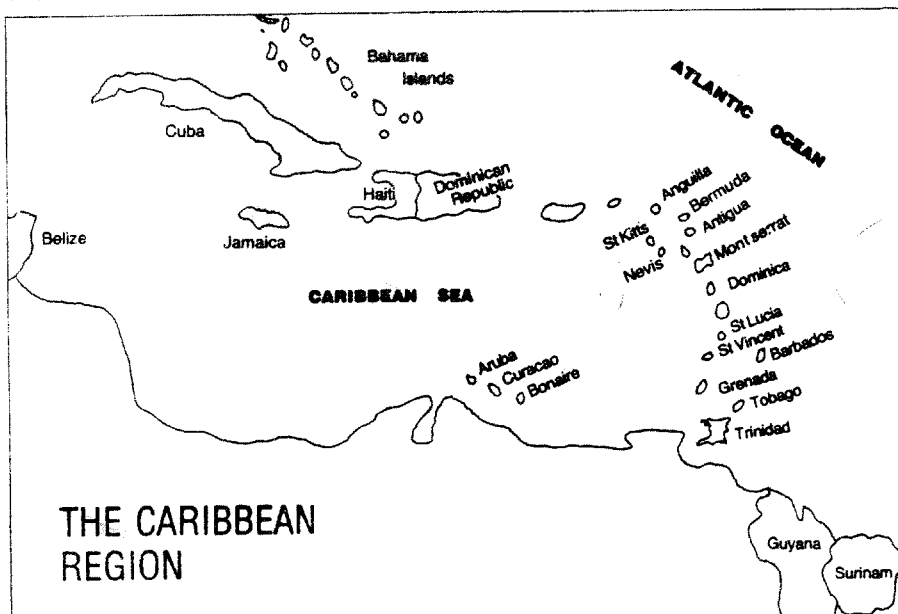


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DEVELOPMENT PLANNING IN BARBADOS

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Development Planning in Barbados

An Overview

Development planning has a fairly long history in Barbados. On the surface, planning experience would seem to extend over a period of almost 35 years with the first experiments in planning dating back to a ten-year plan, published in 1945. This was followed by a series of three-year and five-year plans from 1952 onwards.

The first "Sketch Plan" of development for the period 1946-56 was published in 1945. This was followed by a five-year Plan of Development and Taxation for the period 1952/53 - 1956/57 and by subsequent development plans covering the periods 1955-60; 1962-65; 1965-68; 1969-72 and 1973-77. These plans were all confined to public sector activities. They have however contained policy measures designed to influence the private sector.

The budgetary aspect of development planning predominated in these early development plans. In the absence of a clearly articulated planning framework it was difficult to anticipate various bottlenecks in the implementation process. Indeed, because the budgetary aspect of planning was emphasized, the existence of a development policy or of any precisely defined objectives could hardly be discerned.

The Sketch Plan of Development, 1945-56 did not define its development policy or even state its objectives. If the Plan could have said to have had one objective it seemed to be that of expanding the sugar industry since in the words of its writers "any substantial increase in the national economy is dependent on the expansion of the sugar industry."

The Development Plan for the period 1955-60 was more specific in terms of a development policy. However, while it indicated that it was Government's policy to "press on with measures which lead to the further economic development of the Island" those measures were not fully stated. It was also recognised that "all other development must, indeed, be based on economic development, and proposals to facilitate trade and industry and to encourage agriculture and fisheries therefore given high priority. Conscious that development objectives need not only be economic in nature, Government also aimed at achieving balanced progress in the creation of a healthy well-housed, educated, skilled and fully employed community."

Subsequent Development Plans were more ambitious in scope and attempted to establish a framework for the establishment of priorities among development objectives than those of the 1950's. The objectives of the Development Plans of the 1960's can be summarised as follows:

- (a) To provide productive employment for new entrants to the labour force and for those already in the labour force both unemployed or under employed.
- (b) To reduce the unhealthy dependence of the economy upon a single agricultural crop by means of agricultural diversification, the development of an industrial sector and the expansion of the tourist industry.
- (c) To improve the country's balance of trade position through the promotion of exports.
- (d) To control the growth rate of the population in line with the economy's capacity to absorb increasing numbers.
- (e) To improve and expand the health, housing and educational facilities of the nation.

Sectoral programmes which include measures for achieving the various objectives and which indicate the specific projects to be carried out have been included as essential components of these development plans. The plans have been formulated within a medium-term time frame which has usually been a period of three to five years.

The 1973-77 Development Plan introduced a number of new departures from past plans. It realistically recognized that such objectives as eliminating or even reducing appreciably unemployment, structural diversification, improving an adverse trade balance and obtaining substantial improvement and expansion of the health, housing and educational facilities of the nation were indeed long-term objectives that could only be fully realised over the course of many development plans. This plan also took special note of the effect of such constraints upon the economy as small economic size; extreme dependence upon foreign trade and relative lack of natural, financial and technical resources. Further, the plan aimed at the development of specific projects which would contribute to the realisation of the major objectives and emphasized the importance of post-planning activities such as implementation and evaluation of those projects. The objectives were quantified wherever possible and transformed into what was considered realistic targets. With these targets at which to aim there was reason to believe that implementation of the Plan would reach a high degree of efficiency. However, many of the targets were not realized by the end of the period partly due to the unforeseen adverse developments which have been experienced in recent years. These include stagflation abroad and drought conditions at home, together with their effect on import prices, export demand, domestic production, employment and income.

Current Relevance of the Above Objectives

During the 1960 decade the nation experienced substantial social and economic progress. The social and economic development realised could not however be expected to satisfy the legitimate aspirations of either Government or people. Starting from a position where the economic and social system yielded only the barest necessities to the masses it was possible, by means of a systematic development programme to satisfy to a great extent most of the basic needs of the population. But by almost any criteria of development Barbados is still a developing country and as such the struggle to achieve an acceptable standard of living for all its people is still to be won. Hence the objectives set in past plans can only be said to have been partially accomplished. Moreover, growth and development in a nation is a continuing process and there can be no complacency over past achievements.

At any given moment the order of the objectives that are sought to be achieved may be changed or some objectives may have to be put in abeyance in the face of conflict with other more desirable objectives. But the essential purpose of all the chosen objectives will always be that of raising the living standards of the nation.

The objectives stated in other plans, except where they are mutually incompatible are still relevant. It is still Government's policy to raise the standard of living by means of expanded productive employment opportunities which can only be realised through the diversification and expansion of the economic structure. The current plan (1979-83) which is still in the process of preparation therefore highlights these as two of its major objectives.

The other major objective is achieving greater economic self sufficiency through export growth and import substitution. The emphasis of the 1979-83 Development Plan therefore will be on export promotion with export manufacturing as the strategic sector to provide sources of employment and increased foreign exchange earnings, further development in tourism and agricultural diversification of crops to meet local consumption needs to reduce import demand. The Government's aim will be to implement policies and projects oriented to the promotion of long term economic growth involving the private and public sectors.

The Planning Process

In 1962, the Government of Barbados set up a Central Planning Committee, consisting mainly of Government Ministers, to assess the development needs of Barbados. In 1965 the Economic Planning Unit was established to serve the Committee by developing forecasts, publishing the annual economic survey and drawing up economic plans. The Unit now forms part of the Ministry of Finance and Planning which is headed by the

Prime Minister.

Within the general framework of the strategies and objectives set in the Government's development plans; detailed planning occurs via the budgetary process. Estimates of expenditure are initially developed by each Ministry and then submitted to the Estimates Committee which is chaired by the Minister of Finance and Planning, and includes the Director of Finance and Planning and senior officials of each Ministry involved. The Estimates Committee usually bases its decisions on previous expenditure levels and revenue forecasts and it is within this Committee that revenue estimates and recurrent expenditures are determined. The capital budget is then formulated by the Committee based on anticipated operating surpluses and the present debt situation. The Minister of Finance and Planning together with the Director, Finance and Planning and the Permanent Secretaries of the Planning and Finance Divisions are responsible for setting short-term objectives to guide the Planning Division and the Budget Section of the Ministry of Finance and Planning.

The medium and long-term overall objectives are set at the national level by a Standing Committee of the Cabinet - the Planning and Priorities Committee (the Central Planning Committee until 1976). This Committee clears the plans for all development projects. Sectoral plans are prepared by Ministries in accordance with these national objectives which are submitted to the Ministry of Finance and Planning for assessment and evaluation and coordination at the national level. Planning is essentially from the top down and after approval at the executive level, the plan document is submitted to the legislature for final approval by Parliament.

Limitations to Planning in Barbados

Development planning in Barbados is limited by a number of factors.

In the first place the public sector is relatively small. In 1977 it accounted for some 30% of gross domestic capital formation and for some 15.9% of gross domestic product, while Government consumption accounted for only 20% of the GDP at market prices. This indicates that in a national plan, the decisions made by the private sector assume significant importance. Secondly, the economy depends to a large extent on inflows of foreign private capital, and such inflows are surrounded by uncertainty. Thirdly, the economy is highly open and dependent on exports and imports. The degree of openness may be indicated by the fact that the ratio of imports of goods and non factor services to GDP at market prices was 0.74 in 1977 while the corresponding export ratio in that year was 0.60.

These three fundamental factors make planning and forecasting in Barbados very different from planning and forecasting in a country with a low ratio of foreign trade, a large public sector and relatively little dependence on foreign investment.

To recognize these limitations, however, is not to imply that programming is impossible in an economy like that of Barbados. In the first place there are a variety of measures such as tax incentives, fiscal, monetary and commercial policy measures which the Government can and has used to influence the private sector. In addition, the Government in its public sector programme has undertaken a series of overhead investments such as airport and port expansion project designed to facilitate productive private investment. Government action has therefore primarily been designed to provide a well developed social and economic framework within which the private sector could operate to the benefit of the whole economy.

Improvement of Planning Machinery

Considerable scope exists for the improvement of development planning efforts and within recent years steps have been taken to improve the machinery for planning and implementation in Barbados. The principal measures have been:

- (1) The establishment of a Standing Committee of the Cabinet - Planning and Priorities Committee - possessing executive authority as the central co-ordinating body for the development of long and medium range plans by the various Ministries and Agencies. This is not a centralized mechanism but on behalf of Cabinet, acts as the authority for selecting, assigning priorities to and monitoring the progress of the projects through which the plans will be realised.
- (2) Increasing the efficiency and effectiveness of decision making on public sector capital resource allocation through the establishment of a Public Investment Unit within the Ministry of Finance and Planning. This Unit also acts as a secretariat to the Planning and Priorities Committee and has been established with a view to effecting sound project planning with a view to better control of expenditure.

- (3) The designation within most ministries and agencies of planning units and/or project executing units. One of the key weaknesses in development planning has been the inability of executive agencies to formulate and prepare projects which in turn has imposed severe burdens on the central planning agency. The establishment of such bodies means that ministries are now in a better position than formerly to prepare their own sectoral plans and projects and therefore eliminate some of the concomitant difficulties in implementation.
- (4) The institution of sound project planning procedures in ministries and agencies through the preparation of project reports on all major projects for submission to the Planning and Priorities Committee and through better field supervision through the use of project managers in particular for the large projects.
- (5) In-service training programmes for both administrative and technical officers, particularly with respect to project preparation and evaluation.
- (6) Attempts to make up for shortages of technical staff through use of technical assistance personnel.

In addition to the measures outlined above, with the attainment of independence in 1966 and a greatly expanded ~~for the~~ public sector, the Government recognized that certain administrative changes and reforms were required if its development objectives were to be achieved. A number of administrative measures and reforms have therefore been introduced to improve the efficiency of the general administrative apparatus of Government. These measures have been effective and have also greatly facilitated the specific task of formulating and executing Government's development plans.

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BARBADOS