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**Instituto Latinoamericano y del Caribe de Planificación Económica y Social  
Naciones Unidas/CEPAL-Consejo Regional de Planificación**

**Latin American and Caribbean Institute for Economic and Social Planning  
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**STATEMENT OF THE REPRESENTATIVE OF THE BRITISH VIRGIN ISLANDS**

Otto O'Neal

## **REFORM AND MODERNIZATION OF THE STATE**

### **The Case of the British Virgin Islands (BVI)**

Thank you very much Mr. Chairman. Please let me congratulate you for the most efficient way you had managed the floor this far. While on the floor I must avail myself of this opportunity to thank the Government of the United States of Mexico for its generous support in connection with my delegation and the hosting of this extremely important Meeting of Ministers and Heads of Planning of the Latin American and Caribbean region. Mr. Director of ILPES please accept my delegation congratulations for your response to the need of the countries and the extensive effort employed to produce this background information and papers on a subject which is so relevant and timely - the Modernization of the State.

First of all my delegation believes that Reform or Modernization of the State must be accommodated or facilitated through processes involving all elements, components and entities of the entire community. Further the need for state modernization is as present in all states of the region irrespective of size, political status, socio-economic developmental achievement levels or complexities involved in operating those states. In the British Virgin Islands, a country with an extremely open economy, trade liberalization, privatization, removal of restrictions on the cross border movement of financial resources and major restructuring of the State are really not development issues. Private sector generated income accounts for 85% of all incomes and the State owns enterprises only in strategic areas such as energy, port services, fisheries development and small business enterprise financing. In effect, the State is a facilitator for private initiative.

Mr. Chairman, my little Caribbean country is one of the few remaining with the United Kingdom as the Administering Power.

My country is made up of 50% immigrants from mostly Latin America and the Caribbean region with one of highest population growth rates in the region. Our main sources of national income are tourism and international financial services - two of the most competitive industries both regionally and globally.

Mr. Chairman I would like to draw attention to the fact that our small size does not exempt us from the complexities and problems associated with reform and modernization of the state which my larger neighbours might be experiencing.

Mr. Chairman the reforms and changes underway in my country are much deeper than those associated with Reform and Modernization. My country is fundamentally changing from a representative to a participative democracy highlighted by engagement of the masses, Special Interest Groups, Non -Governmental Organizations, Grass Root Organizations and Marginalized Groups in dialogue and consensus building concerning the direction of the long-term vision of the country. It is within the context of this political change that the Reform and Modernization of the State is taking place. This political transformation is in response to the impatient urge of citizens to participate meaningfully in all decisions and decision-making processes affecting their lives.

The reforms underway focus on providing institutional, community and individual facilities to enable the enhancement of the relationship between the state and the people. The essence of reforms underway is a further institutionalization of the concepts of good government and good governance. In this way reform and modernization of the state center around the strengthening of the role of the state as a regulator and facilitator of private initiative in the interest of all the people in the long run.

The transformation of a participative democracy in our context means strengthening of the functions of the State in several key areas and institutions to ensure that citizens are informed, educated and presented with every opportunity to be involved meaningfully in the decision-making processes. The role of the state in the decision-making process is being radically changed as citizens are demanding that the formulation of policies must be consensus process to ensure continuity from Government to Government.

The role of the State remains unchanged in respect to functions which it cannot delegate; however, more meaningful participation of the community in these decisions is what has been taking place. Participation is the process that is ensuring that the principles of good government-i.e., transparency, accountability and responsibility are being realized. In addition, good governance is being highlighted by the state using the resources of the people in an efficient and effective manner to provide for their needs and desires. The point here is that good government and good governance should be a package.

The whole concept of widened and deepened participation in the decision-making process is being facilitated by the adoption of several critical concepts to the development process of our country. These concepts adopted are those of integrated development, strategic visioning and strategic management. These three concepts require wide participation in decisions about development and are our most critical operative steps in the national planning process.

In the process of enhancing participation at all levels of the community extensive consultations on policies, strategies and programs have taken place through the work of Select Committees all with at least one third membership outside of State and Public Enterprise employees. In the exercise of formulating consensual policies work has been completed on Finance, Taxation, Population, Environment, Women, The Investment Climate and Public Sector Investment.

In our national planning process, which is now highlighted by the formulation of a National Integrated Development Plan with assistance of a number of United Nations specialized agencies, we are finding that participation is contributing to the success of our policies because the community is demonstrating commitment to the undertaking.

In practical terms, modernization and reform of the state are focusing on modernizing and updating structures and operating methods. This exercise is focusing on upgrading the skills of the public service workers, improving the physical accommodation, providing more modern technological tools to work with, simplifying administrative procedures, decentralization of institutions to out-islands and the application of more effective accountability measures.

The measures which contribute substantially to the expansion of participative democracy are in fulfillment of the expressed wishes of the people to the recently concluded Constitutional Commission. These reforms are legitimate are essentially embedded, legally, in our new constitution with a modern Bill of Rights. This new Constitution came into effect on July 15th, this year.

Legalization of the participative process as far as planning is concerned, has not guaranteed implementation of the wishes of the people. It is the employment of practical measures that ensured that the marginalized and excluded were included in the decision-making process. These practical measures have brought SIO's, GRO's and NGO's into the planning process at the highest technical levels on the Technical Planning Committee which is made up of High Level Core Planning Experts, key implementation government agencies personnel and private sector organizations in equal proportions. These measures have permitted major investment and long-term community

impacting decisions to benefit from nation-wide public engagement and dialogue. These activities are irreversible and very legitimate.

The sequence of the reforms are:

- 1) Engagement, participation and consensus building;
- 2) Good government and governance principles;
- 3) Constitutional provisions;
- 4) Strengthening the role of the state in strategic management areas; and
- 5) Enhancement of the relationship between the state and the people.

The reforms pertaining to the modernization of the State are not taking place in vacuum but within the context of the process of further democratization of the country. This guarantees that modernization of the state is comprehensive, fundamental and irreversible because it is participation resulting from the unconditional demands of the people.

Mr. Chairman, I indicated earlier that key reform and modernization of State were oriented around the expansion of participation, dialogue, good government and good governance focused primarily on the enrichment of the national planning process in this instance. It is clear that these reforms are far-reaching and as a consequence many difficulties are likely to have occurred. Admittedly, the major difficulties have been encountered in the areas where NGO's, SIO's, GRO's and the private sector input and consultations have been expanded. And these difficulties, to a large extent, are manifested in a lack of re-oriented and re-education of the Core Planning High Level Government experts. We have experienced difficulties coordinating the efforts of the private sector groups while adhering to the mechanics of Strategic Visioning, Strategic Management and the formulation of Integrated Development Policies. At another level, difficulties have centered around Planning Agencies being the point institutions in the implementation of the fundamental changes. Other government agencies which are not intimately involved in the planning process are experiencing difficulties in coping with the administrative reforms and the continuous adjustments.

Another major area of difficulties are the problems normally associated with the choice of integrated development. In our efforts to integrate the formulation of environmental, spatial, economic, social and population policies and strategies, we have discovered that the complexity involved in such a comprehensive approach presents a number of problems related to coordinating the various components not to mention the problems of governmental agencies and the idea of protecting turf or ministerial portfolio. We, as the Central or co-ordinating planning institution

have experienced difficulties in reconciliation of the responsibilities of certain organizations/agencies of the State for particular functions with the urgent need to maintain integrity and efficiency as a total operation.

The integrated approach which in fact attempts, in our context, to accomplish objectives in a simultaneous fashion is of course linking the issues of the security of the citizenry, respect for individual and collective rights, political and civil rights, and socio-economic and cultural rights. These, we have found, put Reform and Modernization of the State into a much wider context with requisite attention having to be paid simultaneously to the entire spectrum of our existence as a country. Having to account for a much broader range of issues and affairs has necessitated opening up of the planning process to the full spectrum of ideas. This opening up in theory seemed very practical, simple and desirable. However, our findings in the opening up of the process is much different than expected. Firstly, the process turned out to be slower and much more comprehensive than expected. Problems associated with wider inclusion of the private sector and NGO's coupled with the bureaucracy having to rationalize their highly technical plans to ordinary people and special interest groups retarded the planning or at least slowed it down relative to what was observed before.

Mr. Chairman, the concept of strategic visioning is what we have chosen to take the information obtained in wider participation to the planning process. To us, strategic visioning represents the ability to integrate goals, strategies and plans of action into a complete and comprehensive picture of the future of our country as global market entity. Visioning has generated commitment and motivated the performance of the cast of actors, players and beneficiaries. The Reform and Modernization of the State must pass through this process of strategic visioning. In this exercise which involved:

- (i) Analyzing our future environment
- (ii) Analyzing our resources and capabilities
- (iii) Clarifying our social, economic and other values
- (iv) Developing parameters for our national mission
- (v) Identifying strategic objectives and goals
- (vi) Generating and selecting strategic options
- (vii) Developing statement of our vision; and
- (viii) Conducting reality and sanity checks,

Mr. Chairman we have found that the difficulties encountered were more manifest in the process itself rather than in the content or the ideas provided. The problems seemed to be magnified because the bureaucracy at all levels had not resolved itself to the permanency of this process of wider participation. On the other hand, it is apparent that there must be an extensive exercise and the re-orientation and re-training of the State agencies to facilitate their full and meaningful participation in the Reform and Modernization of the State, consistent with the principles and requirements of good government, good governance consensus building, dialogue and wider participation in the national decision-making process. This process of State modernization and strengthening is a long-term one of continuous adjustments and the employees of the State must play the critical role. In addition, the most serious and complex problems seem to be centered in the capacity of the public service to undertake the fundamental reform activities. Problems, however, must be approached as those of the whole with the idea of jointly arriving at mutually re-enforcing solutions.

Difficulties encountered in coordinating the various components and dimension of our integrated approach to sustainable development included anticipating what will happen on a continuous basis, given our level of resources and the availability of an adequate level of timely and quality information.

These were, in fact, the essence of our problems and today we are focusing our energies on further Reform and Modernization of State within the context of our stated objective of development that is sustainable and integrated.

To achieve integrated development via strategic visioning and strategic management primarily through the concepts of sustainable development applied to the use of very fragile natural assets and imported human resources dictate that the interventions of the states must be politically, socially, and economically sound, efficient, co-ordinated and monitored for appropriate follow-up actions. State actions to strengthen public management capacity for integrated development consistent with the principles of good government and good governance requires consolidation of the decision-making process together with the engagement and participation of those impacted groups and the community in general.

State interventions under strategic visioning and strategic management must be planned, advertised, clearly spelt-out and arrived at through formulation of policies in a consensual process, including dialogue with those elements of the community that seemed to be most excluded. In the case of the BVI, issue has not been taken with the indiscriminate intervention of the state but with

the absence certainty and information on what and when is the state going to do. The issue seems to be more associated with clearly spelled out rules of a game and certainty implementation of those same rules. State interventions, as far as the planning process is concerned, must focus on the co-ordination of the design and execution of public policies and strategies between various agencies of the Central Government.

To reduce indiscriminate interventions by the State in relation to design and execution of public policies, BVI has sought to include at the highest technical level representative of the NGO, GRO, and SIO organizations. On the Integrated Planning Committee (IPC), which is responsible to the Planning Committee of the Cabinet, we have reserved positions for the Association of NGO's the Chamber of Commerce, the Hotel Industry Association and two of the major Grass Root Organizations. Our experience has been that the expanded participation has resulted in consideration of a wider range of issues and a noticeable reduction in the sharp criticism of the actions of the State. These, we believe, are indications confirming that wider participation is resulting in a buying into the processes and a commitment to facilitate the implementation of policies arrival at in a consensual manner.

Wider participation in the decision-making process has included consultations on legislative agendas, policy frameworks and public sector investment proposals. These actions are consistent with the principles of government and good governance and are likely related to consolidation of the public decision-making process in the execution of functions which the State cannot delegate.

The political requirements for Reform and Modernization of the State are simply good government, good governance, participative democracy, guaranteed human rights and a commitment to the full implementation of the ideas.

Mr. Chairman, in the context of the BVI, State Reform and Modernization is being implemented at this time through the national planning. The process is highlighted by the formulation of an Integrated development plan co-ordinated by the UNDP with assistance of UNFPA, UNCHS, UN Social Support Services, UNEP and ILPES. Documentation on this exercise is to be available shortly.

Thank you very much Mr. Chairman for allowing me this much time. Thank you Sir.