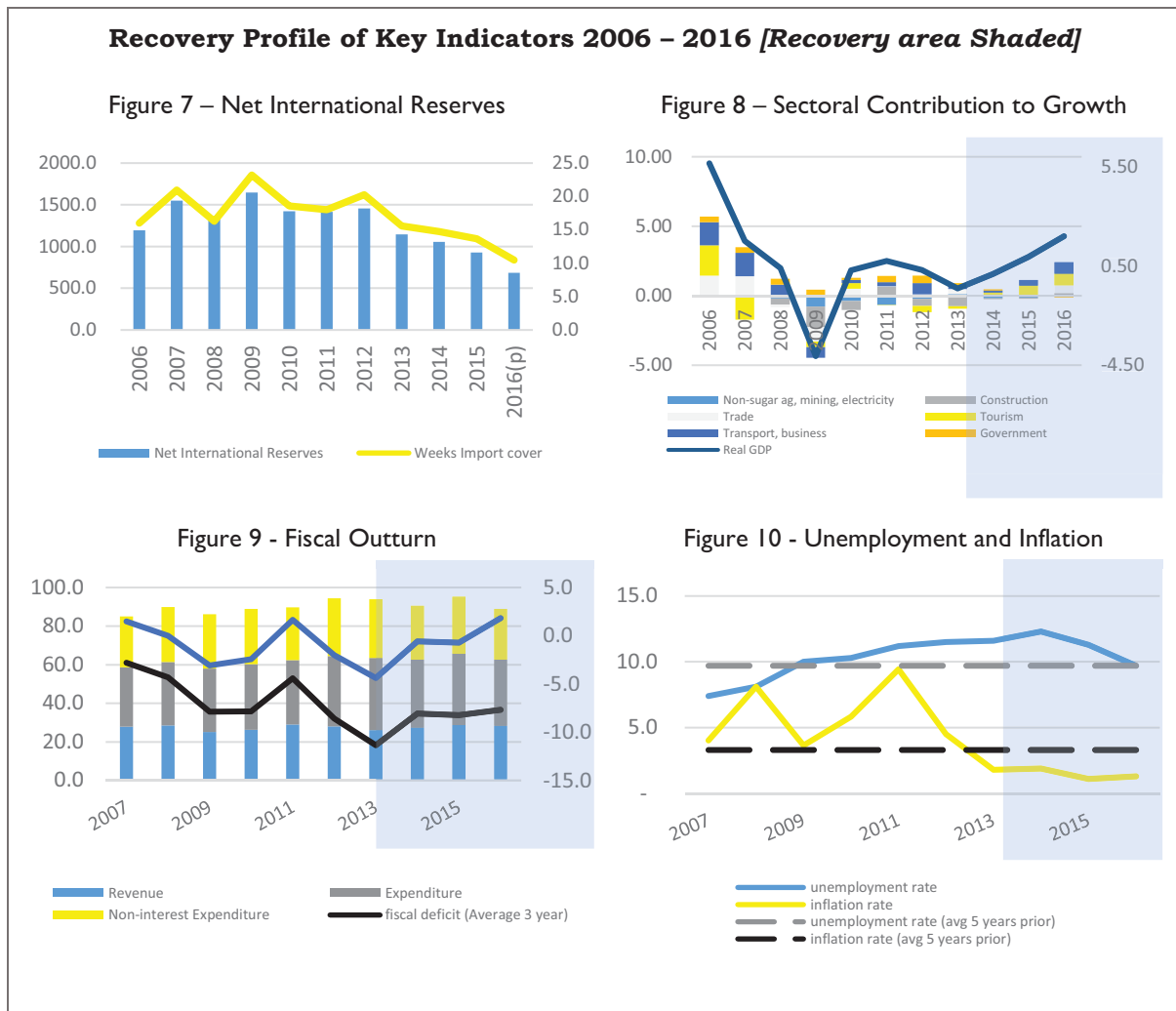
CHAPTER III

THE ROADMAP TO ECONOMIC RECOVERY WITHIN THE BARBADIAN ECONOMY

SECTION A: RETURNING TO PRE-CRISIS LEVELS

In the context of the Barbadian economy, economic recovery presupposes a return to a steady state equilibrium level equivalent to pre-crisis level indicators. A review of the Barbadian economy since 2007 and the global environment over the past 4 years (Brexit, Oil prices, US elections, OECD issues, natural disasters) points to a number of factors that serve as external shocks that must be mitigated while we look for benchmarks that will allow us to steer the economy back to a steady state equilibrium.

Based on the above definition of economic recovery, a select set of leading domestic macroeconomic indicators and international rankings of Doing Business, Global Competitiveness Index and Barbados' sovereign credit rating by S&P have been selected as measurable benchmarks of success. At this juncture, it must be stressed that effective implementation, monitoring and evaluation of the 1) Fiscal 2) Growth 3) Foreign Exchange and 4) Social Sustainability strategies, programmes and projects will determine the success of BSRP 2018.



Source: Ministry of Finance and Economic Affairs

Broad Priority Action Areas

The path towards economic recovery therefore necessitates 1) achieving the vision of BSRP 2018 of returning to investment grade and 2) selected goals through taking action in the following broad priorities areas:

- Implementing further fiscal reforms aimed at minimising and arresting the growth of budget deficits, and placing emphasis on presenting balanced budgets;
- Implementing further fiscal adjustments through efficiency in delivering public services and accelerating agile, sustainable fiscal solutions;
- Implementing a prudent, proactive debt management strategy such as liability management operations to complement fiscal stabilisation and reform by lowering short-term debt service requirements and mitigating portfolio risks;
- Swiftly creating an environment for attracting foreign exchange from foreign inflows (particularly, foreign direct investments and enhanced export sector performance); and
- Accelerating economic growth and productive sector reforms, which ensure that growth attained is strong and sustainable through the removal of bottlenecks and bureaucracy and the digitisation of public services. This inevitably reduces the cost of providing services and will improve the ease of doing business.

Impact of implementation of the above five broad priority action areas

With significant focus placed on reducing Government's fiscal deficit, debt and alleviating foreign exchange shortages, once implementation steps are taken, the immediate benefits and impact of implementation of the above five (5) broad priority action areas would be as follows:

- **A gradual restoration of investor confidence** - The restoration of investor confidence is a key issue for the economy since it is through investment that economic growth and development can be achieved;
- **Debt reduction and foreign exchange management** - This can be viewed as pre-conditions for economic growth and a sustainable economic recovery. Once the correct environment for investment is created, growth should follow as a natural consequence;
- **Increased investment activity** - This will have several positive spill-over effects such as; reduced unemployment rates, increased consumption by private citizens due to higher disposable incomes, and infrastructural development;
- **Enhanced economic growth** - It can be expected that economic growth once shared in balanced and equitable manner will result in the achievement of social sustainability as one of BSRP 2018's main goals; and
- **The implementation of productive sector reforms** - These reforms will improve efficiency and output, and facilitate increased competitiveness in the global market. This enhanced competitiveness augurs well for the economy's private sector-export-foreign exchange led growth and social development.

Fiscal consolidation reforms, once substantive enough, will lead to a turnaround in the economic fortunes of the country.

It is for this reason that the 2017 Financial and Budgetary Proposals proposed a suite of revenue-raising and expenditure reduction measures, including:

- An increase in the National Social Responsibility Levy (NSRL);
- A 2.0 per cent fee on all foreign exchange sales;
- A 25 cents increase in excise taxes on petroleum fuels;

- Liability management exercise with the NIS and the Central Bank;
- A 10 per cent across the board reduction in the expenditure of line Ministries; and
- An extension in the Tax Amnesty for six (6) months.

These measures in essence aim to strengthen the recovery efforts by facilitating greater fiscal consolidation. As Government relies less on financing from the Central Bank and achieve a reduction in public sector debt, there will eventually be a more robust sustainable economic recovery.

Equally important is a focus on making the cost of government affordable. While the above-mentioned revenue measures aim to increase the fiscal space, emphasis will be place on reducing the service delivery cost across the public service of Barbados.

The recovery programme seeks to, inter alia, place emphasis on realising efficiencies which strike at the core of Government's operating expenses, thereby embedding the long-term gains to be realised from reforms of the SOEs and Central Government operations.

It is very important at this stage for monetary policy to play an accommodating role in this recovery effort, through the implementation of measures which serve to protect the current stock of international reserves while at the same time ensuring that the financial system is protected.

SECTION B: ECONOMIC RECOVER POLICY MENU

Macroeconomic stability in Barbados is challenged by high fiscal deficits and public sector debt. These challenges however, are structural in nature and hence would require concrete structural policy solutions.

3.1 FISCAL SUSTAINABILITY POLICY FRAMEWORK

Underpinning the fiscal challenges currently being experienced are:

- Anaemic growth prospects – with modest GDP growth, the fiscal revenue performance will remain weak;
- Increased government expenditure that cannot be offset by current revenue receipts – despite valiant efforts to curb the overall deficit (overall public expenditures continue to climb in the face of weak revenue performance, thereby placing increased pressure on containing the deficit);
- Limited access to new financing resulting from low credit ratings;
- High subsidisation of essential social services, such as health, water, transport, education, etc;
- The need to modernise the tax collection system to allow for greater efficiency in the tax collection framework;
- Increasing debt service burden – due primarily to high and increasing debt levels; and
- Increased public sector inefficiency – as a result of bureaucracy.

These challenges may be exacerbated in the presence of shocks and will ultimately result in a higher debt burden. Macroeconomic developments, which have the tendency to amplify

debt levels, will have serious implications on the economic progress of the nation, as they together:

- reduce the fiscal policy space;
- crowd-out potential private sector investment; and
- divert public investments from revenue generating activities to the maintenance of key social programmes, particularly in the areas of health and education.

The Government of Barbados remains steadfast in fostering the appropriate policy mix to attain stronger growth prospects and a buoyant fiscal position. However, the fact that high debt levels still linger as a result of the proverbial challenges of slow growth, moderate revenue performance, and increasing public expenditures, means that efforts geared at fiscal consolidation will be susceptible to economic downside risks, both externally and internally.

The Financial Statement and Budgetary Proposals announced in May 2017 sought to boost revenue earnings to address the fundamental imbalance between revenues and expenditures. It is anticipated that the National Social Responsibility Levy (NSRL) will help to reduce the funding requirement by the Central Bank of Barbados, which was over \$800.0 million in FY2016/17. Accompanying the revenue generation measures is a plan to reduce expenditures on both non-interest and interest-bearing sources.

Further fiscal adjustment would be needed particularly on the expenditure side to reduce debt and debt service costs in the short to medium-term. Concerted efforts have to be made to reduce Government transfers to State-owned Enterprises (SOEs), an expense which represents the second largest expenditure item within the budget, after the public wage bill. Debt service costs weigh heavily on the public finances and bring to the fore the urgent need to further streamline a solution to this increasing burden on public expenses.

It is envisioned that as efficiencies are realised within the public service (translating to expenditure savings), and as revenue performance improves as a result of the proposed reform measures in this framework, the NSRL will be phased downwards.

The fiscal framework outlined in this document seeks to provide a structure where all these concerns can be addressed in a systematic way. In summary, the following thematic areas are highlighted in this report:

- i. Public Financial Management Reform
- ii. SOE Reform
- iii. Tax Policy Reform and Tax Administration
- iv. Policy on the Payment of arrears
- v. Factoring
- vi. Alternative Innovative Sources of Financing
- vii. Debt Sustainability and Management
- viii. Education Financing Reform
- ix. Health Financing Reform
- x. Wages and Salaries Negotiations

FISCAL STRATEGIES

With the lingering effects of the global economic crisis still threatening macroeconomic stability and limiting the performance of the revenue tax intake, a number of downside risks lie ahead which could lead to the continued growth of the fiscal deficit and ultimately feed

directly into central government's debt levels. With the fiscal deficit currently moderating downward from the recent historic five-year average of 8.9 per cent of GDP, the aim will be to make a meaningful adjustment over the next two years with the view of achieving a balanced budget over the next three years. Thereafter, the policy will be to keep the debt level on that downward trajectory over the medium-term.

Achieving these fiscal targets requires significant corrections as it relates to: the operations of the Public Financial Management (PFM) machinery; the rules and governance framework surrounding the public expenditures; and tax administration for the effective mobilisation of domestic resources. In this regard, these adjustments will have to be made to current expenditures with a primary focus of reducing the level of spending, principally on transfers and subsidies. To achieve these adjustments, serious policy consideration has to be given to a number of objectives and strategies as outlined below.

Prudent Financial Management

The PFM reform agenda must be given priority in order to effect the sustainable recovery framework envisioned in this document. Such reform will help address the macro-fiscal imbalances whilst programmes are undertaken to enhance the level of competitiveness with external trade partners.

Fiscal discipline and prudence are also two essential principles required to advance the strategic fiscal consolidation agenda. The development of fiscal rules will be useful to instil discipline through the public finance management and budget planning cycle. The effective implementation of fiscal rules requires a robust legal basis, a clear definition of institutional responsibilities; transparent accounting; and timely comprehensive reporting of national government operations. While fiscal rules are necessary, research has shown that these rules should be grounded in an economic environment which is fiscally stable and which yields continuous sustainable growth. Despite Barbados being in an environment to effectively tailor appropriate fiscal rules, the new regulatory framework will lend some guiding operating principles.

Key Objectives	Strategies:
Public Financial Management Reform	<ul style="list-style-type: none">- Establish a Sustainable Medium Term Macro-fiscal and Budgetary Framework.- Establish a strong coordinating mechanism for macroeconomic and fiscal (macro-fiscal) planning and budget execution, with the view of prioritising the fiscal strategy as the guiding framework for budgetary planning.- Improve the Mid-term Planning of the budget through increased alignment with an annual Medium-term fiscal strategy policy with the view of establishing a set of fiscal rules which aim to tighten expenditure control, introduce aggregate fiscal discipline and contribute to stable macroeconomic growth- Match annual programmes with the policy framework under the Growth and Development Strategy and the BSRP framework to ensure programmes remain on track with policy objectives.- Expand coverage of external sources of funding in the national budget (Gradual and systematic inclusion of donor assistance in the national budget and budget execution documentation).

Key Objectives	Strategies:
Promote transparency and efficiency within State-owned Enterprises	<ul style="list-style-type: none"> - Introduction of a new Financial Management and Audit (SOEs) Act /(Introduce SOE legislation)/ to govern the financial affairs of Government statutory boards and enterprises. - Improve SOE efficiency through performance-based budgeting, eradicating duplication, reducing wastage and streamlining other measures proposed in the PricewaterhouseCoopers (PwC) report. - Issue appropriate financial sanctions within the performance-based accountability framework. - Complete SOE mergers.
Development Cooperation (Financial and Technical) Policy and Implementation	<ul style="list-style-type: none"> - Development of a robust Official Development Assistance framework which supplements the central government's budget in a meaningful way, particularly for the execution of critical programmes under each ministry. (While the aforementioned is a priority, consideration should be given to centralising the Development Assistance agenda which is currently apportioned across key ministries).
Improved programme implementation, monitoring and impact assessment across the public sector.	<ul style="list-style-type: none"> - Enhance the Governance and Implementation Framework through the strengthening of the M&E and Macro-Fiscal Units as outlined in the implementation plan. - Create change management plan and process implementation. - Institute measures to ensure more effective monitoring of programme implementation and tracking of spending patterns.

Expenditure Measures

The policy will require regular reviews related to the efficiency of government's expenditure programmes and seek where possible, to remove excess spending due to inefficient and uncoordinated/unshared procedures, reduce costs and improve service delivery. More specifically, ministries will be required to review and reprioritise to help reduce costs by removing programmes that are no longer needed or seen as priority; by improving procedures to remove inefficiencies; and by sharing more resources and procedures amongst programmes. Further, state-owned agencies will be required to improve their levels of efficiency and rely less on government subventions. Specific strategies are as follows:

Key Objectives	Strategies:
Debt growth stabilisation and reduction through fiscal reform and debt management	<ul style="list-style-type: none"> - Create a plan to reduce over the short to medium term interest cost via liability management. - Support the development and sustainability of the economy by establishing a credible debt management plan which aims to: <ul style="list-style-type: none"> • minimise borrowing costs; • ensure government's financing need is met in a timely and cost effective manner; and • support the development and functioning of the domestic financial market. - Extend and smooth maturity profile to better manage refinancing risks. - Avoid bunching of debt maturities, thus minimising, unnecessary pressure on either revenue or foreign reserves. - Increase the use of Public-Private Sector Partnerships (PPP's) in financing capital projects which are primarily economic in nature.



Key Objectives	Strategies:
	<ul style="list-style-type: none"> - Increase the level of transparency in the public debt management system.
<p>Implement programme for systematic reduction in payables and receivables (NIS, SOEs, Private Sector, NGOs, Tax, Individuals, External)</p>	<ul style="list-style-type: none"> - Pursue the expansion of the court system to effectively assist in clearing the backlog of cases. This will be done with the view of improving the ease of doing business, improving the investment culture and streamlining revenue to the BRA, settling commercial disputes in an effective manner. - Seek to create a plan for the systematic reduction of receivables and payables.
<p>VAT Factoring</p>	<ul style="list-style-type: none"> - In the short-term, efforts will be made to reduce the arrears owed by Government, prioritising those sectors which are geared towards the generation of foreign exchange. In like manner, the private sector will be accommodated in fast tracking the settling of arrears owed to government.
<p>Optimisation of public sector operations-</p>	<ul style="list-style-type: none"> - Introduce more renewable energy and energy conservation practices across the public sector. New procurement plan/strategy to ensure that a professional public procurement cadre is developed, coordinated and properly supervised. - Improve programme implementation across the public sector. - Identify and enforce strategies to reduce pilferage and wastage. - Conduct standardised efficiency audits and stock taking on material resources for agencies under the purview of each Ministry. - Adopt the approach of seeking technical cooperation and grant funding from international country donors to roll-out strategic programmes under the respective ministry’s ambit.
<p>Special emphasis on the financing of Tertiary Education and Health Care</p>	<ul style="list-style-type: none"> - Seek to reduce spending to the University of the West Indies and Queen Elizabeth Hospital through the use of special mechanisms that will help these agencies to be more self-efficient in terms of their financing. Such mechanisms can be in the form of a special education and health fund to be financed by Government and the private sector.

Over the medium-term there will also be some consideration to large projects, which may require significant government expenditures such as: the west coast sewerage project, estimated to be around \$450 million, as well as the sugar factory (the size and nature of the venture is yet to be determined).

Revenue Measures

The policy will be to improve the efficiency of existing revenue collecting agencies and carry out a comprehensive review of the tax framework. It is also expected that as policies to drive economic growth take effect, then revenues should benefit from increased economic activity. The proposed medium term revenue measures are outlined as follows:

Key Objectives	Strategies:
<p>Foster an effective Domestic Resource Mobilisation (DRM) Framework through tax</p>	<ul style="list-style-type: none"> - Consolidate tax incentives legislation into single omnibus legislation

Key Objectives**policy reform and administration****Strategies:**

- Re-examine the framework for taxes to ensure that the system is efficient. This assessment will be conducted under the aegis of the Joint Economic Group (JEG).
 - Introduce measures to improve tax collection and broaden the tax base.
 - Increase dividend yields from commercially focused government corporations.
 - Embark on a Domestic Resource Mobilisation (DRM) programme geared towards the restructuring of government user fees and charges.
 - Reform the Customs and Excise department with the view to:
 - Expedite legitimate trade facilitation
 - Strengthen compliance management
 - Streamline co-ordination of border management
 - Strengthen the domestic tax collection framework through robust administrative reform with the view of formalising the informal sector.
- Tax administration**
- Minimise tax and excise tax concessions by establishing criteria for discretionary concessions based on factors such as:
 - Net FX earnings
 - Net benefit to GDP and tax revenue

Innovative Sources of Revenue and Financing

The Government of Barbados has recognised the need to generate additional revenue to fill the financing gaps caused partially by the shortfall from the traditional revenue sources and high expenditure. To ensure financial aptitude, the Government of Barbados should therefore explore the option to offset expenditure growth, augment revenue and to generate and save foreign exchange. Various non-traditional funding sources, instruments and mechanisms can therefore be tapped to secure additional funding. These include inter alia: climate change related instruments and mechanisms; special user fees and taxes on games of chance; diaspora bonds; financial and technical cooperation with development partners; countercyclical loans, south-south cooperation and Public-Private Partnership arrangements. While it is not possible to fully quantify the additional revenue and financing from these innovative sources, the expectations are that it could be significant.

SPECIAL ISSUE: DEBT SUSTAINABILITY MANAGEMENT FRAMEWORK

As a consequence of the global financial crisis and the resultant weaker revenue base, policy decisions were adopted to lessen the impact on our citizens through social safety nets, which contributed in part to Barbados' public sector debt position increasing rapidly over the last few years, to over 144 per cent of national output. Similarly, debt service requirements related to interest and amortisation payments absorb over half of projected fiscal revenues.

The current level of debt can have far-reaching repercussions for future economic activity and poses severe risks for growth prospects and living standards in case of unforeseen shocks. There are also implications for the nation's stock of foreign reserves particularly given the fact that the Central Bank of Barbados has become Government's largest financier in recent years.

Government has therefore been working on a plan to prioritise, redefine and enhance debt management operations to proactively address the risks embedded in the public sector's debt portfolio and further complement the fiscal adjustment measures being introduced to place the debt on a sustainable downward path.



Sustainable debt management needs to become an important pillar of the macroeconomic framework and measures formulated to complement monetary and fiscal policies to ensure that a viable and sustainable economic model can be maintained. Over the past few months, Government in close coordination with the Central Bank, has been developing plans to integrate effective debt management practices into overall economic policies to ensure proper coordination with fiscal and monetary objectives in support of a credible and sustainable recovery plan.

The debt management efforts are centred on setting a path to gradually reduce the debt-to-GDP ratio to a level of 100 per cent in the medium term and lower rising debt service requirements through debt management plans that include:

1. Centralising and streamlining public sector debt management operations to improve efficiency and ensure that Government's financing needs and financial obligations over the long-term can be met at the lowest cost consistent with a prudent level of risk. Options are also being developed to address the current level of arrears and plans are being formulated to adopt a risk framework to better quantify and improve the management of government guarantees and public sector contingent liabilities.
2. Commencing discussions with the Government's domestic creditors to discuss the plans required to support fiscal discipline and improve country bond ratings. Understanding future debt requirements, funding options and oversight of the journey to fiscal prudence will be key to this initiative.
3. Undertaking Liability Management Operations (LMOs) to proactively smoothen debt service requirements and address immediate portfolio vulnerabilities such as the high level of debt service requirements. These LMOs will be formulated in consultation with stakeholders and offered to domestic creditors on a voluntary basis.
4. Finalising the medium-term debt management strategy (MTDS), which is currently under development, to clearly define debt management responsibilities, support additional strategies for dealing with portfolio risks such as debt conversion schemes and assets sales, as well as to set goals for medium-to-long-term targets in respect of interest and debt service burdens. The MTDS will also serve as the basis for better quantifying and managing operational and legal risks.
5. Enhancing communications with creditors and stake-holders going forward to foster greater transparency and investor confidence. Government is keen to work with stakeholders to understand their concerns and investment needs. Over time, it is Government's intention to formulate plans to promote the development of the domestic capital market while broadening our creditor base and diversifying funding sources, all geared towards strengthening Barbados' financial stability.
6. Building debt management capacity by taking advantage of training programmes and technical assistance offered through multilateral institutions that aim at improving front-office execution, middle-office risk management analysis and back-office settlement.

SPECIAL ISSUE WAGES AND SALARIES NEGOTIATIONS

Efforts are continuing to have full dialogue towards an amenable solution for increased wages within the public sector. However, increasing salaries is difficult to undertake in an environment, which demands greater control of central government expenditures. In particular, salaries and wages represent the second largest public expenditure category in the approved budgetary allocations. Over the last five years this expenditure as a share of GDP (*though this share has been declining over recent years from 10.2 per cent of GDP in fiscal year 2012/13 to 8.4 per cent in 2016/17*) has continued to contribute to the overall public expenditure bill especially, as a result of increments.

In this regard, a team of highly technical officials from the public sector and labour will guide the development of this model. It is imperative that any agreement reached ensures that wage growth is: 1) in line with productivity levels in the public service, 2) in line with fiscal and monetary policy objectives and 3) does not distort and undermine the current macroeconomic fundamentals. In other words, an equilibrium wage rate should be reached so that it would not lead to a deterioration of the fiscal deficit or weaken the social fabric but that over time it should lead to increased growth and an efficient public sector.

3.2 GROWTH POLICY FRAMEWORK

One of the major issues facing the Barbados economy is that economic growth remains far below its historical five-year average of 3.0 percent prior to 2008 (the pre-crisis period). This growth policy framework intends to target a return to a more appreciated historical growth rate of above 3.0 per cent. The macro-economic growth and development strategy for Barbados must be led by the private sector with a main focus on foreign and domestic public and private investment, increased exports, and the foreign exchange earning sectors. It must also be based on improvements in productivity and the competitiveness of our economy which reflect a fundamental change to the business environment and the way we facilitate business processes in Barbados. Productivity growth must be one of the essential strategies to bring about sustainable economic growth where the functions of job creation and economic development are enabled.

For a sustained acceptable level of growth to be consistently realised, the critical issues of efficiency, cost and price competitiveness, and total productivity must be addressed to achieve the outcomes that mirror success.

Equally, growth of our economy also requires greater efforts at finding new, special and innovative activities in tourism, international business and financial services, agriculture and manufacturing, while at the same time exploring the rich potential within the renewable energy sector to assist the objective of targeting sustainable realistic growth projections. If Barbados continues to make progress in increasing the capacity of the renewable energy sector, significant growth will be inevitable in the foreseeable future. This will be a reality as we accelerate the adoption of renewable energy strategies to reduce the input cost of electricity and other costs to the production processes through which we do business.

In addition, efforts to earnestly increase investor and consumer confidence, boost exports in a sustainable manner, and reduce the demand for imports that are critical to success.

The construction of major private and public capital projects is essential in the realisation of sustainable growth and development. The facilitation of such investment will invigorate productivity, expand the job market and provide a continuous revenue stream for the Government through direct and indirect taxes.

Consistent growth therefore affords us the capability to achieve social sustainability as we continue the process of transforming this society into a green economy along with securing a strong social safety network through targeted and strategic human and social development initiatives in the areas of education, health, poverty reduction, and law and order. Once these initiatives are facilitated, growth is expected to be much stronger over the medium-term horizon. The Government therefore wishes to pursue a growth target of 3.0 per cent (which represents the five year average preceding the economic crisis) by the year 2021. This would be accomplished through measures which target:

- **An urgent increase in productivity in the delivery of public services** - Such an increase could accelerate the forecast rate of growth by at least 0.15 per cent,² by improving business facilitation, bringing forward the implementation of investments, and improving the attractiveness of doing business in Barbados. In addition, productivity gains would permit a reduction in the wages bill and transfers to public entities, without any reduction of the level and quantity of services offered.
- **Improved investment facilitation** – which has been identified as a policy gap that needs to be closed. Promoting and facilitating investment is crucial for our development agenda. Barbados, like most other nations worldwide, has set up schemes to promote and facilitate investment, but most of our efforts relate to promotion (marketing our location and providing incentives) rather than facilitation (making it easier to invest).

Growth Sustainability Strategies

One of the key planks on which the success of this recovery initiative will be built on is addressing the weak economic growth conditions by facilitating investment and fostering an enabling environment for productive job growth while encouraging the generation and saving of our foreign reserve resources. Government operations also play a critical role in shaping the competitive landscape of our country and hence the efficiency gains realised as a result of the fiscal reform measures will go a long way to underpin the sustainable growth solutions represented in the strategic objectives and strategies below.

Key Objectives	Strategies:
Enable a thriving and sustainable export sector namely the Manufacturing, Agriculture, Micro, Small and Medium Sized Enterprises (MSME)	<ul style="list-style-type: none">- Implementation of a Product Development Programme.- Facilitate the development of businesses in accordance with international standards.- Implement specific recommendations of the Going Global Programme in order to diversify manufacturing exports, traditional services and business processes through outsourcing and offshoring.- Pursue very specific market opportunities in targeted markets that can offer returns in the short to medium term (Cuba, Panama, CARICOM; USA, UK, China).- Improve on developments in science, technology and innovation in all sectors.- As Barbados continues to navigate its way on a trajectory of growth and sustained development, it is incumbent that the micro, small and medium-sized enterprises (MSMEs) be promoted as drivers of the country's growth. This aspiration is possible if the quality of Barbados' goods and services is improved to meet international

² Haidar, Jamal. "The impact of business regulatory reforms on economic growth". Journal of the Japanese's and International Economics 26, 2012, 285-307. IMF 2017 GDP (Oct. 2017 WEO Database)

**Key Objectives****Strategies:****The development of a national trade facilitation roadmap****Improve the execution of projects in Barbados through an established Project Formulation and Implementation policy****Advance initiatives for Tourism Investment Development 2017-2020.****Develop internationally competitive businesses****Increase Foreign Exchange Savings from direct investment in renewable energy electricity generation****Increase job creation and economic growth through investments in energy efficient technologies**

- standards and remain competitive within the national and export markets.
- Strengthen the support to growth through access to seed funding and credit especially to MSMEs.
 - Establish a roadmap for priority reform measures as it relates to trade facilitation.
 - Facilitate the enhancement of skills of the MSME community.
 - Identify and remedy barriers to trade.
 - Review the Doing Business 2016 and 2017 reports and develop measures to remedy the existing business facilitation barriers to trade and investment.
 - Formulate and design a Project Implementation and Execution Policy to streamline the efficient delivery of all public projects in Barbados.
-
- Ensure the successful execution and completion (*where appropriate*) of several hotel development projects over the planning horizon 2017-2020; such projects may include but are not limited to the following:
 - Sandy Bay/The Sands
 - Wyndham Sam Lord's Castle
 - Hyatt Centric Hotel
 - Sandals Beaches (Heywoods) (private)
 - South Gap/Sea Breeze Hotel
 - Accra Miami Beach Development (private)
 - Build capacity and efficiencies in a targeted group of export companies that collectively can significantly increase Barbados' exports.
 - The advancement of the 100 per cent Renewable Energy Barbados-Policy Objective (BRA to undertake an impact analysis on the loss of taxes from reduced oil imports in the short-term).
-
- The creation of a Comprehensive Renewable Energy and Energy Efficiency Incentive Framework programme. Under such a programme the following initiatives would be included:
 - Capacity Building and Institutional Strengthening Initiatives.
 - The introduction and readjustment of the tariff structure to support RE investments.
 - Policy adoption for the transition and phase out of inefficient energy products.
 - The imposition of mandatory energy assessments for all businesses.
 - The introduction of green public procurement.

In order to recognise the desired growth levels over the medium term, emphasis has to be placed on providing greater levels of efficiency in the delivery of services throughout the public sector and using the most cost effective methods possible. Government should not be associated with slow responses or delays to major projects.

In order to further strengthen the competitive landscape for business growth, particularly within the foreign exchange generating sectors, a concerted effort needs to be brought to bear on private sector-led growth. Such an incentive framework is imperative to fulfill the ideal policy-inducing environment, which will diversify and expand the productive base of the economy, through new product development, innovation and entrepreneurship.

3.2.1 PRIVATE SECTOR LED GROWTH FRAMEWORK

A strong and vibrant private sector is very important for economic growth, particularly when Government's resources are scarce and it is unable to fully engage in activities to help fuel growth. Hence, in the current low growth environment, Government will have to expand its role as a facilitator by promoting a business enabling environment. Specific to this would be:

- Maintaining balanced macro-economic policies, good infrastructure, and a sound financial sector for growth so as to engender confidence in the economy.
- Good governance with appropriate and investment friendly regulations.
- Open and competitive markets with limited protectionism.
- Having non-distortive taxation and correcting fiscal imbalances so as not to restrict growth and investment.
- Ensuring labour market flexibility and a skilled and productive workforce through education and training.
- A policy framework that promotes innovation and technology, particularly in renewable energy, so as to foster sustainable growth and development.
- Enhancing business facilitation and creating attractive investment opportunities for investors.
- Promoting creative ways to unlock and leverage private sector resources and support.

For its part, the private sector must seek to capitalise on opportunities to invest and to create wealth and employment. It must maintain a competitive edge by ensuring its goods and services are of a high standard and that the necessary work has been done to find markets and secure financing. These are things which Government can help facilitate but will need the full support of the private sector.

SPECIAL ISSUE: IMPROVING THE EFFICIENCY OF DOING BUSINESS IN BARBADOS

In a number of critical areas, the World Bank's Doing Business Indices do not place Barbados in a favourable position as it relates to ease in conducting business. Barbados' ranking as it relates to issues, such as the time required for starting a business, obtaining a construction permit and registering a property, therefore needs to be analysed and where necessary, addressed. This is critical, as there are other Caribbean countries competing with Barbados for the same Foreign Direct Investment (FDI). This analysis would inform the Business and Trade Facilitation Task Force.

Complete implementation of the Barbados Electronic Single Window (BESW) will streamline lengthy regulatory procedures which impact on the World Bank's Doing Business Index. The BESW is certainly a mechanism which can facilitate trade and can go a long way in inspiring confidence in conducting business in Barbados by both the local and international communities. This should be supported by the introduction of up-to-date nomenclature for the Harmonised System. This will assist in the effective implementation of trade agreements to which Barbados is a party.

Barbados will endeavour to ratify the World Trade Organisation (WTO) Trade Facilitation Agreement which was finalised in Bali in December 2013. The Agreement is self-designating, as Member States assign their obligations into three (3) categories:

- i) those which can be done immediately,
- ii) those which require additional time; and
- iii) those which require additional time as well as technical assistance.

It is important to note that compliance in relation to the last category will depend on the acquisition of the requisite technical assistance from donors. These donors have already commenced the notification of commitments in this area. Barbados is in a disadvantageous position since it would not be eligible to obtain such assistance having not ratified the Trade Facilitation Agreement.

SPECIAL ISSUE: ADDRESSING THE NEEDS OF THE INTERNATIONAL BUSINESS SECTOR

The International Business (IB) sector has contracted markedly in recent years in terms of its contribution to fiscal revenue and foreign exchange, due primarily to legislative and other changes in the international arena primarily in Canada. Urgent and aggressive efforts are needed to revitalize and broaden the scope of the IB Sector. The efforts required for achieving this fall within these overarching target areas:

- i. to expand Barbados' tax and investment treaty network to support existing investors and attract new ones;
- ii. to ensure that the tax and investment treaty network remains competitive and relevant to the needs of the marketplace;
- iii. to position Barbados as the regional 'hub' for pan-Caribbean enterprises interested in the export of high quality services;
- iv. to bolster Barbados' reputation as a transparent, efficient and competitively regulated international business, financial services and wealth management centre;
- v. to augment the technical competence of government officials through continuing professional development and training with an emphasis on increasing collaboration between the public and private sectors;
- vi. to promote greater awareness, appreciation and understanding by Barbadians of the importance of the international business industry to the economy; and
- vii. to deepen collaboration and coordination of public sector agencies and key-private sector stakeholders with responsibility for the development of the international business industry.



Further, the Ministry with responsibility for International Business Development (IBD) is well aware that a Data Management System is critical to the improvement of the overall operation of the Supervision and Regulation Section of the IBD. Not only is it necessary to ensure an effective licensing regime, but it will also greatly enhance the policy-making process based on the determination of the contribution of the international business sector to the Barbados economy. The IBD proposes to implement the same by mid-2018.

The following provides a synopsis of the short to medium term initiatives the implementation of which the IBD continues to manage.

Programme Initiatives:

- i. To continue dialogue with domestic, regional and international regulators and appropriate international standard-setting agencies with a view to ensuring the appropriate and effective application of standards to the operations of the IBD.
- ii. To continue to develop technological and or procedural proposals for improving and speeding up the licensing process and data collection.
- iii. To continue work in equipping the Division with the requisite resources, to enable the proper administration of the Corporate and Trust Service Providers legislation.
- iv. To equip the Division with the requisite resources to handle the administration of any new pieces of legislation passed within recent times (for example Private Trust Companies Act) and those expected to be passed in due course.
- v. To make continuous amendments to the existing legislation and the IBD AML Guidelines in order to make them relevant by bringing them in line with current standards and practice (Global Forum, CFATF).
- vi. To cooperate and consult with other domestic regulatory authorities under the respective Memoranda of Understanding, in the carrying out of regulatory, supervisory and compliance functions.
- vii. In addition, the IBD will engage in a re-assessment of the functions and operations of the Joint Policy Working Group (JPWG) and will in the near term commission a review of the suite of legislation governing the International Financial Services Sector and then engage in the formulation of recommendations for necessary and relevant amendments or creation of legislation to make Barbados competitive and attractive as a jurisdiction of choice in the International Financial Services arena.

Research has commenced on major regional and international competitors with a view to review and revamp the National Strategic Plan relative to International Business.

There is an urgent need to bring existing legislation in line with OECD BEPS Standards in order for Barbados to be further enhanced as a jurisdiction of substance - the 1st Meeting on this issue will be convened in a matter of weeks.

Further, there will be a review of our position in Latin America with a view to, in conjunction with Invest Barbados, strengthening business ties and opportunities. This will co-exist with a deliberate effort to broaden the scope of business relations in Africa.

There is an on-going structuring and streamlining of the Corporate Trust and Service Providers regime so that Barbados is represented on the world stage as a well but not overly regulated jurisdiction.

Finally, an assessment and streamlining of office procedures for efficiency and certainty of process together with continuous training and development of staff has already commenced.

3.3 FOREIGN EXCHANGE RESERVE POLICY FRAMEWORK

Holdings of foreign exchange by the authorities depend on a number of factors, of which the most critical are:

- confidence in the Barbados economy and in the fixed exchange rate;
- real growth and investment;
- capital flows and debt strategy; and
- the fiscal deficit and related fiscal issues.

However, since 2009, the foreign exchange reserves cover has weakened progressively. As at the end of September 2017, the international reserves fell to \$549.7 million, which was equivalent to an estimated 8.6 weeks of import cover. The decline in the foreign reserves reflected in part a weaker capital account balance over the first nine (9) months of 2017, as there was a decline in net short-term private capital inflows. In addition, retained imports of consumer goods and capital goods declined by an estimated 3.8 per cent and 2.5 per cent, respectively.

The constant downward trajectory of the level of the foreign exchange reserves prompted the Government, through the Social Partnership, to establish a Foreign Exchange Working Group to review and submit recommendations of a short-term nature to address the continued loss of foreign reserves. An adequate stock of foreign reserves is critical to service the repayment of borrowed loans and to pay for our import of goods and services which continue to be very high.

The foreign reserves stock of the Central Bank requires urgent corrective action to stem the downward trend. This requires a simultaneous approach where initiatives that earn foreign exchange are adopted, while at the same time measures to save foreign exchange are implemented. Inclusive in this approach may be some radical impactful measures.

Additionally, there is the urgent need to address the informal sector which is viewed as having the distinct capability of privately hoarding stocks of foreign exchange currency.

Efforts to improve the level of foreign exchange reserves are specific to a prioritised sequenced collection of operational projects.

Objective	Strategies
To develop a parallel approach where initiatives that earn foreign exchange are simultaneously used with those, which save foreign exchange to address the instability of the level of foreign reserves.	Strategies to upwardly reverse the earnings of foreign exchange stock levels include: <ul style="list-style-type: none">- Explore the feasibility of domestic Duty-free Shopping Zones where locals and visitors can purchase items at duty-free prices to reduce the hoarding of US dollars.- Facilitate increased foreign exchange led investment projects.- Encourage the development of alternative energy projects which will have the potential of saving foreign exchange expenditure.- Improve the development of the International Business and Financial Services sector with the view of enhancing foreign exchange earnings.- Establish a nexus between concessions received and or investment and the actual foreign currency received through foreign direct investment.- Export earning oriented companies should be prioritised for VAT refunds to continue the process of exportation.- Incentivise tourism stakeholders to re-invest, attract foreign investors and to build confidence.



Objective	Strategies
Expedite the disbursement of funds for the following public sector projects	<ul style="list-style-type: none"> - Facilitate philanthropy by external high net worth individuals and remittances by the Barbadian diaspora. - Divestment of certain public assets for foreign currency. <p>Execution of Public Projects</p> <ul style="list-style-type: none"> - Deployment of cleaner fuels and renewable energies in Barbados - National Tourism Programme - CAF - Tax Administration Infrastructure Reform programme - CAF- Water Infrastructure Rehabilitation project - EIB - (European Investment Bank) - Drinking water network Rehabilitation project

3.4 SOCIAL POLICY FRAMEWORK³

The path to economic development requires growth in human and social development. Barbados is firmly committed to eradicating poverty, the heart of social sustainability, as well as protecting the poor and vulnerable. To this end, this commitment is firmly aligned with the seventeen (17) Sustainable Development Goals (SDGs).

Barbados possesses many of the inherent economic, social and environmental vulnerabilities associated with Small Island Developing States (SIDS). As a SIDS, Barbados is extremely vulnerable to the adverse impacts of climate change and as a consequence, will likely place severe implications for this nation’s economic and social well-being. Negative externalities such as natural disasters and extreme weather events are amplified in the context of SIDS given that there is a very small population and limited land space in which to benefit from economies of scale in any recovery programme. If these externalities go unrectified would undermine the sustainable development gains that have been achieved thus far by Barbados.

The two main factors, namely, increasing debt burden and falling government revenues have challenged the Government to pursue varying approaches to address the country’s fiscal deficit and to follow a more sustainable path to economic growth. Despite the challenge of maintaining the provision of social services, the Government has been able to prioritise these while instituting reductions in recurrent expenditure and largely maintaining employment levels in the public service.

The Government of Barbados, through the Ministry of Social Care, Constituency Empowerment and Community Development, has sought to provide and maintain an enhanced programme of social services for the more vulnerable persons in Barbados. In this regard, a social methodology of Proxy Means Testing (PMT) for critical social services will be used, involving observable and stable characteristics such as households’ income, family composition and education level. This methodology uses typical information about households to ensure that the social safety net benefits are distributed to the most vulnerable in the society, as well as to assess the effectiveness of current social policies. Departments under the Ministry of Social Care, Constituency Empowerment and Community Development, such as: the Welfare Department, National Assistance Board, Child Care

³ The initiatives contained in this framework is a small set key deliverables and are not intended to reflect the broader set of social policy issues.



Board, National Disabilities Unit, Poverty Alleviation and Reduction Programme and the Community Development Department will be utilising this methodology.

In addition, this section highlights several initiatives that have been conceptualised to contribute to the Government's efforts to place the country on a more sustainable path.

Objective	Strategies
Ensure that social safety net benefits are distributed to the most vulnerable households	<ul style="list-style-type: none">- Develop a Proxy Means testing framework for the Ministry of Social Care, Constituency Empowerment and Community Development under the Strengthening human and social development programme- Adjust and Implement the PMT framework throughout the following departments under the Ministry of Social Care which offer direct social services: Welfare Department, National Assistance Board, Child Care Board, National Disabilities Unit, Poverty Alleviation and Reduction Programme, and the Community Development Department
An increase in the level of service in the provision of public transport	<ul style="list-style-type: none">- Formulate a transportation policy between the public and private sector to deliver an adequate transportation service
To strategically develop the skills required to strengthen the productive sectors in Barbados as a means to enhance competitiveness	<ul style="list-style-type: none">- Identify the skills needs of areas with strong export potential to guide education and training programmes- Promote employment creation as a key objective of trade and investment policies and agreements- Promote entrepreneurship as an avenue for employment through the Small Business Association, Barbados Youth Business Trust, Barbados Investment & Development Corporation, Fund Access, Youth Entrepreneurship Scheme and Barbados Coalition of Service Industries.- Create an enabling environment that promotes entrepreneurship and supports enterprise development- Source additional overseas employment opportunities

3.5 PRIORITISATION MATRIX

This matrix highlights the main policy priorities of strategic actions that are high impact and easily implementable over the short to medium-term horizon and thus amidst any challenges should be given precedence within the unfolding of this strategic framework.

Fiscal

Promote transparency and efficiency of SOEs. **(Objective 2)**

Programme for systematic reduction in payables and receivables – **(Objective 5)**

Establish a framework for debt stabilisation & reduction **(Objective 7)**

PFM Reforms **(Objective 1) & (Strategy 1.2)**

Sustainability in issuing concessions **(Strategy 9.7)**

Establishment of a mechanism for the financing of health care **(Strategy 13.1)**

Development of a sustainable funding model for tertiary education in Barbados **(Objective 11)**

Export earning/savings companies to be prioritised for VAT refunds **(Strategy 4.1)**

Growth

Improve business facilitation **(Objective 9)**

Improve execution of projects **(Objective 11)**

Advance initiatives for tourism investment development **(Objective 12)**

Enhance international business environment **(Objective 13)**

Implementation of a national competitiveness strategy **(Objective 16)**

Implement renewable energy plan **(Strategy 14.1)**

Foreign Exchange

Develop initiatives that facilitate both the earning and saving of foreign exchange to address the instability of the level of foreign reserves **(Objective 1)**

Deliver on agreed incentives framework for tourism stakeholders to encourage re-investment, attract foreign exchange and build confidence **(Strategy 1.3)**

Divestment of certain public assets **(Strategy 1.4)**

Social Services

Continue the housing development divestment programme of RDC Units **(Objective 10)**

Complete the Sales at Parish Land, St. Philip **(Objective 2)**

Develop a retraining and Re-Tooling programme **(Strategy 8.1)**

Establish a means testing framework **(Strategy 5.1)**

Improve the level of service in the provision of public transport **(Objective 6)**

CHAPTER IV

ADJUSTMENT TARGETS, IMPLEMENTATION & FINANCING

SECTION A: ADJUSTMENT TARGETS UNDERPINNING RECOVERY FRAMEWORK

As the Barbadian Economy is nearing its fifth consecutive year of economic growth - albeit at a slower pace - some downside risks still linger. The risks, as previous highlighted, pertain to the sustainability of the fiscal dynamics of the economy. Principally, debt payments and the related debt servicing costs must be moderated downward to sustainable levels in order to realise substantive and positive gains in the fiscal balances. The 2017 Financial and Budgetary proposals sought to establish this, with an estimated size of \$542 million in adjustment effectively leading to a small targeted surplus of \$4.4 million.

However, based on the underlying trends since the announcement of the budgetary proposals and given the slightly weaker domestic demand within the economy, due to inter alia, adverse weather conditions regionally and increased fiscal consolidation efforts, lower yields are expected. This not only transitions to a lower than expected growth outturn, but also slows the pace of the fiscal consolidation efforts.

The table which follows, outlines in summary, the baseline trajectory of key macroeconomic and fiscal variables. *(These projections represent a revised trajectory since the implementation of the budgetary measures).*

Baseline Assumptions:

Growth - the rate of economic growth is expected to be moderated downward slightly given the recent imposition of the measures, particularly the increased NSRL however, going into the medium-term horizon the economy will generate momentum on the heels of the buoyant tourism industry and expected increases in hotel room stock.

Revenues - are assumed again to improve generally given that the full yield of the NSRL is expected to come on stream during FY 2018/19.

Expenditures - are expected to increase incrementally as a result of wage increments and critical capital works. However, with the half yearly budget review, it is anticipated that efficiency will be realised thereby lending to an overall reduction into the medium-term horizon.

Unemployment - levels are expected to improve given the incidence of major construction projections to be started in 2018.

Inflation - prices (on average) are expected to rise in 2017/18, 2018/19 but this in effect is a one-off event given the hike in the NSRL, hence the growth of prices will moderate downward over the medium-term.

International reserves - the foreign exchange import reserve cover is expected to moderate around 6 weeks in the short-term but will gradually improve with a return to a robust growth performance, and a further strengthening of long-term visitor arrivals.

TABLE 7. Baseline Projections Macro-Fiscal Indicators

	Actual				Forward estimates		
	2014/15	2015/16	2016/17	2017/18p	2018/19	2019/20	2020/21
BASELINE SCENARIO (per cent GDP)							
Real GDP (per cent growth)	0.0	0.9	2.0	1.3	1.2	1.4	1.4
Inflation FY (per cent growth)	0.4	0.31	-0.2	4.1	3.3	3.2	3.0
Unemployment (p)	12.3	11.3	9.7	10.0	9.7	9.5	9.0
Government operations (per cent GDP)							
Total revenue	27.6	27.2	29.6	30.7	30.1	30.0	29.9
Total expenditure ⁴	35.2	36.9	35.3	34.4	34.4	33.7	32.6
Fiscal deficit	-7.6	-9.7	-5.7	-3.7 ⁵	-4.3	-3.7	-2.6
Primary balance	-0.1	-2.2	2.2	3.5	2.8	3.4	4.4
Central Government debt*	130.4	137.4	138.0 ⁶	135.7	133.8	132.8	130.9
International reserves weeks import cover	14.8	13.7	10.5	6.2	6.4	7.1	8.0

Source: Ministry of Finance and Economic Affairs

Macro-Fiscal Adjustment Targets

Over the implementation horizon of this plan, the Government will be working towards achieving a number of key macro-economic and fiscal targets. These targets will be refined within the Fiscal and Debt strategies proposed within this framework to be completed by June 2018. In the interim the main thrust of the macro-fiscal targets are as follows:

- Central Government Debt - the objective will be to reduce total government debt to below 100 per cent of GDP in a sustainable manner.
- Fiscal Deficit - the objective will be to target a balanced budget by 2020/21.
- Growth - target the return of growth to pre-crisis steady state average growth levels which is estimated to be around 3.0 per cent by 2020/21.
- Unemployment - reduce unemployment levels on average to around 8.0 per cent
- International Reserves - build the stock of international reserves to above the international benchmark of 12 weeks by 2020.

⁴ Total expenditure estimates represent total revenue less amortization

⁵ Note that the Barbados Estimates of Revenue and Expenditure 2017-2018 records a projected deficit of 4.5 per cent at the end of fiscal year 2017/18, all figures associated with fiscal year 2017/18 are preliminary revised estimates based on updated available information at the time of publication.

⁶ The IMF Article IV Mission report, registers a debt to GDP ratio of 137.1 per cent at the end of fiscal year 2016/18.

* Figures contained in this baseline scenario have been updated to reflect information available at the time of compilation.

Risks to Target

In addition to the growing debt level, there are a number of other downside risks, which could undermine growth and further deteriorate the fiscal position of the country. These risks include:

- i) Urgent increased spending to prevent infrastructural decline particularly as it relates to sewage and solid waste disposal;
- ii) Restructuring of the sugar industry;
- iii) The digitisation of the public service in which cyber security may become an increased risk and therefore there may be increased expenses in this area;
- iv) The incidence of natural disasters;
- v) Higher international fuel prices which could increase budget transfers and electricity supply charges;
- vi) Higher than expected US and domestic interest rates; and
- vii) The Brexit effect which is still shrouded with uncertainty, creating a heightened sense of anxiety as it pertains to securing the gains made from the recent boost in tourist arrival intake from Barbados' major source market - the United Kingdom.

In addition, over the medium-term there will inevitably be some large capital projects which may require large government expenditures such as; the west coast sewerage project which is estimated to be around \$450 million, as well as the sugar factory (the size and nature of this venture is yet to be determined). These undertakings as well as other emergencies which may arise, pose a threat to eroding any gains realised from the fiscal consolidation efforts implemented under this framework.

SECTION B: OVERSIGHT, MONITORING AND EVALUATION FRAMEWORK

Slow implementation of policies, programmes, projects and initiatives remains a major structural challenge in the public sector, affecting the efficiency and effectiveness of both the public and private sectors. There is overwhelming consensus among the Social Partnership that this is the number one weakness which must be urgently corrected for Barbados to achieve a sustainable recovery, quantum efficiency and productivity gains going forward. This requires urgent systemic restructuring and process reform in the management of the Public Service. It therefore calls for urgent systemic restructuring and process reform in the management of the public service.

Government will therefore immediately strengthen the Macro-Fiscal Unit and Monitoring and Evaluation Unit as outlined in Cabinet decisions taken in November 2015 and May 2016 respectively. In addition, an ‘implementation monitoring’ and ‘implementation policy’ framework and thereafter Legislation will be developed. Below is a pictorial diagram of an Implementation, Monitoring and Evaluation Framework which is self-explanatory.

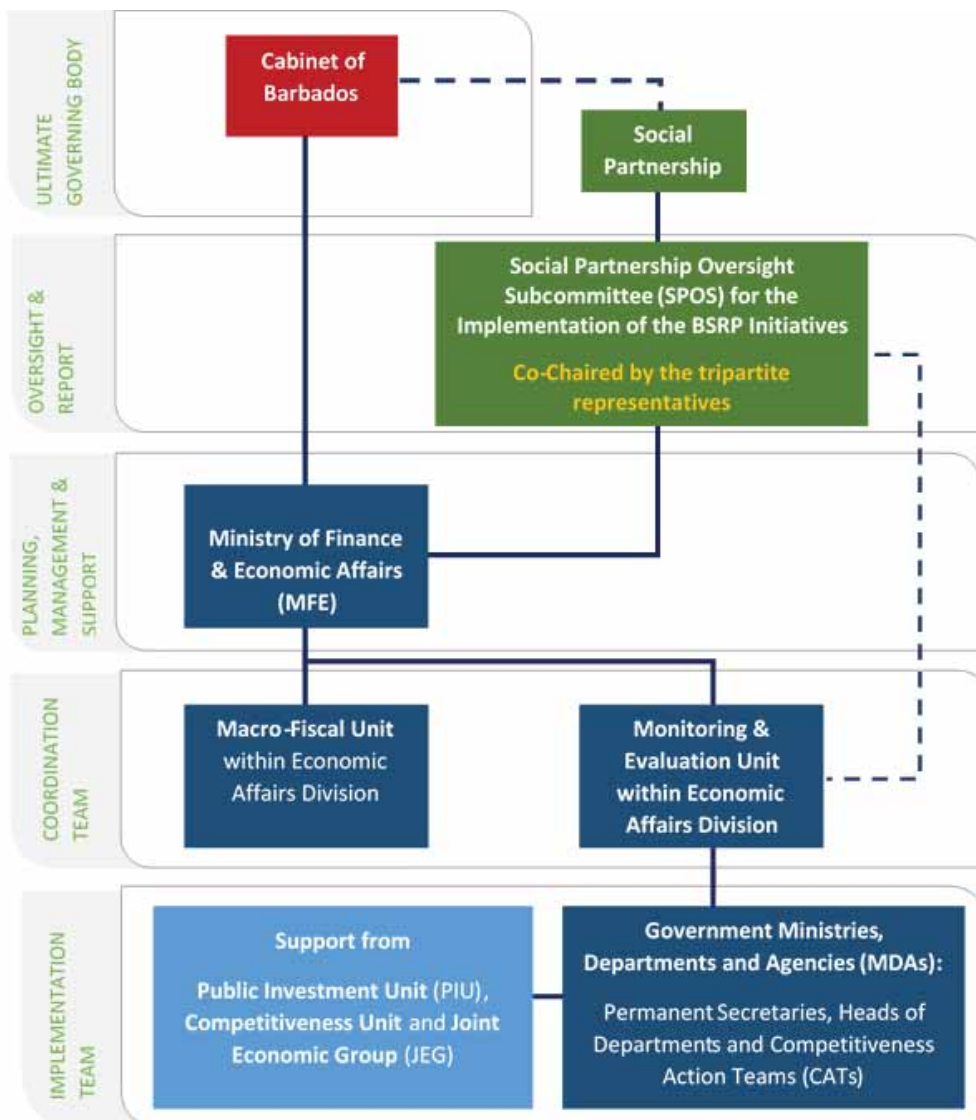


Figure 11: Implementation Model Frame

THE OPERATIONAL FRAMEWORK OF THE IMPLEMENTATION PLAN:

The implementation monitoring and evaluation framework will be undertaken in five layers: as follows:

Implementation Team

In order to ensure clarity of purpose within the implementation framework, all Ministries will be required to incorporate programmes and initiatives within the BSRP framework in their respective programme documents for the up-coming fiscal year 2018/2019.

This gives credence to all Ministries following through on the initiatives as prescribed. All public agencies identified within the framework will undertake the implementation of the policy initiatives.

A detailed implementation plan will be prepared for each objective sequentially by priority order. Each plan will include stage targets, measurable objectives and the person or unit responsible, to allow monitoring of success. These plans will be discussed with the Social Partnership Oversight Subcommittee (“SPOS”) for comments prior to submission to Cabinet. Each final approved Plan will be made available to the SPOS.

The Committee of Permanent Secretaries and the Competitiveness Action Teams (CAT) will report to the Head of the Civil Service (HCS).

Where appropriate, the implementation team will be supported by the following key agencies: the Public Investment Unit, the Competitiveness Unit and the Joint Economic Group (JEG).

Coordination Team

The macro-fiscal and monitoring and evaluation units within the Economic Affairs Division of the MFE represent the coordination team, which will monitor the impact of and evaluate the progress made by the various ministries. The coordinating team will present a quarterly report through the Ministry of Finance and Economic Affairs to be submitted to the SPOS. The approved report of the SPOS will first be forwarded to the Cabinet of Barbados immediately, after which it will be circulated to the wider public.

Where appropriate, the coordination team will be supported through the provision of technical assistance in order to carry-out its function effectively.

Operational, Planning, Management and Support

The Ministry of Finance and Economic Affairs will serve as the secretariat to the Special Subcommittee of the Social Partnership and where necessary and appropriate support will be provided by other social partners.

Oversight and Reporting

The oversight and reporting framework will be captured under the aegis of the SPOS. The SPOS will comprise nine members. Each of the Social Partners: Government, Labour and the Private Sector, shall each appoint a Co-Chair, two members and three alternates. The Special Sub-committee will, inter alia:



- Provide comments on draft Implementation Plans;
- Review the implementation process of the BSRP;
- Request meetings with the Prime Minister at which concerns may be raised regarding Government's progress in meeting objectives;
- Meet monthly to discuss policy issues and initiatives surrounding the BSRP (executive may meet more frequently as necessary);
- Offer suggestions for change of action if or when required;
- Issue quarterly bulletins to the public on the progress of initiatives.

Confidentiality

The Special Sub-committee will be bound by a confidentiality agreement to not disclose the following information, nor to use said information in the conduct of their business:

- (i) Sensitive macroeconomic data and or forecasts not generally available to the public. Such information will be defined by the Government Members of the Committee and noted in the minutes of the proceedings;
- (ii) All interactions of the Committee Chairpersons with the Minister in respect of any recommendations for changes in policies and to keep confidential the general deliberations of the Minister in respect of the issues presented;
- (iii) Other information that may be agreed on by Committee members from time to time.

Members of the Special Sub-committee will be entitled to receive all relevant information pertaining to the BSRP agenda in a timely manner. Also, private sector representatives shall make best efforts to provide any relevant information (financial and otherwise) in an aggregated format that will allow the Committee to make rational decisions as it pertains to the impact of these initiatives on the nation's citizens.

Ultimate Governing Body

The ultimate policy decision-making entity is the Cabinet of Barbados. Cabinet will be given advance copies of progress reports, and policy considerations, but will not be required to approve any dissemination to the public.

A.1: EXPLANATION OF THE PROPOSED APPROACH TO IMPLEMENTING THE BSRP INITIATIVES

The execution of initiatives under the BSRP agenda will be an integrated coordinated approach between members of the Monitoring & Evaluation Unit and the Macro-Fiscal Unit and the Public Investment Unit (PIU) (together, the "Coordination Team"), which sit within the Ministry of Finance & Economic Affairs. These two units will serve to mobilise the key themes of strategic planning, performance measurement, capacity building and transformation. The Director of Finance & Economic Affairs will play the integral role of chief monitor and driver of the implementation of the projects approved under the BSRP.

The coordination team and the Head of the Civil Service will contribute to assisting Government to deliver better and more efficient public services through:

- i. monitoring and reporting on delivery of the BSRP's priority reform measures;
- ii. identifying the key barriers to improvement and the action needed to strengthen delivery;

- iii. facilitating information and knowledge sharing among key departments with the view of setting best practices in the delivery of services; and
- iv. supporting the development of high quality public services agreements (PSA) targets that will effectively incentivise improvements in public services.
- v. Review and amend the key performance indicators and targets as required

The key features of the Coordination Team are to:

- i. stimulate partnership between the Cabinet Office and stakeholder departments to ensure a shared understanding of issues and a shared commitment to action as well as to assess delivery and provide performance management;
- ii. engage with Permanent Secretaries across the public sector in the delivery system to understand the impact of existing policy and the benefits and risks of the proposed action;
- iii. through the Joint Economic Group assist departments on delivery planning and implementation;
- iv. produce high quality data to monitor and evaluate the progress and trajectory of the impact of key policy elements; and
- v. improve public services by working with departments to help meet public sector targets consistently and in line with proposed adjustment targets.

The Coordination Team will be involved throughout the implementation lifecycle and will serve as the key link between all the implementing Government departments and agencies and Non-Government stakeholders to ensure consistency, transparency and effective communication. Technical and financial support will be provided by International Financing Institutions and the private sector.

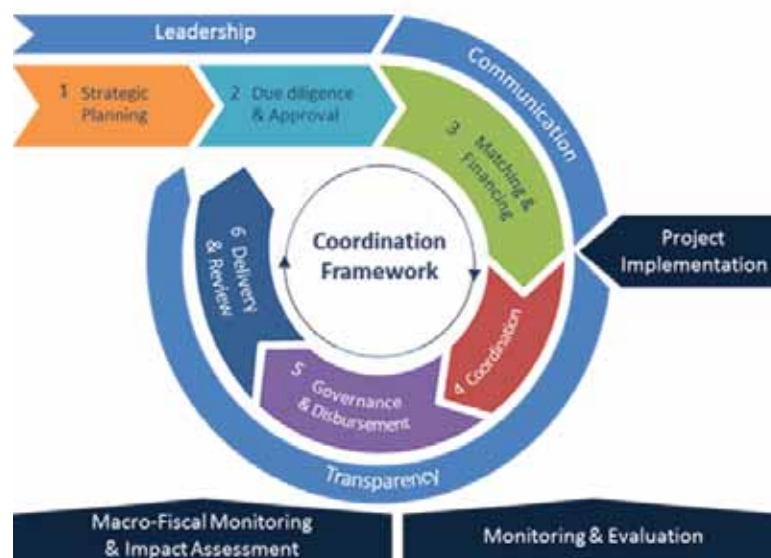


Figure 12: BSRP Coordination Framework Approach

Key success factors to facilitate the desired programme outcomes would include:

Leadership: The Coordination Team will be directed by the most senior Civil Servants within the MFE to give legitimacy to the overall programme, to ensure that decision-making is swift and focused and to ensure continuous support is maintained.

Communication & transparency: The Coordination Team will be responsible for transparent, consistent and frequent reporting on progress and achievements in order to gain the confidence and support of internal stakeholders and the wider public. Reporting will highlight all key performance indicators, identifying entities and individuals responsible and accountable for achievement, or lack thereof.

- *Quarterly:* Reports to Cabinet and subsequently to the public via the SPOC regarding progress against KPIs, accountable entities and persons, outlining the fiscal and macroeconomic impact and financing requirements.

Enforcement: The Coordination Team will be bound by a formal governance framework which may require the enactment of new or **revised policies** and **legislation** that will also hold the Management of executing agencies to account. The monitoring will also be by the committee of Permanent Secretaries.

Phases of the BSRP implementation lifecycle:

1. **Strategic planning:** The Coordination Team, relevant government agencies and private sector stakeholders will develop the set of objectives, prioritize needs/projects, and assess against country priorities to determine high-priority areas of focus for, inter-alia, investment, growth, fiscal sustainability and foreign reserves management. The planning and prioritisation will take place in consultation with the Director of Finance and Economic Affairs and the Head of the Civil Service, who presents all matters for approval to the Cabinet of Barbados. Two critical levers underpin the strategic planning initiative:
 - First, leadership, which among all public sector agencies is driven and guided by the heads of department - Permanent Secretaries. It is well appreciated that traction is achieved when accountability is given at the highest level of the leadership in Government. However, at the foundation of any sound strategic planning agenda is the quality of the data and information, which informs the policy determination process. Planning must be based on a foundation of robust data which will be collected, validated and analysed frequently and consistently.
 - In the second phase of planning, small strategic working groups will be convened, including high-level implementers from the public and private sectors and labour unions. These groups will work to create robust and actionable implementation plans tied to the key programme objectives, all with key performance indicators (KPIs) that can be monitored and evaluated on an ongoing basis. Future reporting against these KPIs will determine the extent to which these programmes can be ably delivered with the view of highlighting areas in which elements of the programme need to be modified.
2. **Due diligence & approval:** The Coordination Team will work with the Implementation Teams to select and evaluate project proposals for approval. Due diligence will also be conducted on any third-party before a project can be approved.
3. **Matching & financing:** Approved projects will be matched with investors, donors, financiers and project implementers, as appropriate. Relevant public sector stakeholders will draft project agreements and contracts with the view of ensuring benefits to employment creation, economic growth, revenue and foreign exchange generation as well as social sustainability is maximised. Wherever possible and appropriate the technical cooperation will be sought to support programmes within the respective Ministries.
4. **Coordination:** The Coordination Team will liaise with project implementers and relevant public sector stakeholders to mitigate challenges and allow for seamless implementation. The Coordination Team will receive and evaluate regular reports from project implementers.
5. **Governance & disbursement:** The Coordination Team will work with relevant public sector stakeholders to ensure that any government-controlled funds are disbursed in line with the established controls architecture and legal framework.
6. **Delivery & review:** A key output of the impact assessments will be strategies for course correction where projects and activities are not on track to meet KPIs.



SECTION C: FINANCING THE OPERATIONALISATION OF BSRP

The financial resources needed to operationalize this plan will be derived from a number of key sources on a fiscal year basis through the Estimates and Budget exercises. The programmes, strategies and initiatives will be aligned to the respective Programme Budget Exercises and the Estimates of Expenditure and Revenue. Shortfalls and support financing will be obtained through:

- The reallocation of Government's budget resources,
- Regional finance institutions,
- International development organisations,
- Utilisation of existing and new arrangements in the form of Public Private Partnership mechanisms,
- Development/Technical Cooperation funding,
- Philanthropic investment, and
- Special user fees.

It is also anticipated that the Private sector will contribute funds towards the national recovery agenda.

Over the medium-term, support will be required from the domestic banking community to assist in the provision of 'recovery financing.' With the passage of time, the provision of such support will be increasingly conditioned on the adoption of a set of corrective policy measures and performance benchmarks.

As Government realise greater efficiencies in the collection of revenues and overall efficiencies in public sector operations, our expenditure obligations will be adequately covered.

Government will continue to explore new and innovative financing options to service its financing requirements.



A P P E N D I C E S

APPENDIX I

BACKGROUND ON THE SOCIAL PARTNERSHIP CONSULTATION ON THE BSRP

The consultations surrounding the Barbados Sustainability Recovery Plan were in depth, meaningful and paved the way to establish a clear and concise strategic framework of actions aimed at addressing the structural deficiencies within the Barbadian economy. These consultations were coordinated by the Economic Affairs Division (EAD) within the Ministry of Finance and Economic Affairs.

In an effort to articulate the way forward, the Director of Finance and Economic Affairs and Head of the Civil Service, Dr. Louis Woodroffe, convened an inception meeting on August 15, 2017, where representatives from across the social partnership tripartite arrangement attended.

Out of this meeting, three working groups were established covering the three broad thematic areas of Fiscal Reform, Growth and Sustainability and Social Responsibility Reform. The remit of these working groups was as follows:

1. To examine, inter alia, any existing studies, strategic plans, reports, and policy briefs with the aim of uncovering amenable solutions;
2. To consult with individuals and agencies as necessary to further develop the proposed strategic framework;
3. To identify any proposals and policies being considered within the participants' respective organisations that could have a positive impact on the fiscal outturn of the country, or that would likely enhance the stock of foreign reserves; and
4. Determine the impact (in financial terms) of implementing the proposed measures, and further establish whether implementation was feasible in the short, medium and/or long-term horizon.

The discussions over the last few months bear testament to the unquestionable demonstration of the commitment to collaboration, consensus and tripartism in the context of the Social Partnership mechanism comprising Government, the Private Sector and Labour Organisations.

The matrix, which follows in the accompanying Appendix, seeks to expand on concrete specific objectives, including those proposed within the 2017 Financial and Budgetary Proposals. These objectives are accompanied by the appropriate strategies, programmes and projects necessary for implementation. Where possible, timelines, the anticipated financial impact, and the key performance indicators are aligned to each initiative for the purpose of providing a robust monitoring and evaluation framework subsequent to their ratification by Cabinet. The full details will be expanded within the fiscal strategy framework scheduled to be completed April 2018.

These proposals represent the need to put the Barbadian economy on a path of sustainable economic recovery whilst seeking to streamline processes for efficiency gains, reinvigorating social progress as well as emphasising social protection and development.



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	FISCAL SUSTAINABILITY FRAMEWORK	GROWTH FRAMEWORK	FOREIGN EXCHANGE FRAMEWORK	SOCIAL SERVICES FRAMEWORK	Page		
OBJECTIVE 1	Objective 1: Implement Public Financial Management Reform	Objective 1: Enable a thriving and sustainable export sector	Objective 1: Develop initiatives that facilitate both the earning and saving of foreign exchange to address the instability of the level of foreign reserves.	Objective 1: Utilize the provisions of Planning Obligations under the Town and Country Planning (Amendment) Act 2007	47	88	90
OBJECTIVE 2	Objective 2: Promote Transparency and efficiency within State Owned Enterprises	Objective 2: Develop internationally competitive businesses	Objective 2: Expedite the disbursement of funds for the following public sector projects: Deployment of cleaner fuels and renewable energies, the National Tourism Programme, Tax administration reform, Water infrastructure rehabilitation, Drinking water network rehabilitation.	Objective 2: Complete sales at Parish Land, St. Philip and Applewhaites, St. George.	49	89	91
OBJECTIVE 3	Objective 3: Complete SOE Reform	Objective 3: To revitalize and broaden the scope of the International Business sector	Objective 3: To revitalize and broaden the scope of the International Business sector	Objective 3: Reduce the food bill of persons living in rural areas	51	65	91
OBJECTIVE 4	Objective 4: Fulfill the nation's financial requirements through alternative sources of financing	Objective 4: Facilitate the development of National MSME Policy	Objective 4: Facilitate the development of National MSME Policy	Objective 4: Improve the efficient delivery of social services through increased monitoring and evaluation thereby reducing cost over-runs.	52	66	91
OBJECTIVE 5	Objective 5: Implement programme for systematic reduction in payables and receivables	Objective 5: Facilitate an enhanced Small Business Development Centre Programme	Objective 5: Facilitate an enhanced Small Business Development Centre Programme	Objective 5: Ensure that social safety net benefits are distributed to the most vulnerable households	52	67	93
OBJECTIVE 6	Objective 6: Development Cooperation (Financial and Technical) Policy and Implementation	Objective 6: Facilitate the development of a National MSME Act	Objective 6: Facilitate the development of a National MSME Act	Objective 6: Increase in the level of service in the provision of public transport	52	68	94
OBJECTIVE 7	Objective 7: Implement Debt growth stabilization and reduction through fiscal reform and debt management	Objective 7: Promote Trade Facilitation in Barbados	Objective 7: Promote Trade Facilitation in Barbados	Objective 7: ; Develop a plan for improving the frequency of garbage collection	53	68	94
OBJECTIVE 8	Objective 8: Expansion of the courts to better deal with revenue and other commercial matters	Objective 8: Develop a national trade facilitation roadmap	Objective 8: Develop a national trade facilitation roadmap	Objective 8: Align the supply of training with market demand	55	69	94
OBJECTIVE 9	Objective 9: Foster an effective Domestic Resource Mobilisation [DRM] Framework	Objective 9: Implement and facilitate business processes effectively.	Objective 9: Implement and facilitate business processes effectively.	Objective 9: Assist displaced workers in attaining new job opportunities (including overseas employment)	55	69	95
OBJECTIVE 10	Objective 10: Optimisation of public sector operations	Objective 10: Grow and diversify manufacturing exports, traditional processes and business process through outsourcing.	Objective 10: Grow and diversify manufacturing exports, traditional processes and business process through outsourcing.	Objective 10: Continue the housing divestment programme of RDC units	57	69	95
OBJECTIVE 11	Objective 11: Develop a sustainable funding model for higher education in Barbados	Objective 11: Improve the execution of projects through Project Formulation and Implementation Policy	Objective 11: Improve the execution of projects through Project Formulation and Implementation Policy	Objective 11: Strategically develop the skills required to strengthen the productive sectors in Barbados as a means to enhance competitiveness	59	70	95

FISCAL SUSTAINABILITY FRAMEWORK		Page	GROWTH FRAMEWORK		Page	FOREIGN EXCHANGE FRAMEWORK		Page	SOCIAL SERVICES FRAMEWORK		Page
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OBJECTIVE 13	Objective 13: Improve the capacity to finance health care	60	Objective 13: Enhance International Business Environment	72							
OBJECTIVE 14	Objective 14: Improve the institutional capacity in critical areas of the public service to allow for the effective execution of the BSRP recovery agenda	60	Objective 14: Increase Foreign Exchange Savings from direct investment in renewable energy electricity generation	74							
OBJECTIVE 15	Objective 15: Enhance the Governance and Implementation framework through the strengthening of the M&E Unit	60	Objective 15: Enhance growth, foreign exchange earnings and employment opportunities through investments in road infrastructure projects.	75							
OBJECTIVE 16	Objective 16: Bring 77,000 sq. ft. of office space into (a) ownership and (b) use within 18 months	61	Objective 16: Develop a National Competitiveness Strategy and Action Plan to guide Technical Unit of the Commission	76							
OBJECTIVE 17	Objective 17: Reduce Government's insurance premium by 50 per cent within 18 months.	62	Objective 17: Develop a mechanism to reduce the time to less than 6 months to get a construction permit in Barbados	77							
OBJECTIVE 18	Objective 18: Revive the Maintenance Working Group and immediately commence development of a maintenance framework for all Crown Properties.	62	Objective 18: Improve the international competitiveness and productivity of the agriculture and fisheries sectors.	78							
OBJECTIVE 19	Objective 19: To Bring eight (8) abandoned and derelict crown properties into active use.	63	Objective 19: Provide the enabling environment that increases agricultural producers' access to domestic and international markets	78							
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OBJECTIVE 22			Objective 22: Increase Agriculture/Fisheries production	79							



FISCAL SUSTAINABILITY FRAMEWORK		GROWTH FRAMEWORK		FOREIGN EXCHANGE FRAMEWORK		SOCIAL SERVICES FRAMEWORK	
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APPENDIX II - FISCAL INITIATIVES FRAMEWORK

OBJECTIVES	MEASURES/ STRATEGIES/ PROGRAMMES/PROJECTS	RESPONSIBLE AGENCY / IMPLEMENTATION/TI MEFRAME	TARGETS /IMPACT/ Growth, Employment, Fiscal, Foreign Reserves)	KEY PERFORMANCE INDICATORS	COMMENTS
<p>Objective 1: Implement Public Financial Management Reform:</p> <ul style="list-style-type: none"> • to underpin fiscal and macroeconomic stability, • to develop sound system of public finances and practices, • to increase efficiency in the management of public resources, • to improve efficiency in service delivery, • to increase transparency in the use of public funds and improve the framework for accountability. 	<p>Strategy 1.1 - Establish a Sustainable Medium Term Macro-fiscal and Budgetary Framework</p>	<p>Ministry of Finance and Economic Affairs June 2018</p>	<p>Improved fiscal prudence and management</p>	<p>Annual Fiscal strategy laid and approved by Cabinet - First annual fiscal Strategy to be presented by end of June, 2018</p>	<p>Currently there are no specific requirements enshrined in law for continuous assessment of the medium-term fiscal prospects, fiscal risk analysis and the sustainability of the debt portfolio. However, it is proposed that such assessments be considered and reviewed under the aegis of the Joint Economic Group established within the Economic Affairs Division. Part of the remit will be to undertake quarterly assessments, which informs the budget planning cycle. The quarterly analysis will review the performance of an annual medium-term fiscal strategy.</p> <p>Over the longer-term Legislation should be established to appropriately facilitate and guide this monitoring process.</p>
	<p>Strategy 1.2 - Develop the Fiscal Strategy Framework which will coincide with the debt management strategy [this will require a strong coordination mechanism for macroeconomic and fiscal (macro-fiscal) planning and budget execution, with the view of prioritizing the fiscal strategy as the guiding framework for budgetary planning.</p>	<p>Ministry of Finance and Economic Affairs June 2018</p>	<p>Improve fiscal prudence and management Improved coordination and alignment of budget planning and execution of budget</p>	<p>Guideline developed and implemented</p>	<p>The fiscal strategy should be updated annually and preferably annexed to the budget for the purpose of promoting sound fiscal prudence practices.</p> <p>Allowing the fiscal strategy framework to guide the budget implementation process enhances the coordination mechanism whilst simultaneous enabling the systematic production of both fiscal and macroeconomic targets. This approach also promotes credible forecasts and projections which are coherent with the medium-term goals.</p> <p>The Macro-Fiscal Joint Economic Group committee will serve as the central coordinating agency for the macro-fiscal strategy and planning agenda.</p>



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OBJECTIVES	MEASURES/ STRATEGIES/ PROGRAMMES/PROJECTS	RESPONSIBLE AGENCY / IMPLEMENTATION/TI MEFRAME	TARGETS /IMPACT/ Growth, Employment, Fiscal, Foreign Reserves)	KEY PERFORMANCE INDICATORS	COMMENTS
	<p>Strategy 1.2.1 - Improve the Mid-Term Planning of the budget through increased alignment with the proposed annual Medium-term fiscal strategy</p> <p>Strategy 1.2.2 - Introduce expenditure policy with the view of establishing a set of fiscal rules which aims to tighten expenditure control, introduce aggregate fiscal discipline and contributing to stable macroeconomic growth.</p> <p>Strategy 1.3 - Match annual programmes with the policy framework under the Growth and Development Strategy and the BSRP 2018 to ensure programmes remain on track with policy objectives</p> <p>Strategy 1.4 - Strengthen capacities of the Ministry of Finance and Economic Affairs for improved macroeconomic forecasting and improved methodological approach</p>	<p>MFE June 2018</p> <p>MFE June 2018</p> <p>Ministry of Finance and Economic Affairs July 2018</p> <p>Ministry of Finance and Economic Affairs April 2018</p>	<p>Improve fiscal prudence and management Improved coordination and alignment of budget planning and execution of budget</p> <p>Improve fiscal prudence and management Improved coordination and alignment of budget planning and execution of budget</p> <p>Improve fiscal prudence and management Improved coordination and alignment of budget planning and execution of budget</p> <p>Enhanced macro-fiscal model and staff complement will facilitate improved macro-fiscal management and operations</p>	<p>Guidelines prepared</p> <p>Guidelines prepared</p> <p>Full staff complement completed by April, 2018</p>	<p>This will allow for closer coordination of policy initiatives with the budget allocation process across ministries and departments. It further allows central government resources to cater specifically to the immediate priority needs of each agency whilst conforming to the strict financing of the recovery agenda</p> <p>The effective implementation of fiscal rules require a robust legal basis, a clear definition of institutional responsibilities; transparent accounting, and timely and comprehensive reporting of national government operations. Legislation will eventually be implemented</p>

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	<p>Strategy 1.4.1 - Improve inter-agency information sharing through the creation of an information sharing policy/framework [in particular, priority agencies would be the Barbados Revenue Authority, Debt Management Unit, Customs and Excise Department, Barbados Statistical Service and the Central Bank of Barbados]. This information sharing framework will be expanded to also improve mechanisms for data gathering and sharing across the public sector.</p>	<p>March 2018</p>	<p>JEG Membership</p>	<p>JEG Protocols developed and implemented</p>	<p>It is critical that the coordination of economic planning activities be guided by the best information available to inform the policy formulation process. This initiative therefore serves as an important component of the BSRP framework, which will be guided by the JEG meetings.</p> <p>While the creation of an information sharing policy is critical for JEG members this framework will be expanded to a comprehensive information policy for Barbados and may include consequences such as discipline and non-release of funding. It is important for this policy also encapsulates meeting publishing requirements for the data release calendar identified in strategy 1.4.3.</p>
	<p>Strategy 1.4.3 - Develop a Data Release Calendar by data supplier established through legislation (Cabinet to approve policy)</p>	<p>BSS August 2018</p>	<p>Improved data dissemination</p>	<p>Cabinet Paper improved Data release calendar issued by August 2018.</p>	<p>In order to maintain the outputs of the data release calendar will require the BSS to be appropriately staffed in order to meet the data release requirements on a timely basis.</p>
	<p>Strategy 1.4.5 - Introduce quarterly reporting on macro-fiscal performance indicators</p>	<p>Ministry of Finance and Economic Affairs September 2018</p>	<p>JEG</p>	<p>First quarter report to be completed by September 2018</p>	<p>The macro-fiscal reporting framework will be guided by the JEG Operational Framework.</p>
<p>Objective 2. Promote Transparency and efficiency within State Owned Enterprises</p>	<p>Strategy 2.1 - Introduction of a new Financial Management and Audit (SOEs) Act / (Introduce SOE legislation) to govern the financial affairs of Government's statutory boards and enterprises</p>	<p>MFE / MAU/Auditor General September 2018</p>	<p>Improve fiscal prudence and management</p>	<p>Report of all outstanding audits completed by September 2018.</p>	<p>The Government of Barbados has taken the initial steps to ensure that SOEs are following through on their initial commitments. In particular, there has been substantive progress in rationalizing the 5 pilot SOEs into the performance-monitoring framework and the initiative has a strong sense of buy-in to the process by both the MAU and the pilot SOEs.</p>



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	<p>Strategy 2.2 - Reduce transfers among priority SOEs mentioned below: Quantum of transfers to be reduced over the medium term</p>	<p>Auditor General in conjunction with external auditors April 2019 to be completed</p>	<p>Improve fiscal prudence and management completed</p>		<p>Reductions to transfers will be achieved through a series of revenue or expenditure measures that are amenable to the stakeholders following discussion.</p>
	<p>Strategy 2.3 - Reform the SOE Oversight Committee:</p> <ul style="list-style-type: none"> i. Review Board appointments and Board member guidelines ii. Review Financial reporting 	<p>Ministry of Finance and Economics Affairs & Cabinet May 2018</p>	<p>Improved fiscal prudence and management</p>	<p>Committee established, and initial meeting held within the month of May, 2018</p>	<p>Oversight Committee should include members from the three social partnership groupings. This committee's immediate mandate will be to focus on achieving efficiencies within the various SOEs.</p>
	<p>Strategy 2.3.1 - Improve SOE efficiency through the following:</p> <ul style="list-style-type: none"> i. Performance based budgeting ii. Integrate SOE capital forecasting into the budget process. (SOEs will be required to forecast capital expenditure in their strategic plan under the performance monitoring framework) iii. Ongoing assessment of SOE operations with the view of eradicating duplication, reducing wastage and streamlining other measures as proposed within the PwC Report and other strategic policy documents 	<p>Management Accounting Unit (MAU) / Budget Unit September, 2018</p>	<p>Improved fiscal prudence and management</p>	<p>Reduce transfers of the top 5 major SOEs during fiscal year 2018/19 Use individual SOE KPIs in the performance budgeting process</p>	<p>The performance based budgeting framework is one structural pillar of the efficiency process, and the mechanism for its successful operation will also form part of the oversight committee's remit. Consideration should be given to identify financial sanctions within the performance-based accountability framework for non-compliant SOEs. Financial information and basis for subventions would be assessed against evidence of prudent management of resources.</p>

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	Strategy 2.4 - SOEs to create strategic plans with performance criteria and KPIs	MFE/ MAU September, 2018		Strategic Plans created	
	Strategy 2.5 - SOEs to prepare new Statements of Corporate Intent	MFE/ MAU September, 2018	Improved fiscal prudence and management	Action plan outlining the reform process prepared and executed	The Management Accounting Unit along with the oversight committee will schedule meetings with the various stakeholders to discuss the way forward.
Objective 3: Complete SOE Reform	Strategy 3.1 - SOE Reform Including: operational consolidation, divestment and mergers. All SOEs to be reformed through a tiered approach, prioritizing high-risk entities first.	April 2019	Systematic reduction in public transfers over the next 5 years	Mergers to be completed by April 2019	Actual size of savings will be determined by the quantification exercise as identified under strategy 3.4. All proposals for reform will be developed with the full consultation of the labour unions and other key social partners.
	Strategy 3.2 - Complete most recent year audits of entities to be merged (excluding BNOCL and NPC which are close to completion)	Auditor General September, 2018			It is critical these audits are completed in the shortest time possible.

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<p>Objective 4: Fulfil the nation's financial requirements through alternative/innovative sources of financing</p>	<p>Strategy 4.1 - Design and implement VAT factoring framework in collaboration with key stakeholders (<i>Export earning oriented companies should be prioritized for VAT refunds to continue the process of exportation</i>)</p>	<p>BRA/CBB/MFE March 2018</p>	<p>Improved cash flow for businesses and government</p>	<p>Policy paper ratified by Cabinet</p>	<p>This initiative will explore the various approaches to factoring. This measure is very critical to the economy at this time as it allows otherwise liquid assets within the banking system to be put to productive use.</p>
<p>Objective 5: Implement programme for systematic reduction in payables and receivables (NIS, SOEs, Private Sector, NGOs, Tax, Individuals, External):</p>	<p>Strategy 5.1 - The Ministry of Finance and Economic Affairs in collaboration with its related agencies (BRA, Central Bank of Barbados, NIS, SOEs, and MAU) seek to create a plan for the systematic reduction of receivables and payables.</p>	<p>BRA, Central Bank of Barbados, NIS, SOEs, MAU June 2018</p>	<p>Improved cash flow for businesses and government</p>	<p>Eliminate by [YEAR 2020]</p>	<p>A portion of the 'arrears receipts' will be used to pay refunds to income earners. Pursue administrative reform with the view of quantifying arrears by business and finance category [i.e. NIS payments, SOEs outstanding payables on goods and services as well as debt, Private Sector, NGOs, individuals and external agencies etc.]</p>
<p>Objective 6. Development Cooperation (Financial and Technical) Policy and Implementation</p>	<p>Strategy 6.1 - Development of a robust Official Development Assistance framework which supplements the Central Government's budget in a meaningful way, particularly for the execution of critical programmes under the each Ministry.</p>	<p>Ministry of Finance and Economic Affairs & Ministry of Foreign Affairs and Foreign Trade June 2018</p>	<p>Central government expenditure savings</p>	<p>Ratification of the policy framework by the Cabinet</p>	
	<p>Strategy 6.2 - Explore the Centralisation of Development Assistance corporation into one (1) ministry/department or agency.</p>	<p>Ministry of Finance and Economic Affairs & Ministry of Foreign Affairs and Foreign Trade June 2018</p>	<p>Enhanced management of the supporting framework</p>		<p>Currently the Public Investment Unit, The Research and Planning Unit and the Division of Foreign Affairs coordinates the Development Assistance, which Barbados receives. This fragmented approach often results in the loss of grants, asymmetric information and the inability to quantify all the grants that Barbados receives.</p>

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	<p>Strategy 6.2 - Creation of a National Implementing Entity (NIE) for the facilitation of the proceeds from the Green Climate Fund (GCF) and the Adaptation Fund (AF).</p>	<p>MFE February 2018 – November 2019</p>	<p>Increase foreign exchange Increase financing Reduce pressure on government expenditure</p>	<p>Cabinet to determine which ministry/department will be the NIE by June 2018.</p>	<p>The NIE for the GCF and AF would need to be under one department for efficient coordination and access of the funds. The Accreditation process for both funds usually take two years.</p>
<p>Objective 7 Implement a Debt stabilisation and reduction through fiscal reform and debt management</p>	<p>Strategy 7.1 - Creation of a plan to reduce over the short to medium term interest cost via liability management</p>	<p>MFE June 2018</p>	<p>The reduction in interest cost leads to a higher primary surplus, which enhances the available fiscal space to allow for a greater share of resources to be spent on growth enhancing investment.</p>	<p>Debt strategy completed by April 2018 to speak to Short-term & long-term targets inclusive of but not limited to the following: <ul style="list-style-type: none"> • Reduction in the interest to revenue ratio • Smoothen the amortization schedule. • Greater engagement with multilateral donors </p>	<p>Based on Government's 2017 Financial and Budgetary proposals, the Central Bank and Ministry of Finance have engaged the services of an experienced international consulting firm to design a framework, which will allow for enhanced liability management going forward. The annual Medium-Term Debt Management Plan will coincide with the annual fiscal strategy.</p>

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<p>Objective 7.1 Enhance the debt management framework</p>	<p>Strategy 7.1.1 - Support the development and sustainability of the economy by establishing a credible debt management plan which aims to:</p> <ul style="list-style-type: none"> • Centralise and streamline public sector debt management operations to improve efficiency • Meet financing needs over the long-term at the lowest cost consistent with a prudent level of risk minimize borrowing costs • Ensure Government's financing need is met in a timely and cost effective manner • minimize borrowing costs • Address the current level of arrears • Undertake LMOs to smoothen debt service requirements and address portfolio vulnerabilities. • Finalise the MTDS with the view of updating the strategy annually and ensure consistency with the annual fiscal strategy framework • Adopt a communications strategy related to the LMOs. 	<p>MFE June 2018</p>	<p>Cost savings realized as a result of an optimized debt portfolio</p>	<p>Ratification of the Debt Management Strategy by Cabinet</p> <p>Quarterly debt performance analysis and review</p>	<p>While the Debt management strategy provides the overall guiding framework for reducing and keeping debt costs and risks as low and sustainable in the short to long-term, the quarterly review and analysis allows for critical checkpoints in the assessment criteria.</p> <p>The Debt Strategy should be updated annually and preferably annexed to the budget.</p> <p>The Debt Strategy as embedded in the MTDS should be updated annually and preferably annexed to the budget.</p> <p>These LMOs will be formulated in consultation with stakeholders and offered to domestic creditors on a voluntary basis, without imposing any loss in principal amounts outstanding. LMOs are a vital part of the fiscal reform effort and must be supported by attaining the relevant primary fiscal surpluses to anchor the LMOs.</p> <p>There is a need to undertake greater capacity building through training programs and the technical assistance that is offered by multilateral institutions.</p>

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OBJECTIVES	MEASURES/ STRATEGIES/ PROGRAMMES/PROJECTS	RESPONSIBLE AGENCY / IMPLEMENTATION/TI MEFRAME	TARGETS /IMPACT/ Growth, Employment, Fiscal, Foreign Reserves)	KEY PERFORMANCE INDICATORS	COMMENTS
<p>Objective 8: The expansion of the courts to better deal with revenue and other commercial matters</p>	<ul style="list-style-type: none"> Support the development and functioning of the domestic financial market. Built debt management capacity. <p>Strategy 7.1.2 - work with creditors and other stakeholders to implement debt management plan</p>			Cabinet paper prepared	
<p>Objective 8: The expansion of the courts to better deal with revenue and other commercial matters</p>	<p>Strategy 8.1 - establish measures to reduce the backlog of cases [particularly those of a commercial/tax nature] within the court system. This will be done by expanding the court system to deal expeditiously with revenue and commercial.</p>	OAG October, 2018	Increased Financing and Enhanced Business Facilitation	The expansion of the court system is envisioned to provide fast track decisions/ rulings on matters pertaining to, inter alia, tax delinquency and the settlement of arrears owed to the Barbados revenue authority, dispute settlement, to facilitate enforcement of property and contract rights and other related commercial issues. At the core of this initiative is the need to improve business facilitation in Barbados.	
<p>Objective 9: Foster an effective Domestic Resource Mobilisation [DRM] Framework through tax policy reform and administration reform as well as through the enhancement of the service delivery coverage through government user fees and charges.</p>	<p>Strategy 9.1 - Implement measures to improve tax collection</p> <p>Strategy 9.2 - embark on a Domestic Resource Mobilisation (DRM) programme geared towards the restructuring of government user fees and charges. With the view of having such charges reflect the true cost of providing the respective services across the public sector of Barbados. (Consider recommendations for implementation under the EU - Cost of Services study)</p>	BRA, MFE ongoing	Improved financing to central government Improved tax compliance	Problematic arrears collected Guidelines developed	The BRA should employ every instrument available to them to acquire the arrears. It is imperative that an enhanced DRM framework for government user fees and charges be streamlined expeditiously to enhance resource efficiency with the view of establishing a sustainable platform for fiscal sustainability over the medium to long-term.

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OBJECTIVES	MEASURES/ STRATEGIES/ PROGRAMMES/PROJECTS	RESPONSIBLE AGENCY / IMPLEMENTATION/TI MEFRAME	TARGETS /IMPACT/ Growth, Employment, Fiscal, Foreign Reserves)	KEY PERFORMANCE INDICATORS	COMMENTS
	<p>Strategy 9.3 - Strengthen the domestic tax collection framework through robust administrative reform with the view of formalising the informal sector (initiatives undertaken in respect to this strategy will also be guided by the steering committee identified in strategy 6.3.1 above)</p> <p>Strategy 9.4 - Re-examine the framework for taxes to ensure that the tax system is efficient. This assessment will be conducted under the aegis of the Joint Economic Group (JEG).</p>	<p>ongoing</p> <p>BRA, MFE (September 2018)</p>	<p>Increased compliance and efficiency in revenue collection</p>	<p>Guidelines developed</p> <p>Recommendations from the Joint Economic group (JEG) submitted to Cabinet for consideration and approval</p>	<p>The key to a successful tax framework system is its ability to foster a stable, sustainable and competitive business environment. There is a need to examine ways in which the tax system could offer solutions for sustainable revenue generation whilst maintaining fairness and supporting the competitive strengths of productive enterprises in Barbados.</p>
	<p>Strategy 9.4.1 - Upgrade the operational effectiveness of customs through ICT infrastructure expertise and capacity building.</p>	<p>BRA, MFE June 2018</p>	<p>Institutional efficiencies to be realised</p>		
	<p>Strategy 9.5 - Reform the Customs and Excise department with the view to:</p> <ul style="list-style-type: none"> • Expedite legitimate trade facilitation • Strengthen compliance management • Streamline co-ordination of Border management 	<p>June 2018</p>	<p>Improved collection</p>	<p>Work plan established to streamline the reform process</p>	<p>The overall reform of the customs and excise department should seek to strengthen customs management to enhance its image and to support trade and business facilitation in its various facets.</p>
	<p>Strategy 9.6 - Minimize tax and excise tax concessions by establishing criteria for discretionary concessions based on factors such as:</p>	<p>Ministry of Finance and Economic Affairs / BRA/</p>	<p>Savings, increased receivables to central government</p>	<p>Guidelines developed</p>	

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	<ul style="list-style-type: none"> • Net FX earnings • Net benefit to GDP and tax revenue 	Central Bank September 2018			
	<p>Strategy 9.7 – Sustainability in issuing concessions (<i>Consolidate tax incentives legislation into single omnibus legislation</i>)</p>	Ministry of Finance CARTAC Chief Parliamentary Counsel Solicitor General’s Office Attorney General’s Office September 2018	Increased investment and growth potential in the economy, as well as increase foreign exchange earnings	Incentive legislation completed by September 2018	
	<p>Strategy 9.8 - Annual tax expenditure report with estimates of revenue foregone by tax incentive (<i>see objective 1</i> - fiscal framework for macro-fiscal reporting requirements)</p>	June 2018		Indicators reported and captured in Macro-Fiscal Reporting Framework (<i>June 2018 see KPIs for objective 1 - fiscal framework</i>)	
	<p>Strategy 9.9 - Institute measures to ensure more effective monitoring of programme implementation and tracking of spending patterns thereby limiting the amount of unspent funds annually.</p>	All Ministries June 2018	Efficient management of financial resources	All BSRP Initiatives incorporated in 2018/19 Budget Estimates Document	It is important for all government agencies to map their respective programme budgets to the initiatives outlined in this (BSRP) policy matrix to ensure effective planning and budget execution within the estimates process.
<p>Objective 10. Optimisation of public sector operations</p>	<p>Strategy 10.1 - Each ministry to reduce expenditure through: Strategy 10.1.1 - Reduce electricity consumption within each ministry</p>	All government departments and related agencies June 2018	Reduction in operational expenses	Expenditure reduction targets in critical areas identified and established within	The Mid-year review process surrounding the approved estimates of revenue and expenditure has worked to reducing the spending patterns particularly for capital work projects. However emphasis must now be placed at the micro level to

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				a departmental operational plan	design effective programmes to improve the efficiency in the delivery of all public services and at a much lower cost.
	Strategy 10.1.2 - Introduce more renewable energy and energy conservation practices across the public sector.	Energy Division [Ministry of Energy and Telecommunications] June 2018	Improved costings underpinning the preparation of Annual Estimates and Programme Budgets	Actual systems, measures and policies established	
	Strategy 10.1.3 - Improved programme implementation across the public sector.	Public Sector Reform /MEU September 2018		Guidelines developed	
	Strategy 10.1.4 - Identify and enforce strategies to reduce pilferage and wastage	All government departments and related agencies September 2018			
	Strategy 10.1.5 - Utilize paperless communication, record keeping, and other sustainable paperless solutions across all areas of the public service	All government departments and related agencies April 2019		Guidelines developed	
	Strategy 10.1.6 - Conduct standardized efficiency audits and stock taking on material resources for agencies under the purview of each Ministry	All government departments and related agencies September 2018		Guidelines developed	

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OBJECTIVES	MEASURES/ STRATEGIES/ PROGRAMMES/PROJECTS	RESPONSIBLE AGENCY / IMPLEMENTATION/TI MEFRAME	TARGETS /IMPACT/ Growth, Employment, Fiscal, Foreign Reserves)	KEY PERFORMANCE INDICATORS	COMMENTS
	<p>Strategy 10.1.7 - Adopt the approach of seeking technical cooperation financing from international country donors to roll-out strategic programmes under the respective ministry's ambit</p>	<p>June 2018</p>	<p>Increased budget support for programmes</p>	<p>Report produced on technical assistance granted by agency through the technical cooperation unit [TCU]</p>	
	<p>Strategy 10.1.8 - Establish New procurement plan/strategy</p>	<p>March 2018</p>		<p>New Procurement Framework established by March 2018</p>	<p>New legislation on procurement is currently in the process of implementation</p>
	<p>Strategy 10.1.9 - Streamline payment of Government benefits and reduce processing costs by migrating from cheque to electronic transfer and/or pre-loaded payment cards compatible with CARIFS system. (Welfare payments and NIS pension, unemployment, maternity, sick leave, etc.)</p>	<p>December, 2018</p>		<p>Cabinet papered prepared and recommendations implemented</p>	
<p>Objective 11: Develop a sustainable funding model for tertiary education in Barbados</p>	<p>Strategy 11.1 - Establish a committee to recommend options for the financing of tertiary institutions. <i>(Committee to complete its work within 3 months)</i></p>	<p>Ministry of Education Technology and Innovation February 2018</p>	<p>Expenditure Savings</p>	<p>Strategic plan and policy on Financing Tertiary level education established.</p>	<p>Before any revenue generating strategies can be discussed, there needs to be a clear partnership made between the MFE and the METI institutions as to the use of money raised for capital projects and the process of allocating subventions to the institutions.</p>
	<p>Strategy 11.2 - Develop a strategic plan and policy for the financing of tertiary level education</p>	<p>June 2018.</p>		<p>Plan developed</p>	

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Objective 12: Enhance the capacity of all entities under the Ministry of Education Technology and Innovation (METI) in the procurement of goods and services	Strategy 12.1 - Develop and implement an education sector procurement policy and strategy based on the general rules and regulations governing procurement across the public sector.	(METI) April 2018.	Expenditure Savings	Plan developed	The proposed policy and associated strategy will facilitate the establishment of common standards and approaches for the procurement of goods and services, especially across the secondary school system. This initiative will be supported through the establishment of a procurement unit to be populated by existing personnel.
Objective 13: Improve the capacity to finance health care	Strategy 13.1 - Establishment of a Framework for Financing Health Care	Ministry of Health Planning and Research Unit. June 2018	Overall gains to be realised from efficiencies	Plan developed	The achievement of this objective will depend on the political will and financial commitment of the Government to implement such a measure.
Objective 14: Improve the institutional capacity in critical areas of the public service to allow for the effective execution of the BSRP recovery agenda	Strategy 14.1 - Staff critical agencies which are essential to the BSRP agenda especially those areas that will enhance the ease of doing and facilitating business, fast track the implementation of key projects, and ensure the effective and timely implementation the BSRP initiatives.	Ministry of Civil Service, Personnel Administration Division August 2018	Increased efficiency in the delivery of public services	Staffing	Key agencies critical to receiving the necessary staff compliment includes but not limited to the following (Solicitor General's Office, Barbados Town and Country Planning, Barbados Revenue Authority, Ministry of Finance and Economic Affairs)
Objective 15: Enhance the Governance and implementation framework through the strengthening of the M&E Unit	Strategy 15.1 - Develop Monitoring and Evaluation Plan	June 2018	Improved execution and implementation	Strategy Developed	

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	<p>Strategy 15.2 - Create change management plan and process implementation</p>	<p>Director of Public Sector Reform April, 2018</p>	<p>improved governance</p>	<p>Change management plan completed by April, 2018</p>	<p>Full description of implementation and governance framework outlined in SECTION 6, of this plan. This result in an improved structured succession mechanism</p>
<p>Objective 16: Bring 77,000 sq. ft. of office space into (a) ownership and (b)use within 18 months</p>	<p>Strategy 16.1 Find a development partner who can complete and outfit the former British American Insurance Company Buildings at Collymore Rock and Magazine Lane, Bridgetown, St. Michael.</p>	<p>Solicitor General / Ministry of Housing And Lands March 2019</p>	<p>To move Government entities out of rental accommodation into office space owned by the Government thereby reducing Government's rental bill by approximately \$7.5 MIL BDS per annum.</p>	<p>Government to attain ownership of the 77,000 sq. ft. of office space – Solicitor General Office. To find a development partner who would be willing to finance the completion and outfitting of Collymore Building and Magazine Lane the outfitting component.</p>	<p>Approximately BDS \$20M would be needed to complete and outfit the British American Building; a lease arrangement or set-off arrangement against corporation and other taxes for the development partner would need to be agreed with the MFE and BRA.</p>

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<p>Objective 17: Reduce Government's insurance premium by 50 per cent within 18 months.</p>	<p>Strategy 17.1 Establish a First- Loss Policy instead of the current All-Risk Policy.</p>	<p>Ministry of Housing and Lands March 2019</p>	<p>Premium can be immediately reduced by 50 per cent with no expected increased exposure in the event of loss.</p>	<p>The approval of the First- Loss Policy by Cabinet.</p>	<p>Length of time to tender for new insurance but the anticipation that this could be completed in 18 months.</p>
<p>Objective 18: Revive the Maintenance Working Group and immediately commence development of a maintenance framework for all Crown Properties.</p>	<p>Strategy 18.1 – To use money saved from reducing the insurance premiums to conduct maintenance on Crown properties.</p>	<p>Ministry of Housing and Lands October 2019</p>	<p>Prolong the life and desirability of Government buildings; decrease the need to seek rental accommodation for offices that are adequately housed but the buildings become unsuitable due to maintenance issues; early identification and prioritization of interventions along with planned routine maintenance and education to ensure the useful life of building and compliance with the SHaW Act.</p>	<p>Reconvene the Working Group under the direction of the MHLR. Development of a Maintenance Framework for all Crown properties.</p>	<p>Dependent on receiving Cabinet's approval for change of the type of insurance policy and Ministry of Finance making the savings available to Ministry of Housing for this purpose.</p>

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<p>Objective 19: To Bring eight (8) abandoned and derelict crown properties into active use.</p>	<p>Strategy 19.1: Government will initially lease buildings at a concessionary rate to allow partners to effect repairs and bring the property back into use.</p>	<p>Ministry of Housing and Lands December 2018</p>	<p>Government saves on maintenance; building is fixed and brought back into active use and within 3-5 years an income stream based on the market value is derived from the improved property.</p>	<p>Leases completed for four (4) of the buildings by July 2018. Culloden Farm, Pine Plantation House, Savannah Lodge Coverley Plantation House</p>	<p>Development partners would be required to find their own financing to undertake rehabilitation work.</p>
<p>Objective 20: To Divest at least four (4) crown properties to state- owned enterprises.</p>	<p>Strategy 20.1: Vesting/Leasing of properties in state-owned enterprises thereby reducing Government's obligation with respect to maintenance costs and insurance</p>	<p>Ministry of Housing and Lands August 2018</p>	<p>The development potential of the property can be realized and state-owned enterprises can extract financial value from their use.</p>	<p>Divestment of two (2) Crown properties by August 2018</p>	<p>Cabinet and Parliamentary approval is required for each divestment.</p>

APPENDIX III – GROWTH POLICY FRAMEWORK

OBJECTIVES	MEASURES/ STRATEGIES/ PROGRAMMES/ PROJECTS	RESPONSIBLE AGENCY / IMPLEMENTATION / TIMEFRAME	TARGETS /IMPACT (Growth, Employment, Fiscal, Foreign Reserves)	KEY PERFORMANCE INDICATORS	COMMENTS
Objective 1 Enable a thriving and sustainable export sector	<p>Strategy 1.1 - Implement a Product Development Programme</p> <p>Strategy 1.2 - Facilitate research on viable areas for new venture initiatives in collaboration with stakeholders (NCST, BADMC, UWI, BCC, CTCS)</p> <p>Strategy 1.3 - Facilitate the development of businesses in accordance with international standards and compliances.</p> <p>Strategy 1.4 - Improve client decision making on quality issues through the provision of business intelligence and market trend information. Deliver specific training on packaging and branding for local products.</p>	<p>BIDC July 2018</p>	<p>Facilitate the start-up of at least 30 SMEs and the expansion of at least 72 SMEs with the potential to save or earn foreign exchange by 2019.</p>	<p>Action Plan prepared</p>	
Objective 2 Develop internationally competitive businesses	<p>Strategy 2.1 - Build capacity and efficiencies in a targeted group of export companies that collectively can significantly increase Barbados' exports.</p> <p>Strategy 2.2 - Pursue very specific market opportunities in targeted markets that can offer returns in the short to medium term (Cuba, Panama, CARICOM; USA, UK, China)</p> <p>Strategy 2.3 - Promote Barbados' goods and services internationally through a new branding and marketing campaign.</p>	<p>BIDC/MIICSD July 2018.</p>	<p>Build capacity of firms to export high quality products in a robust business environment. Improved market access for local businesses</p>	<p>25 per cent reduction in the number of days needed to export and a 20 per cent reduction in the cost to export by 2022. Operationalize the Electronic Single window and ASYCUDA world to simplify the system and increase domestic exports by 50 per cent by 2022.</p>	

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	<p>Strategy 2.4 - Educate manufacturers and exporters on the values of having a Certification/Collective Mark</p> <p>Strategy 2.5 - Leverage offshore representation and expand the distribution network for Barbadian goods in all major markets to improve access for Barbadian goods and services.</p>				
Objective 3: To revitalize and broaden the scope of the International Business sector so as to position Barbados to be the wealth management centre and jurisdiction of choice in this hemisphere	<p>Strategy 3.1 - To expand Barbados' tax and investment treaty network to support existing investors and attract new ones</p>	MIICSD ongoing	This will expand the pool of countries with which Barbados will have agreements in place to facilitate business thereby producing growth.	Increase in the number of Treaties with targeted countries especially in LATAM and Africa within the planned period.	The Treaty Negotiating Team is currently working assiduously
	Strategy 3.2 - To bolster Barbados' reputation as a transparent, efficient and competitively regulated international business, financial services and wealth management centre	MIICSD March 2018	This will result in increase in Businesses of substances	This will result in the increase of employment of locals within the Sector	This would be executed via promotion in conjunction with Invest Barbados. This also necessitates various internal IBD strategies and their progressive build out over a period of time.
	Strategy 3.3 - Implement Data Management System	MIICSD July 2018	The impact of this will be to position the IBD to improve speed and efficiency in service delivery.		
	Strategy 3.4 - Make continuous amendments to the existing legislation and the IBD AML Guidelines in order to make them relevant by bringing it in line with current standards and practice (Global Forum, CFATF).	MIICSD July 2018			This will be executed in conjunction with relevant stakeholders.

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	<p>Strategy 3.5 - Bring existing legislation in line with OECD BEPS Standards in order for Barbados to be further enhanced as a jurisdiction of substance</p>	<p>MIICSD July 2018</p>	<p>By ensuring adherence to the BEPS Standards Barbados will be positioned as an increasing credible jurisdiction with the ability to attract additional business as a destination of substance.</p>		<p>This will also be executed in conjunction with relevant stakeholders</p>
	<p>Strategy 3.6 - Engage in an on-going structuring and streamlining of the Corporate Trust and Service Providers regime</p>	<p>MIICSD July 2018</p>	<p>This will have a positive impact on the country's attractiveness as a well-regulated jurisdiction where the service providers operate at the highest standards and are compliant to internationally acceptable standards thereby ensuring quality corporate services and representation</p>	<p>Policy guideline developed and implemented</p>	
<p>Objective 4 Facilitate the development of a National MSME Policy</p>	<p>Strategy 4.1 - Establish a National MSME Steering Committee to develop a Policy Framework for MSME development.</p>	<p>MIICSD Laid in Parliament 2017-02-08</p>	<p>Increase MSME contribution to GDP. Transition MSMEs from informal to formal sector Increase job creation among MSMEs. Increase exports among MSMEs. Develop a National MSME Training & Mentorship Programme. Skills-up gradation among MSMEs</p>	<p>A National MSME Policy Framework for Barbados.</p>	<p>The National MSME Policy is intended to facilitate:</p> <ul style="list-style-type: none"> • An increase in the number of viable and sustainable MSMEs. • An increase in the number of globally competitive MSMEs. • The formalization of the MSME sector with annual increases in the number of formal MSMEs. • An annual increase in the number of MSMEs accessing investment funding and finance. • Product and service diversification through innovation, creativity and technology and thereby promote increases in the number of MSMEs making use of R&D and ICTs and the number of MSMEs that are internationalized. • Involvement of Barbados' youth and persons living with disabilities in the MSME sector.

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			<p>Increase efficiency of Business Support Organization</p> <p>Increase Foreign Exchange</p> <p>Enhance MSME Development among women, youth and persons living with disabilities in Barbados.</p> <p>An innovative MSME sector.</p> <p>A vibrant Small Business Development Centre Network</p> <p>Greater contribution of the Barbadian diaspora towards the MSME sector</p> <p>Improve development of MSMEs operating within the special developments sectors such as the Renewable Energy sector, Creative Industry, Agri-Business and Tourism Niches including Health and Wellness, Sports, and Community.</p>		<ul style="list-style-type: none"> An improvement in gender equality in all economic sectors and commercial entrepreneurial undertaking in Barbados. The introduction of entrepreneurship and innovation in the education system at the primary, secondary and tertiary levels in Barbados. Community entrepreneurship throughout Barbados.
<p>Objective 5 Facilitate an enhanced Small Business Development Centre Programme</p>	<p>Strategy 5.1 - Convene monthly meetings of the Barbados SBDC Network and work in collaboration with the proposed Caribbean SBDC Network to advance the work of the island's SBDCs and by extension the wider MSME sector.</p>	<p>MIIICSD Ongoing</p>	<p>The SBDC Programme will:</p> <p>Assist in increasing economic impact among MSMEs.</p> <p>Facilitate MSME internationalization.</p>	<p>SBDC Strategy developed</p> <p>Increase economic impact of MSMEs as measured by SBDCs</p>	<p>The SBDC Programme approved by Cabinet is the new methodology adopted and adapted to facilitate improved MSME development in Barbados. A National SBDC Network was launched in April 2015 which saw BIDC and YES functioning as Barbados' first two SBDCs while the Student Entrepreneurial Empowerment Development</p>

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	Strategy 5.2 - Development of a National SBDC Strategy	June 2018	<p>Increase access to global businesses via SBDC Global.</p> <p>Increase efficiencies among Business Support Organizations.</p> <p>Reduce stigma of business failure.</p> <p>Reduce riskiness of MSMEs through business counselling/training.</p>	Increased sales, job creation, exports, contribution to GDP	(SEED) Programme of the UWI and Fund Access were the first two Partners under the Network. This programme will be expanded to include two more SBDCs and an expanded cadre of Partners so that there will be a more cohesive approach to MSME development.
Objective 6 Facilitate the development of a National MSME Act	Strategy 6.1 - A National MSME Policy Sub-Committee was established to provide recommendations to inform the National MSME Act	MIICSD April 2018	Will facilitate the Vision of the MSME sector to be globally competitive, technology driven and contributing to the sustainable socio-economic development of Barbados.	A new National MSME Act	Business Development Unit of the MIICSD began work on establishing a national MSME Act in January 2017 and awaiting Final Draft Report no later than February 2018 for onward transmission to CPC The legislation is anticipated to facilitate an enhanced and effective enabling environment for potential and existing MSMEs within Barbados that will accelerate entrepreneurship, increase profitability and employment, and foster innovation, competitiveness and sustainable development of the MSME Sector.
Objective 7 Promote Trade Facilitation in Barbados	Strategy 7.1 - Identify and remedy barriers to trade.	MIICSD September 2018	Identify and remedy barriers to trade.	Policy developed and implemented	

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			<p>Drafting of Projects under Category 3 commitments for technical assistance support by April 2018</p> <p>Establish technical working groups for TFA by March 2018 Improve the efficacy of TFA related interactions with economic operators and respective business support organizations</p>	<p>Notification of categories A, B and C commitment and compliance to WTO trade facilitation agreement.</p>	
<p>Objective 8 Develop a national trade facilitation roadmap</p>	<p>Strategy 8.1 - Establish a road map for priority reform measures as it relates to trade facilitation.</p>	<p>MIICSD April 2018</p>	<p>Trade facilitation roadmap developed and established by April 2018</p>	<p>Trade Facilitation Priority and reform areas identified and mapped to donor interest areas by March 2017</p>	
<p>Objective 9 Implement and facilitate business processes effectively.</p>	<p>Strategy 9.1 - Review the Doing Business 2016 and 2017 Reports and develop measures to remedy the existing business facilitation barriers to trade and investment.</p>	<p>MIICSD April 2018</p>	<p>Business Facilitation Action Plan and Strategy developed by April 2018.</p>	<p>TOR for Trade Facilitation and Trade Facilitation Roadmap developed by March 2017</p>	
<p>Objective 10 Grow and diversify manufacturing exports, traditional services and business processes through outsourcing and offshoring.</p>	<p>Strategy 10.1 - Implement specific recommendations of the Going Global Programme.</p>	<p>MIICSD July 2018</p>	<p>Increase the contribution of the sector to 10 per cent of GDP by 2020.</p>	<p>Draft Action Plan developed by July, 2018;</p> <p>Meetings with Competitiveness Action Teams (CATs)</p> <p>Business Facilitation Action Plan submitted to</p>	

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				<p>Cabinet by July, 2018</p> <p>8 business facilitation reforms undertaken and implemented by December 2018.</p> <p>The current International Business Charter reviewed by March 2017 and developed by July 2018.</p>	
<p>Objective 11: Improve the execution of projects in Barbados through an established Project Formulation and Implementation policy</p>	<p>Strategy 11.1 - Formulate and Design a Project Implementation and Execution Policy</p>	<p>Economic Affairs Division April 2018</p>	<p>Improved efficiency with respect to the management and execution of projects</p>	<p>Policy Established by way of Cabinet approval</p>	<p>The efficient execution projects will have the greater impact of stimulating growth in the economy.</p> <p>The efficient implementation and execution of projects allows for the use of reimbursable funds for further development.</p>
<p>Objective 12: Advance initiatives for Tourism Investment Development 2017-2020.⁷</p>	<p>Strategy 12.1 - Construct several hotel development projects over the period 2017-2020: Sandy Bay/The Sands (private)</p>	<p>Barbados Tourism Investment Inc. (BTII)</p> <p>2018</p>	<p>US\$1 billion investment over the period.</p> <p>US\$10M</p>	<p>The actual construction of these projects within budget.</p> <p>The actual construction of these projects within budget.</p>	<p>These capital investment projects will have a multiplier effect on the economy and they have the capacity to provide a continuous revenue stream to the Government through direct and indirect taxes. Growth creation through investment in fixed capital formation assets.</p> <p>Growth creation through investment in fixed capital formation assets.</p>

⁷ Government is still seeking to conclude the sale of the property at paradise beach.

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	Sandals Royal (private)	2018	US\$160M	The actual completed structures for these projects.	Growth creation through investment in fixed capital formation assets.
	Wyndham Sam Lord's Castle (government)	To be completed in December 2019	US\$225M	Creation of approximately 4,000 job opportunities over the period and further job opportunities in the operational services stage.	These capital investment projects will have a multiplier effect on the economy and they have the capacity to provide a continuous revenue stream to the Government through direct and indirect taxes.
	Hyatt Centric Hotel (private)	2018	US\$100M	Creation of approximately 4,000 job opportunities over the period and further job opportunities in the operational services stage.	These capital investment projects will have a multiplier effect on the economy and they have the capacity to provide a continuous revenue stream to the Government through direct and indirect taxes.
	Sandals Beaches (Heywoods) (private)	Commenced in 2017	US\$200M	Creation of approximately 4,000 job opportunities during the construction phase over the period.	Growth creation through investment in fixed capital formation assets. These capital investment projects will have a multiplier effect on the economy and they have the capacity to provide a continuous revenue stream to the Government through direct and indirect taxes.
	South Gap/Sea Breeze Hotel (private)	Barbados Tourism Investment Inc. (BTII)	No amount to date.	Actual construction of these projects within budget	Growth creation through investment in fixed capital formation assets and a further anticipated injection through visitor expenditure over the period.
					The generation of increase employment opportunities in the economy leads to greater aggregate demand and a rise in consumption levels.

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	Accra Miami Beach Development (private)	2018	No amount to date	Increase number of hotel bookings.	Growth creation through investment in fixed capital formation assets.
	Bayan Three Roystonea Ltd. (private)	2018	No amount to date	Increase number of hotel bookings.	Growth creation through investment in fixed capital formation assets. A construction project of a 110 room hotel and villas which should take 12-15 months.
	Bay Street Development. (government)	2018	US\$100M	Increase contribution to GDP. Increased revenue	Growth creation through investment in fixed capital formation assets.
	Strategy 12.2 - Establish Service Level Agreements for Solicitor General and, Town and Country Planning, BWA/Drainage	BTII, Ministry of Tourism September 2018	Improved service delivery	Establish and implement SLAs by September, 2017	
Objective 13: Enhance International Business Environment	Strategy 13.1 - Improve service delivery through the use of technology, strong governance and accountability.	Ministry of International Business. June 2018	Foreign direct investment, employment and growth	Increase investment by international business companies	This would significantly accelerate the capacity for growth in the economy.
	Strategy 13.2 - Assessment regarding the restructuring of processes and the allocation of appropriate resources to the Corporate Affairs (CA), Chief Parliamentary Counsel's Office, Intellectual Property Office (IPO), the Immigration Department (ID) and the Ministry of International Business to improve their efficiency, to be started October.	Ministry of International Business, CA, CPC, IPO, ID, SG, Ministry of the Civil Service. June 2018		Assessment undertaken by June 2018	This would significantly accelerate the capacity for growth in the economy.

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	<p>Strategy 13.3 - Establish a Committee to examine the human resources needed by Corporate Affairs, Chief Parliamentary Counsel's Office, the Immigration Department, Solicitor General and the Ministry of International Business.</p>	<p>Ministry of International Business, CA, CPC, SG, IPO, ID, Ministry of the Civil Service. September 2018</p>	<p>Foreign direct investment, employment, and growth</p>	<p>Establishment of the Committee, assessment by the committee and needs identified</p>	<p>Reduce the time to facilitate the necessary activities required to complete the process. Efficiency improvements.</p>
	<p>Strategy 13.4 - Take advantage of the USA's suspension of premium processing for H1-B Visas to create opportunities to attract high-tech business.</p>	<p>Ministry of International Business and Ministry of Foreign Affairs and Foreign Trade (Foreign Affairs Division), Immigration Department March 2018</p>	<p>Foreign direct investment, employment and growth.</p>	<p>Increase investment by international business companies., Formulation of an Immigration Policy</p>	<p>Benefit from the transfer of expert knowledge, skills and technology through the attraction of high-tech international business companies.</p>
	<p>Strategy 13.5 - (i) Amend Section 9(1) (i) of the Income Tax Act where a local entity owns at least 10 per cent of the share capital of the non-resident corporation and the shareholding is not held as a portfolio investment to allow the deduction where the combined ownership of related Barbadian companies in the non-resident corporation meets the 10 per cent ownership threshold which provides for a deduction for a dividend received from a non-resident corporation.</p>	<p>Ministry of International Business and Barbados Revenue Authority (BRA), Foreign Affairs Division July 2018</p>	<p>Foreign direct investment, employment and growth</p>	<p>Number of work permits issued and technological IBCs incorporated.</p> <p>Increase investment by international business companies, Amendment to the Income Tax Act</p> <p>Number of new IBCs and RBCs doing international business</p>	<p>Most IBCs are trading businesses and it is impossible for them to comply with the Anti Money Laundering Know Your Customer Act (AML KYC) requirements where there is very limited risk from a Money Laundering and Financing of Terrorism Act (MLFTA) perspective.</p> <p>This is not a fundamental change to the policy but just a minor adjustment to bring it into line with the treatment in other jurisdictions. It will improve the competitiveness of Barbados for holding company structures.</p>

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	(ii) Amend the Money Laundering and Financing of Terrorism (Prevention and Control) Act, 2011-23 (MLFTA).	Ministry of International Business, BRA July 2018	Foreign direct investment, employment and growth.	Amendment to the Money Laundering and Financing of Terrorism (Prevention and Control) Act, 2011-23 (MLFTA)	Compliance and enforcement of such laws are essential in the fight against corruption and terrorism. Most IBCs are trading businesses and it is impossible for them to comply with the AML KYC requirements where there is very limited risk from an MLFTA perspective.
	Strategy 13.6 - Limited Liability Partnership legislation and the creation of an Exempt Limited Partnership and Limited Liability Company legislation similar to what exists in Bermuda and Cayman.	Ministry of International Business July 2018	Foreign direct investment, employment and growth.	Amendment to the Money Laundering and Financing of Terrorism (Prevention and Control) Act, 2011-23 (MLFTA)	The exempted LP and LLC are widely used in private equity financing. Having them as an option for Barbados would enhance attractiveness of the domiciles.
	Strategy 13.7 - Adopting the OECD initiatives on base erosion and profit shifting (“BEPS”)	Ministry of International Business March 2018	Foreign direct investment, employment and growth.	Increase investment by international business companies	BEPS provides an opportunity for Barbados to increase the operational substance and contribute to the economy by international business through more employment and other services provided to IBCs and RBCs.
Objective 14 Increase Foreign Exchange Savings from direct investment in renewable energy electricity generation	Strategy 14.1 – Initiate the advancement of the 100 per cent Renewable Energy Barbados-Policy Objective	Division of Energy and Tele-communications. February 2018	An immediate transition to 100 per cent renewable energy usage will result in an immediate contribution to GDP growth given the anticipated development and strengthening of the Energy sector.	A reduction in government’s expenditure on the purchase of imported crude oil and increase renewable penetration across the country Barbados can expect to benefit from an estimated average of \$2.2 billion 2017-2037 with the removal of fossil	The Government of Barbados through the Division of Energy and Telecommunications has completed and ratified the National Sustainable Energy Policy 2017-2037 in November 2017.



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				fuels. In-order to achieve such a benefit the following targets will have to be met	
	<p>Strategy 14.2 - BRA to do impact study on loss of taxes from reduced oil imports in short-term</p>	<p>BRA, Division of Energy and Telecommunications July 2018</p>	<p>Reduced oil imports; savings in foreign exchange</p>	<p>19 per cent fossil fuel reduction by 2022 38 per cent fossil fuel reduction by 2027 56 per cent fossil fuel reduction by 2032 75 per cent fossil fuel reduction by 2037 Completion of the study</p>	<p>Revenues from savings can be used otherwise as investments in productive sectors.</p>
<p>Objective 15: Enhance growth, foreign exchange earnings and employment opportunities through investments in road infrastructure projects.</p>	<p>Strategy 15.1 – Commence the Corporation Adina de Fomento (CAF) Road Rehabilitation Infrastructure Project.</p>	<p>Ministry of Transport and Works June 2018</p>	<p>Growth, foreign exchange and employment opportunities</p>	<p>Complete rehabilitation of roads and the construction of sidewalks and bridges.</p>	<p>The Corporation Adina de Fomento (CAF) Road Rehabilitation project comprise of civil works valued at US\$4 million which will be utilized in four quarters to include drainage, construction of sidewalks, bridges, culverts and safety features.</p>

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	<p>Strategy 15.2 - Continue the Inter-American Development Bank (IADB) road rehabilitation and improving connectivity of the road infrastructure to achieve lower logistics cost.</p> <p>Strategy 15.3 - Provide a framework for institutional strengthening to improve the transport sector planning capacity.</p> <p>Strategy 15.4 - Provide implementation support of the civil works.</p>	<p>Commenced already and is to be completed in March 2018</p> <p>Ministry of Transport and Works Commenced and ongoing. Duration of the project is 02/2016 to 02/2021 (5 years)</p> <p>September 2018</p> <p>June 2018</p>	<p>US\$4 million direct investment over the period.</p> <p>Growth, foreign exchange and employment opportunities</p> <p>Civil works component 1: US\$ 21.5 million</p> <p>Growth, foreign exchange (US\$ 2 million) and employment opportunities</p> <p>Improve efficiency within the institution.</p> <p>Efficient implementation of projects</p>	<p>Improvement in the road infrastructure and the connectivity and logistical cost.</p> <p>Study completed</p>	<p>Project consists of three components of the rehabilitation of sample and global roads.</p> <p>Awaiting the new Financial Audit Request.</p>
<p>Objective 16: Commence implementation of the National Competitiveness Strategy and Action Plan to guide the work plan of the Technical Unit of the Commission on Competitiveness and serve as a vehicle for prioritising and coordinating relevant government policies</p>	<p>Strategy 16.1- Strengthen the traditional economic basis of Barbados by expanding specialisation and valued-added in tourism, off-shore international financial institutions and corporations and agriculture/agro-food industry. Some initiatives include but are not limited to the following:</p> <ul style="list-style-type: none"> – Diversify and enlarge the productive basis of Barbados through “smart specialisation” in new and emerging niches. – Develop a more agile and consolidated business framework in which private enterprise can flourish. – Launch a promotional investment structure to expand new tourism niches. – Strengthen the tourism quality assurance scheme in hotels and other tourist facilities. 	<p>Barbados Competitiveness Programme / Competitiveness Technical Unit</p> <p>September 2018</p>	<p>US\$20 million direct investment</p>	<p>Approval of the design and structure of the commission of competitiveness and its Technical Unit</p> <p>Guidelines established for the rolling out of specified initiatives within the competitiveness strategy</p>	<p>Plan is currently awaiting approval from the Cabinet.</p> <p>Following the approval of the design and structure of the commission of competitiveness and the national competitiveness strategy and action plan the following will be undertaken:</p> <ol style="list-style-type: none"> i. establishment of the commission of competitiveness and its Technical Unit ii. full implementation of the strategy and action plan

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<p>Objective 17 Develop a mechanism to reduce the time to less than 6 months to get a construction permit in Barbados.</p>	<p>Strategy 17.1 - A mechanism to re-engineer the process to foster inter-agency communication and collaboration to eliminate rework and reduce end-to-end process time.</p>	<p>Town and Country Planning Department, Environmental Protection Department, Ministry of Transport and Works, Ministry of Health. June 2018</p>	<p>Growth and employment opportunities.</p>	<p>Increase number of construction permits.</p>	<p>The 2017 Doing Business Report states that it takes 90 days to get a construction permit in Barbados.</p> <p>This is a major impediment to construction. Latin America and Caribbean averages 181 days and the OECD high income countries 152 days</p>
	<p>Strategy 17.2 - Conduct process review and re-engineering</p>	<p>June 2018</p>	<p>Growth and employment opportunities.</p>		
	<p>Strategy 17.3 - Conduct systems and technology review for appropriateness to affect the new processes.</p>	<p>June 2018</p>		<p>Enhanced technology systems to bring about greater efficiency.</p>	
	<p>Strategy 17.4 - Conduct a skills and talent review to identify training and talent requirements.</p>	<p>Plan to be delivered by the June 2018</p>		<p>Plan to be delivered by the June 2018</p>	<p>A greater number of persons with the appropriate skills coming out of an increased number of training seminars.</p>
	<p>Strategy 17.5 - Determine the cost and investment estimates to implement change.</p>	<p>Plan to be delivered by June 2018</p>			
	<p>Strategy 17.6 - Find resources (including technical assistance) required to conduct review and implement change.</p>	<p>Plan to be delivered by the April 2018</p>			

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<p>Objective 18 Improve the international competitiveness and productivity of the agriculture and fisheries sectors.</p>	<p>Strategy 18.1 - Promote select commodities for development using value chains.</p> <p>Strategy 18.2 - Promote innovation and the adoption of new technologies by encouraging the adoption of protected agriculture technology (shade houses and green-houses).</p>	<p>Ministry of Agriculture, Food, Fisheries and Water Resource Management June 2018</p> <p>June 2018</p>	<ul style="list-style-type: none"> Increased agricultural exports. Lower production costs. Increased domestic production. Reduced food imports 	<ul style="list-style-type: none"> 3 new products promoted for value chain development (sweet potato, breadfruit and coconut). 5 per cent expansion of new technologies within the agriculture sector. 	
<p>Objective 19 Provide the enabling environment that increases agricultural producers' access to domestic and international markets.</p>	<p>Strategy 19.1 - Establish greater collaboration with Barbados' overseas missions and other government agencies to promote domestic agricultural exports.</p> <p>Strategy 19.2 - Expand the operations of a central packaging facility located at the Barbados Agricultural Marketing and Development Corporation (BADMC).</p>	<p>Ministry of Agriculture, Food, Fisheries and Water Resource Management June 2018</p>	<ul style="list-style-type: none"> Increased international market access. Increased foreign exchange earnings. 	<ul style="list-style-type: none"> Participation of 3-5 farmers on overseas trade missions hosted by the BADMC. 10 per cent expansion of the operations of the central packaging facility. 	
<p>Objective 20 Review and amend the Ministry's incentives programme to enhance the benefits to the agriculture sector.</p>	<p>Strategy 20.1 - Review current grants and funding mechanism available to the agricultural sector and provide recommendations for improvements.</p>	<p>Ministry of Agriculture, Food, Fisheries and Water Resource Management June 2018</p>	<ul style="list-style-type: none"> Enhanced food production Reduction in the cost of production Better administration of incentives. Greater transparency, accessibility and efficiency. Lower prices passed on to the consumer in the form of lower prices. 	<ul style="list-style-type: none"> 10 per cent increase in farmers benefiting from the incentives scheme. 	

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<p>Objective 21 Reduce domestic food imports through promotion of the nutritional, economic and social benefits of consuming local foods.</p>	<p>Strategy 21.1 - Establish a strategic alliance with the National Nutrition Centre, Ministry of Education (through schools' home economics groups) and chefs to create, produce and market new recipes based on local produce.</p> <p>Strategy 21.2 - Promote home and community gardening through collaboration with stakeholders, including public and private sector agencies, non-governmental organizations and community groups.</p> <p>Strategy 21.3 - Develop a public education programme to sensitize consumers on the value of consuming local agricultural commodities.</p>	<p>Ministry of Agriculture, Food, Fisheries and Water Resource Management June 2018</p> <p>June 2018</p> <p>June 2018</p>	<ul style="list-style-type: none"> Increased consumption and production of local agricultural produce. Increased domestic food and nutrition security and sovereignty. Reduced food imports. 	<ul style="list-style-type: none"> 5 recipes created and distributed by to the general public. 15 per cent increase in home and community gardening. 4 annual public education programmes implemented. 	
<p>Objective 22 - To substantially increase agriculture/fisheries production, ensure greater food security and food safety and reduce Barbados' fresh-food import bill by twenty percent by the end of 2019 while laying a firm foundation for the sustainable development of the sector and the development of a strong manufacturing sector based on the processing of locally produced primary agricultural products.</p>	<p>Strategy 22 - The Ministry of Agriculture, Food, Fisheries and Water Resource Management will establish a qualified project team comprising ministry officials and private sector representatives to work with farmers and oversee and manage a program that targets:</p> <p>(i) a sixty percent increase in root crops that include cassava, sweet potatoes, white potatoes, yams, eddoes, onions, beets, turnips; carrots, etc.</p>	<p>The Ministry of Agriculture, Food, Fisheries and Water Resource Management will implement and will start roll out immediately.</p> <p>June 2018.</p>	<p>The target is for agricultural production to grow by 5% in the first year 2018 and 10% in 2019. Agricultural is targeted to grow by about 6% per year thereafter</p> <p>Similar growth rates are targeted for the fisheries sector</p> <p>The overall target is for the fresh food import bill to be reduced by 9% by the end of 2018 and 10% in 2019 and the years thereafter.</p>	<p>Increase in fresh food production by 20% over two years.</p> <p>Employment in the sector increased by 20% by 2020.</p> <p>Fresh food import bill reduced by 20% by the beginning of 2020.</p>	<p>Agriculture is a sector that allows for a rapid increase in production of goods in a short period of time due to its nature. Capacity for increased production is found in the considerable availability of idle and fallow lands owned by both Government and the private sector and the growing interest being paid by young people in the sector. There is also the room that exist for intensive agricultural production especially in short crops and the use of vertical and shade house protective agriculture where availability of open lands may become scarce and where environmental conditions may pose a threat.</p>

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	<p>(ii) the diversification of and an increase in the production of short crops by fifty percent. These include cabbages and other cruciferous vegetables, okras, beans and other legumes, lettuce, sweet peppers, cucumbers, melons and other cucurbits, spinach, pumpkins, radish, tomatoes, etc., kale and other leafy vegetables, kohlrabi and more;</p> <p>(iii) introduce new varieties of crops not traditionally grown and are imported but can adapt to Barbados conditions. These include broccoli, sweet corn, lentils, soybeans, asparagus, celery and other vegetables imported frozen, in cans. Or jars.</p> <p>(iv) and increase in the production of short period fruit crops such as bananas, plantains, pigeon peas, etc.</p> <p>(v) Expansions of the black belly sheep industry and other small ruminants such as rabbits, goats and pigs by 20% over three years.</p>		<p>Employment in the sector is targeted to increase by 7% in 2018 and 6% in 2019 and 5% in 2020</p>		<p>There is great potential for Barbados to increase fish production through the use of fish farming. This can add significantly to the production of fish through open sea mining. In addition to producing for the open market, there is potential for exports, for example in tilapia which Barbados currently imports.</p> <p>An expanding fisheries industry has the potential to result in ancillary industries that involve boat building, net making and repairs etc.</p>
<p>Objective 23 To ensure sustainability of the agricultural/ fisheries sector into the future by designating and creating food zones.</p>	<p>Strategy 23- The Ministry will work with the Town and Country Planning Department and designate specific geographical areas in all parishes of the island as food zones and by law prohibit such lands from being used for non-agricultural purposes;</p> <p>The Ministry through its extension services unit, will work with small private farmers in</p>	<p>The Ministry of Agriculture, Food, Fisheries and Water Resource Already started</p>	<p>Framers and potential farmers in the food zones are the targets. Program should allow for Sustainability, growth and increase in confidence in the sector as a viable source of employment and income for</p>	<p>At least ten small and medium sized farms entering the program on a monthly basis.</p>	<p>It is viewed that local farmers do not currently practice engage in good business practices and this could be a major factor why many small farms fail. A system like this will not only improve business practices but would protect Barbados' food security and reduce the food import bill.</p>

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	<p>the designated food zones and assist them in:</p> <p>(i) applying the most modern agricultural and environmentally friendly and climate resilient techniques to agriculture;</p> <p>(ii) applying modern business practices in developing private owned small farms as a modern business;</p> <p>(iii) the selection of crop varieties livestock breeds, seeds, time of planting, acreage to be planted, water management techniques, methods of marketing, post-harvest handling, energy use, shade and open field techniques etc.</p> <p>(iv) setting up Fish farming systems such as aquaponics and aquaculture by tanks.</p>	<p>To be fully rolled out in the parishes of St. George, Christ church and St. Philip by June 2018, adding three parishes every six months until the program is fully rolled out across the island</p>	<p>farmers and potential farmers.</p> <p>Increase in agricultural and fish production and reduction in the need for imports;</p> <p>Adoption of good business practices on the part of farmers;</p> <p>Resultant reduction in the outflow of foreign exchange for imports of food.</p> <p>Increase in confidence of secured markets</p>		
<p>Objective 24 To establish and promote strong linkages between the agricultural/ fisheries subsectors, commerce and manufacturing/tourism to increase confidence and motivate farmers to produce by ensuring them a secured market for their produce.</p>	<p>Strategy 24</p> <p>i. Government will coordinate an articulation agreement between farmers and relevant players in the market to include commerce, manufacturing, hotels, cruise liners to ensure guaranteed markets for farmers and to ensure a constant, consistent and adequate supply of good quality products to the users .</p> <p>ii. Government will seek to adopt an industrial model that will see the establishment of businesses in the manufacturing sector using outputs solely from the agricultural/fisheries sub-sectors as their major input thus</p>	<p>An agreement should be completed by the June 2018</p> <p>With the current level of interest being shown in agro-processing and the number of businesses that already exist in</p>	<p>Guaranteed markets for farmers and fishing community and a constant supply of produce to hotels, commercial entities, cruise ships etc.</p> <p>This should guarantee farmers a market and at the same time expand the manufacturing sector with the potential to reduce foreign exchange outflows and increase export</p>	<p>Local farmers realize an increase of 15% market share per year over three years</p> <p>At least four small agro-businesses established per year over four years</p>	



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	<p>developing the value added chain.</p> <p>iii. Government will make it mandatory for Government owned hospitals, the Government school meals service, children’s homes and other Government owned institutions to procure at least forty percent of their primary agricultural requirements from local farmers.</p> <p>iv. The ministry responsible for Agriculture and Fisheries will work with other Government agencies established to promote and develop the tourism product to identify ways of working with private sector farmers in the food zones, agro-processing facilities and Government owned agricultural establishments to have agricultural production and agro-processing in Barbados demonstrated as environmental tourist attractions. This should also be the case for fisheries as it relates to fish farming by ponds and tanks.</p>	<p>this area, especially with respect to meats and fish, the base already exist for this model to be promoted and fully developed by December 2019.</p> <p>Cooperation agreement completed by end of June 2018 and rolled out.</p> <p>Cooperation agreement completed by end of June 2018 and rolled out.</p>	<p>earnings.</p> <p>Secured markets for farmers to encourage production</p> <p>Augmented tourism product to promote tourism activity. Farmers motivated to innovate and augment their present methods of production.</p> <p>Increased earnings for tour guides and possible increased earnings for owners of facilities.</p>		

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Objective 25: Revitalise the Industrial Sector	Strategy 25.1 - Formulate and design an industrial strategy for the revitalizing of the manufacturing and sector and its related industrial service industries	Ministry of Industry, International Business, Commerce and Small Business Development. June 2018	Growth	Industrial Policy finalized and approved by Cabinet	There is currently a draft industrial policy development by the Ministry responsible
Objective 26 Enhance the Monitoring and Evaluation (M&E) Policy Framework	Strategy 26.1 - Design and establish Policy for the conduct of Monitoring and Evaluation of Programmes across the Public Sector of Barbados	MFE June 2018	Increased Efficiency in the execution of all public sector initiatives		A robust M&E framework is needed to not only improve the execution of and implementation of government policy and projects across the public services but also underscores the importance of accountability. This also ensures that funds granted to Ministries are used for the purpose intended.
Objective 27 Establish a working model for the export of Barbados' creative and cultural products.	Strategy 27.1 - Assist businesses to become market ready and meet market demand. 2017 – 2020	Barbados Cultural Industries Authority (BCIDA) September 2018	Increase foreign exchange earnings from the culture sector	Increase in demand for Barbados' cultural products	Increased GDP growth through the cultural sector.
Objective 27.1: Establish trade routes and connections for Barbados' creative and cultural products	Strategy 27.1.1 - Explore presenting opportunities for trade in cultural products. Growing interest for visual art products in the European Market.	BCIDA, NCF June 2018	Increase foreign exchange earnings from the culture sector	Increase in exports from the cultural sector	
	Strategy 27.1.2 - Explore presenting opportunities for trade in cultural products. Growing interest for visual art products in the European Market.	BCIDA, NCF June 2018	Increase foreign exchange earnings from the culture sector	Increase in exports from the cultural sector	
	Strategy 27.1.3 - Attend Trade Shows- Americasart, the largest market place for buyers is interested in Barbadian products.	BCIDA June 2018	Increase foreign exchange earnings from the culture sector.	Increase demand for Barbados' products	
	Strategy 27.1.4 - Packaging and hosting of elements of our Festivals for showcasing abroad, especially in the diaspora.	NCF June 2018	Increase employment opportunities for artists	More artists invited to perform overseas	

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Objective 28: Establish an eco-system that supports the sustainable production of creative and cultural products.	Strategy 28.1 - Provision of requisite incentives and assistance re Patents and intellectual protection.	MCSY June 2018	Increase attractiveness/ investment in the Culture Sector.		
Objective 29 Provide and maintain cultural facilities.	Strategy 29.1 - Provision of a custom-built cultural facility	MCSY M/E NCF August 2019	Enhance attractiveness of Barbados as a venue for the hosting of cultural events, increased employment for cultural practitioners	Increase in the number of promoters vying to use Barbados as a venue to host events. Barbados becomes the cultural hub of the region	
	Strategy 29.2 - Restoration of Carnegie Building (NLS)	MCSY BCIDA National Heritage Committee August 2018	Increased attractiveness of Bridgetown as a heritage site	Carnegie Building restored National Library re-opened from that location	
	Strategy 29.3 - Provision of a National Art Gallery	MCSY, National Art Gallery Board, National Heritage Committee August 2018	Increase capacity to diversify tourism product	Increase in the number of art exhibitions held Increase in the staging of International Art Fairs	
Objective 30 Promote and develop Barbados as a prime location for international film production, heritage tourism and the audio-visual industry.	Strategy 30.1 - Improve and enhance the inventory of built heritage attractions and their associated services.	MCSY, National Sports Council, Barbados Olympic Association. August 2018	Growth of the Barbados Visitor Economy (BVE), enhanced quality products and increased spend. Improved physical standards of the hotel plant	Increased number of films made, tours, persons employed in the audio-visual industry and visitors to Barbados.	
	Strategy 30.2 - Develop and promote the island's cultural heritage, and its associated services.	Ongoing	Enhanced quality products and increased spend.		

APPENDIX III – GROWTH POLICY FRAMEWORK

OBJECTIVES	MEASURES/ STRATEGIES/ PROGRAMMES/PROJECTS	RESPONSIBLE AGENCY / IMPLEMENTATION / TIMEFRAME	TARGETS /IMPACT (Growth, Employment, Fiscal, Foreign Reserves)	KEY PERFORMANCE INDICATORS	COMMENTS
	<p>Strategy 30.3 - Focus product development, including service delivery, as well as marketing and promotional efforts on eight (8) identified priority niche markets.</p> <p>Strategy 30.4 - Further develop The UNESCO designated World Heritage Site of Historic Bridgetown and its Garrison.</p>	<p>June 2018</p> <p>MTI, BTPA, BHTA, BTMI, BTII June 2019</p>		<p>Increased number of searches at the Archive Department.</p>	
Objective 31 Promote Sport as an alternative career choice, as well as sports tourism.	Strategy 31.1 - Enhance marketing and promotion of sports disciplines	Ongoing until 2021	Enhanced quality products and increased spend.	<p>Increased number of professional athletes and tournaments.</p>	
Objective 32 Implement the Tourism Master Plan 2014-2023 (TMP).	<p>Strategy 32.1 - Focus product development, including service delivery, as well as marketing and promotional efforts on the 8 identified priority niche markets to increase visitor numbers and spending</p> <p>Strategy 32.2 - Increase airlift capacity from the traditional source markets and new origin markets.</p> <p>Strategy 32.3 Improve the visitor experience at the Grantley Adams International Airport</p>	<p>MTI, BTMI, BTPA Commence July 2018</p> <p>MTI, GAIA Inc., BTMI, BTPA June 2018</p> <p>Tourism Competitiveness Action Teams (CAT)/ May 2018</p>	<p>Enhance existing and create new top-quality, market-sensitive products and services to improve the visitor experience, and increase visitor spending.</p> <p>Increased airline capacity and seats into Barbados driving an increase in visitors from traditional and new source markets</p> <p>Growth in foreign exchange earnings from the cruise sector</p>	<p>Increased spend from visitors</p> <p>Increased visitor arrivals especially during off-peak periods</p> <p>Increased visitor arrivals</p> <p>Growth in total earnings from tourism</p>	<p>Success of this strategy requires collaboration among private and public sector agencies. This strategy is closely aligned with those of the BTI related to tourism investment for the development of new hotel accommodation.</p> <p>This action complements growth in the accommodation sector through development of new hotels.</p>

APPENDIX III – GROWTH POLICY FRAMEWORK

OBJECTIVES	MEASURES/ STRATEGIES/ PROGRAMMES/ PROJECTS	RESPONSIBLE AGENCY / IMPLEMENTATION / TIMEFRAME	TARGETS /IMPACT (Growth, Employment, Fiscal, Foreign Reserves)	KEY PERFORMANCE INDICATORS	COMMENTS
	<p>Strategy 32.3 - Improve infrastructure, products and services for the cruise tourism sector and develop new source markets</p> <p>Strategy 32.4 - Improve the Cruise Visitor Experience at the Bridgetown Port</p>	<p>MTI, BPI, BTMI, BTPA June 2018</p> <p>MTI, BPI, BTI, BTMI, BTPA June 2018</p>	<p>Growth in foreign exchange earnings from the cruise sector</p>	<p>Increased cruise passenger arrivals</p> <p>Increased expenditure from cruise passengers</p> <p>Increased homeporting vessels</p>	
<p>Objective 33: Consider the activation of safeguards of the WTO Agreement which sets the basis for Barbados' trade with its global partners and the Revised Treaty of Chaguaramas which sets out the conditions under which Barbados trades with the Caribbean Community and by extension with third Country Partners to assist with the collection of revenue required to address the deficit and the foreign exchange reserves.</p>	<p>Strategy 33.1 - The application of import surcharges and other forms of price based measures such as increasing the bound rate. As with the WTO such safeguards should be temporary, not longer than 18 months.</p>	<p>Ministry of, Industry, International Business, Commerce and Small Business</p> <p>Barbados Chamber of Commerce, Ministry of Foreign Affairs and Foreign Trade June 2018</p>	<p>Increased revenue (no actual amount given to date)</p>	<p>Reduction in the level of imports</p>	<p>Further in-depth analysis is required on this initiative.</p>
<p>Objective 34 Provide the Public and Private sectors with productivity monitoring measures as indicators of progress and to support policy and decision making</p>	<p>Strategy 34.1 - Implement a Multi-factor productivity indicator initiative to measure productivity returns on production variables such as energy, raw materials, labour, capital and technology by 2018</p>	<p>The Productivity Council June 2018</p>	<p>National Annual average Productivity growth targets of 4 per cent to drive economic growth</p>	<p>Variable Productivity Indicators for: Labour, Energy, Raw materials, capital and technology</p> <p>Annual rate of productivity growth of 4 per cent by 2021</p>	<p>A productivity index' would show progress towards competitiveness and act as a motivator for Public and Private sector output and a useful basis for repositioning industry through incentives</p>

APPENDIX III – GROWTH POLICY FRAMEWORK

OBJECTIVES	MEASURES/ STRATEGIES/ PROGRAMMES/ PROJECTS	RESPONSIBLE AGENCY / IMPLEMENTATION / TIMEFRAME	TARGETS /IMPACT (Growth, Employment, Fiscal, Foreign Reserves)	KEY PERFORMANCE INDICATORS	COMMENTS
<p>Objective 35 Improve enterprise Operational efficiency levels.</p>	<p>Strategy 35.1 - Develop and implement a National Productivity Framework to develop and Implement New areas of Technical Excellence and New Modalities to support Development and growth of SME's</p>	<p>The Productivity Council June 2018</p>	<p>Annual Improved cycle times to enhanced productivity growth and rate of doing business</p>	<p>Process/innovation improvement index</p>	<p>Encourage Innovation and creativity in industry Organizational processes and procedures are becoming obsolete due to inertia and Global developments</p>
<p>Objective 36 Transform the landscape of industry through support for Re-structuring initiatives</p>	<p>Strategy 36.1 - Develop productivity initiatives for private sector, such as an enhanced Innovation Credit Fund for industry</p>	<p>The Productivity Council June 2018</p>	<p>Multi-factor Productivity growth increasing by 4 -6 per cent annually</p>	<p>New areas of training and improvement to enhanced areas of doing business</p>	<p>The idea is transform industry and improve operational efficiency and developing manpower requirements to achieve sustainable growth and provide higher skilled jobs</p>
<p>Objective 37 Improve quality and productivity in the Public sector.</p>	<p>Strategy 37.1 - Establish diagnostics for the Public Sector Productivity Improvement programme, which would seek to support automation and innovation adoption, and continuous productivity development</p>	<p>The Productivity Council June 2018</p>	<p>Improve annual productivity by 10 per cent</p>	<p>Timeliness of services and improved response times</p>	<p>There is need to provide more support for the Public sector improvement. The development of diagnostic tools will support productivity and quality improvements across the sector</p>

APPENDIX IV – FOREIGN EXCHANGE POLICY MATRIX

OBJECTIVES	MEASURES/ STRATEGIES/ PROGRAMMES/PROJECTS	RESPONSIBLE AGENCY / IMPLEMENTATION TIMEFRAME	IMPACT (Growth, Employment, Fiscal, Foreign Exchange) Please quantify where possible	KEY PERFORMANCE INDICATORS	COMMENTS
<p>Objective 1: Develop initiatives that facilitate both the earning and saving of foreign exchange to address the instability of the level of foreign reserves.</p>	<p>Strategy 1.1 – Explore the possibility of boosting foreign exchange earning capacity through the use of domestic Duty-free Shopping Zones where locals and visitors can purchase items at duty-free prices to reduce the hoarding of US dollars.</p>	<p>Ministry of Commerce, Industry, International Business and Small Business Development, Barbados Chamber of Commerce and Industry. April 2018</p>	<p>Growth and; and increased foreign exchange earnings</p>	<p>Pilot of Duty-free Shopping Zones</p>	<p>The foreign exchange reserve stock currently stands at US\$574 million or approximately seven (7) weeks of import cover, and it continues to be on a downward trajectory which needs urgent corrective action given that the international benchmark is twelve (12) weeks</p>
	<p>Strategy 1.2 - Deliver on agreed incentivizes frameworks for tourism stakeholders to encourage re-investment, attract foreign investors and to build confidence.</p>	<p>Ministry of Finance, Ministry of Tourism, BTPA, BHTA, TDC, BTMI, BMA, BAS. September 2018</p>	<p>Growth; and increased foreign exchange earnings.</p>	<p>Increased foreign exchange earnings Increased annual exports Discretionary Incentives Act as outlined in Fiscal 5.2</p>	
	<p>Strategy 1.3 - Facilitate philanthropy by external high net worth individuals and remittances by the Barbadian diaspora.</p>	<p>Ministry of Finance, Ministry of Foreign Affairs September 2018</p>	<p>Growth; and increased foreign exchange earnings.</p>	<p>Increased deposits and foreign exchange earnings</p>	
	<p>Strategy 1.4 - Divestment of certain public assets in order to generate foreign exchange. Strategies 1.5 - To save foreign exchange: (i) Have a local import substitution food security programme to reduce the food import bill.</p>	<p>Ministry of Finance March 2018 Ministry of Agriculture, Food, Fisheries, and Water Resource Management. March 2018</p>	<p>Growth; and increased foreign exchange earnings Growth; and increased foreign exchange earnings</p>	<p>Increased foreign exchange earnings Increased foreign exchange earnings</p>	<p>Increased deposits and foreign exchange earnings An adequate stock of foreign reserves is critical to service the repayment of borrowed loans and to pay for our import of food, fossil fuel/oil, and goods and services which continue to be significantly high.</p>

APPENDIX IV – FOREIGN EXCHANGE POLICY MATRIX

OBJECTIVES	MEASURES/ STRATEGIES/ PROGRAMMES/PROJECTS	RESPONSIBLE AGENCY / IMPLEMENTATION TIMEFRAME	IMPACT (Growth, Employment, Fiscal, Foreign Exchange) Please quantify where possible	KEY PERFORMANCE INDICATORS	COMMENTS
Objective 2: Expedite the disbursement of funds for the following public sector projects	Public Project 2.1 - Deployment of cleaner fuels and renewable energies in Barbados	Ministry of Finance and Economic Affairs/ NPC Already signed in June 2017	Finance US\$34M over six years.	First disbursement by June 2018	This project has an implementation timeframe of six years (Funds expected by June, 2018)
	Public Project 2.2 - National Tourism Programme	Ministry of Finance and Economic Affairs/ BTI January 2018	US\$20M	Agreement to be signed by November 2018	This project has an implementation time-frame of five years (Funds to be received by November, 2018)
	Public Project 2.3 CAF - Tax administration infrastructure reform programme US\$15M to be disbursed over two years 2018 & 2019.	Ministry of Finance and Economic Affairs/ BRA January 2018	US\$15M	Agreement to be signed by January, 2018	This project has an implementation time-frame of two years (funds expected to be received by January, 2018)
	Public Project 2.4 CAF - Water Infrastructure Rehabilitation project.	Ministry of Finance and Economic Affairs/ BWA April 2018	US\$10M	Agreement to be signed by April, 2018	This project has an implementation time-frame of five years (expected date for the receipt of funds to be determined)
	Public Project 2.5 EIB - (European Investment Bank) - Drinking water network Rehabilitation project.	Ministry of Finance and Economic Affairs/ BWA April 2018	€11M	Agreement to be signed by April, 2018	This project has an implementation time-frame of five years (expected date for the receipt of funds to be determined)



APPENDIX V – SOCIAL POLICY INITIATIVES MATRIX

OBJECTIVES	MEASURES/ STRATEGIES/ PROGRAMMES/PROJECTS	RESPONSIBLE AGENCY / IMPLEMENTATION TIMEFRAME	TARGETS /IMPACT <i>(Growth, Employment, Fiscal, Foreign Reserves)</i>	KEY PERFORMANCE INDICATORS	COMMENTS
<p>Objective 1: Utilize the provisions of Planning Obligations under the Town and Country Planning (Amendment) Act 2007-51, Section 32F, Subsection 12.</p>	<p>Strategy 1.1 - Have regulations drafted to give effect to the proposals of the Planning Obligations.</p>	<p>Chief Parliamentary Counsel's Office Ministry of Housing and Lands March 2018</p>	<p>Requirement that developers produce the equivalent of 25 per cent housing units or lots for every development of 40 or more lots or dwelling units. This Obligation would ensure that developers of large-scale housing projects would be required to allocate either 25 per cent of the housing development for low income households or place 25 per cent of the total project cost into a fund to be managed by the Accountant-General for the provision of affordable housing.</p>	<p>Prepare brief in accordance with CPC's guidelines. Drafting of legislation by CPC Cabinet and Parliamentary approval. Consultation with the Ministry of Finance on the creation and management of a fund.</p>	<p>The logistical framework for the implementation of the regulations has to be fully developed before relevant legislation can be drafted. This will require the input of several agencies, namely: MHLR, TCDPO, CPC and the MFE. Discussion with the Accountant General to create a fund for the receipt and disbursement of the monetary payment in lieu of the provision of houses by a developer. Length of time to have proposed regulations legislated, this would need to be treated as a priority.</p>

APPENDIX V – SOCIAL POLICY INITIATIVES MATRIX

OBJECTIVES	MEASURES/ STRATEGIES/ PROGRAMMES/PROJECTS	RESPONSIBLE AGENCY / IMPLEMENTATION TIMEFRAME	TARGETS /IMPACT <i>(Growth, Employment, Fiscal, Foreign Reserves)</i>	KEY PERFORMANCE INDICATORS	COMMENTS
Objective 2: Complete sales at Parish Land, St. Philip and Applewalthes, St. George.	Strategy 2.1 - Obtain Board approval for charging legal fees; Complete outstanding sales of properties and lots at Parish Land, St. Philip and Applewalthes, St. George	National Housing Corporation April 2018		Sales completed	Remedial work (painting) to be completed at Parish Land, St. Philip;
Objective 3: Reduce the food bill of persons living in rural areas.	Strategy 3.1 Facilitate agricultural loans to those who qualify.	Rural Development Commission April 2018		Provide technical assistance through seminars and workshops. Establish “Grow-What-You-Eat” pilot project in partnership with FAO, IICA and BADMC.	
Objective 4: Improve the efficient delivery of social services through increased monitoring and evaluation thereby reducing cost over-runs.	Strategy 4.1 - Develop evidenced based policy to tackle inconsistencies in service delivery	Ministry of Social Care April 2018	Improved capacity of Workforce;	Monitor and Evaluation programs	Unwillingness to share information by relevant agencies.
	Strategy 4.2 - Increase the conduct of Monitoring and Evaluation of Programmes through the Design and Implementation of M&E framework.	April 2018		Utilization of Monitoring and Evaluation reports to implement policy. Submission of departmental	

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				Monitoring and Evaluation Reports	
	Strategy 4.3 - Implement an electronic system/database for communication and filing. This will increase the speed of communication and information sharing; increasing public sector performance. Also reducing expenditure on stationery.	April 2018	Improve information sharing capacity; improved public sector performance	Examine the existing human and technological infrastructure of the database. Design, implement, and electronic system. Investigate and monitor utilization of the electronic database.	Failure to complete training Resistance of workers to change.
	Strategy 4.4 Attach minimal user fees where possible to social services.	April 2018	Increased socio-economic capacity amongst vulnerable persons reducing reliance on social services; reducing social expenditure.	To identify programs where user fees are utilized; Conduct investigations to determine the feasibility of the user fee.	The listed target does not fully align with the Strategy. The implementation of a user fee will not result in increased socio-economic capacity of vulnerable persons. However, it can result in increased government revenue and reduced expenditure. These cost savings can then be allocated towards the vulnerable; therefore increasing their socio-economic capacity in a cyclical manner.

APPENDIX V – SOCIAL POLICY INITIATIVES MATRIX

OBJECTIVES	MEASURES/ STRATEGIES/ PROGRAMMES/PROJECTS	RESPONSIBLE AGENCY / IMPLEMENTATION TIMEFRAME	TARGETS /IMPACT <i>(Growth, Employment, Fiscal, Foreign Reserves)</i>	KEY PERFORMANCE INDICATORS	COMMENTS
Objective 5: Ensure that social safety net benefits are distributed to the most vulnerable households	Strategy 5.1 Develop a Proxy Means testing (PMT) framework for the Ministry of Social Care, Constituency Empowerment and Community Development under the Strengthening human and social development programme.	Ministry of Social Care, Constituency Empowerment and Community Development July 2018	Improved effectiveness of Social provisioning	Proxy Means testing framework completed under the Strengthening human and social development programme of the Ministry of Social Care	This initiative will require broad stakeholder consultation by the various social entities involved. This particular strategy has already been completed and will be presented to the public.
	Strategy 5.2 Adjust and Implement the PMT framework throughout the following departments under the Ministry of Social Care which offer direct social services: Welfare Department, National Assistance Board, Child Care Board, National Disabilities Unit, Poverty Alleviation and Reduction Programme, and the Community Development Department.	Ministry of Social Care, Constituency Empowerment and Community Development July 2018	Improved effectiveness of Social provisioning	PMT Framework adjusted and the selection mechanism adjusted and tailored to the demands of each department. PMT framework utilized throughout the various departments under the Ministry of Social Care	

APPENDIX V – SOCIAL POLICY INITIATIVES MATRIX

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Objective 6: Increase in the level of service in the provision of public transport	Strategy 6.1 Formulate a transportation policy between the public and private sector to deliver an adequate transportation service	MTW /Barbados Transport Board July 2018		A shared and an agreed functioning policy on private and public transportation service delivery	There needs to be a clear decision on which entity, whether it is the Transport Board or the Transport Authority, is responsible for transport policy. The current bus maintenance programme needs to be relooked. A central mechanic shop could be established to maintain all buses and government owned heavy equipment. This could lead to significant savings.
Objective 7: Develop a plan for improving the frequency of garbage collection	Strategy 7.1 Purchase new trucks and other equipment every five years	SSA July 2018	Reduction in the rodent and mosquito and fly populations. Increase in health	Purchase new trucks and equipment	
Objective 8: Align the supply of training with market demand	Strategy 8.1 Develop a retraining and retooling programme	Training Administration Division , Ministry of the Civil Service (Office of Public Sector Reform), Personnel Administration Division August 2018	Enrol 250 persons into the retraining and retooling programme	Number of persons graduating from the programme	

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Objective 9: Assist displaced workers in attaining new job opportunities (including overseas employment)	Strategy 9.1 Develop an aggressive public awareness campaign highlighting the various job opportunities (including overseas employment) coordinated through NEB	NEB, Invest Barbados March 2018	Reduction in unemployment levels	number of persons who successfully gained employment in any vacancy coordinated through NEB	
Objective 10: Continue the housing divestment programme of RDC units	Strategy 10.1 Complete outstanding transfer of properties to homeowners	RDC August 2018	Reduction in government expenditure	Number of houses transferred to homeowners and reduction in expenditure levels at RDC	
Objective 11: Strategically develop the skills required to strengthen the productive sectors in Barbados as a means to enhance competitiveness	Strategy 11.1 - Enhance the Labour Market Information System to support the provision of data which provides skills needs information in relation to emerging sectors such as oil and gas, and the green economy, growing sectors such as maritime, culture and the arts, and in the traditional areas like medicine specifically in relation to maintenance and repairs of equipment	Ministry of Labour, Social Security and Human Resource Development June 2018	A comprehensive web-based labour market database BDS\$100,000	A Job Market Trends Database A National Skills Registry Monthly reports on skills needs Detailed occupational standards for all relevant sectors Comprehensive curricula New training programmes and well-developed assessment tools	Requires increased human resource capacity



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	<p>Strategy 11.2 - Develop a multi-purpose training facility which allows for diverse and modern training modalities including simulators, laboratories, computer-aided equipment and diagnostic tools</p>	<p>Barbados Vocational Training Board December 2018</p>	<p>Improved skills competencies Improved innovation Increased opportunities for employment and entrepreneurship BDS\$15m. Completed in three years.</p>	<p>Acquired land space Completed buildings Fully equipped and mechanised workshops and laboratories Proficient technical staff Number of certified graduates Number of job placements Number of new businesses and entrepreneurships</p>	<p>30 acres of land acquired by 2018</p>

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