**The Development of a Gender-Responsive and Results-Based Services**

**Sector Policy, Strategy and Action Plan For Saint Lucia**

 **Saint Lucia – GRANT NO. GA 29/STL**

**SITUATIONAL ANALYSIS OF THE SERVICES SECTOR**

**IN SAINT LUCIA**

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**List of Abbreviations**

APESL Association of Professional Engineers of St. Lucia Inc.

BOP Balance of payments

CARICOM Caribbean Community

CARCIP Caribbean Regional Communication Infrastructure Program

CARIFORUM Caribbean Forum (CARICOM states and the Dominican Republic)

CACET Caribbean Accreditation Council for Engineering and Technology

CCEO Caribbean Council of Engineering Organizations

CICMC Caribbean Institute of Certified Management Consultants

CMC Certified management consultant

COHSOD Conference on Health and Social Development

CSME CARICOM Single Market and Economy

CSWA Caribbean Spa and Wellness Association

ECCB Eastern Caribbean Central Bank

EGRIP Electronic Government for Regional Integration

BPO Business process outsourcing

EBOPS Extended balance of payments system

GATS General Agreement on Trade in Services

GDP Gross Domestic Product

GOSL Government of Saint Lucia

HIPCAR Harmonisation of ICT Policies, Legislation and Regulatory Procedures

H&WT Health and wellness tourism

ICT Information and communication technology

IT Information technology

ITES Information technology-enabled services

Kb/s Kilobits per second

Mb/s Megabits per second

MCBDICA Ministry of Commerce, Business Development, Investment and Consumer Affairs

MEHRDL Ministry of Education, Human Resource Development and Labour

MEAITCA Ministry of External Affairs, International Trade and Civil Aviation

MFEA Ministry of Finance and Economic Affairs

MHWHSG Ministry of Health, Wellness, Human Services and Gender Relations

MRA Mutual recognition agreement

OECS Organization of Eastern Caribbean States

OPM Office of the Prime Minister

PACE Professionals in Action for Creative Enterprise

PPP Public-private partnership

SLASPA Saint Lucia Air and Sea Ports Authority

SLCSI Saint Lucia Coalition of Services Industries

SLHTA Saint Lucia Hotel and Tourism Association

SLIA Saint Lucia Institute of Architects

TEPA Saint Lucia Trade Export Promotion Agency

UNCTAD United Nations Conference on Trade and Development

WTO World Trade Organization

# PREFACE

This report was prepared as part of a series of outputs under the project on a Gender-Responsive and Results-Based Services Sector Policy, Strategy and Action Plan For Saint Lucia. It was commissioned by the Saint Lucia Coalition of Service Industries (SLCSI) and funded by the Caribbean Development Bank (CDB). The project team consisted of the following consultants:

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The views expressed in this report are those of the consultants and in no way should be considered to represent those of the Saint Lucia Coalition of Service Industries (SLCSI) or of the Caribbean Development Bank (CDB).

**SITUATIONAL ANALYSIS OF THE SERVICES SECTOR IN SAINT LUCIA**

# 1. INTRODUCTION

## 1.1 Project Objective and Purpose

According to the terms of reference, the objective of the project was to develop a Gender-Responsive and Results-Based Services Sector Policy, Strategy and Action Plan for Saint Lucia. The overall purpose of this project is to support the services sector of Saint Lucia to contribute to sustainable growth and development in the country. This work was conducted to help assist with establishing the policy and administrative framework for the transformation of the economy to shift from traditional ways of adding value and creating employment to new, mainly services-based ones.

The main tasks of this particular study were the following:

1. Review the successes of and lessons learned by global market leaders in their efforts to expand and develop their service industries; and analyse the implications for the creation of a better enabling environment for, and improving the competitiveness of, Saint Lucia’s services sector.
2. Identify gaps in the information required to formulate an evidence-based gender responsive services sector policy, strategy and action plan and prepare a detailed data collection plan;
3. Produce a Situational Analysis Report that presents a detailed analysis of Saint Lucia’s services sector as a basis for development planning, including a review of gender issues and robust sex disaggregated data.
4. Prepare a draft Services Sector Policy, Strategy and Action Plan for Saint Lucia. The Action Plan should, among other things, detail SMART results including specific results related to gender equality and implementable/clearly articulated activities.

**Structure of report**

This report is organized as follows. Section 1 contains the rationale and context for the work and the methodology used to conduct this study. Section 2 presents an overview of the role of services in the Saint Lucian economy. Section 3 outlines findings and conclusions of a cross-cutting or horizontal nature. Sections 4-10 present sector-specific findings and recommendations regarding ICT, spa/wellness, health/medical tourism, professional services, creative industries and tertiary education). Finally, the Road Maps for each sector (annexed to this report) provide specific recommendations for the relevant industries.

## 1.2 Methodology for this Project

The methodology for this study included secondary and primary research. First, a review of all recent studies and recommendations for service sector development was conducted and synthesized to highlight the sectors with the greatest potential. An attempt was made to map these findings against official positions and statements of the Government of Saint Lucia regarding services priorities in policy documents such as budget speeches and medium term plans and strategies, and interviews with senior officials responsible for economic planning, investment and export promotion as well as relevant line ministries. It also enabled the consultants to update previous analysis to reflect recent changes in policy direction and economic priorities of the Government. This provided an update to the detailed regulatory analysis that was conducted in 2012 by the same Consultant in the preparation of a report for the SLCSI. [[1]](#footnote-1)

Second, in approaching the various tasks in the terms of reference for this exercise, the consultants first did a “diagnostic” of general issues in the overall environment and then considered policy, regulatory and administrative issues in each sector. This was based on a review of horizontal and specific laws and regulations governing each sector as well as consultations with the targeted sectors in focus group meetings and interviews with several individuals in the private sector. Services stakeholders linked to the SLCSI were also asked to complete an online or hard copy questionnaire that addressed these issues; and replies were received from a total of 82 respondents.

Interviews were also conducted with officials from various ministries and government agencies and regulatory bodies. The objective was to find out the policy, regulatory and market conditions in each sector in terms of what works well and what does not, and to make recommendations for changes. The intent is to improve the conditions in each sector to position Saint Lucia to further develop them and increase the export of services.

Third, we also examined evidence of gender equality/ inequality with particular emphasis on economic opportunities, in line with the interest of policymakers in poverty and economic development. The study focuses on economic opportunities in the services sector and the effective development and utilisation of skills of males and females to achieve economic efficiency and respond to national and global demands relating to this sector. The development and utilisation of skills result from endowments, especially health and educational services. National, regional and global markets condition the possibilities open to both sexes. In focussing on service sectors only, the study provides limited coverage of informal institutions and households and how these interact with formal institutions to produce various gender outcomes.

A Trade Advisory Committee (TAC) was established with representatives of various ministries and agencies to guide the study and to identify the priority service sectors with development and export potential for Saint Lucia. The SLCSI and the Ministry of Commerce identified key persons in government and the private sector for interviews. It was concluded that the following service sectors were either already important or could be developed in Saint Lucia for exports and should be the focus of this study:

 Information and communication technology (ICT); Spas/Wellness; Professional services; and Cultural/Entertainment services.

Some attention was also paid to the Tertiary Education sector (foreign academic institutions) and the potential for Medical or Health tourism or the supply of health services to foreigners in Saint Lucia. It should be pointed out that this study did not examine the tourism sector since significant resources and personnel are already deployed in this area. Also, an assessment of the competitiveness of the tourism industry was done in 2013 and the Ministry of Tourism is currently working on a new tourism policy.

In conducting the research for this report the views of the private sector were solicited through focus group consultations with the various services sectors regarding the strengths and weaknesses and trends in their industry and gender-related issues and indicators. Operators were also asked to identify any policy, regulatory or administrative issues that constrained the development of their business activities, among other issues. Some effort was also made to assess the level of interest in foreign markets and any access barriers faced by service suppliers (See Annex 1).

From this research and analysis a diagnostic of each sector was prepared indicating relevant policy, regulatory, administrative and commercial issues and changes that need to be made. This was done at the horizontal level and in specific service sectors. The report that follows presents these findings and proposes cross-cutting and sector-specific recommendations (in Action Plans) that will help to improve conditions in the local environment in which services businesses operate, and stimulate the development of greater services exports from Saint Lucia.

In arriving at recommendations for Saint Lucia, the Consultants reviewed the approaches in Singapore and Mauritius to consider best practices. While Singapore is a bit too advanced or sophisticated for Saint Lucia, there are many similarities between the transition needed by Mauritius and Saint Lucia from mono-crop agriculture to a services-centred economy. It was felt that there are some lessons to be learnt from Mauritius in terms of developing service industries and promoting services exports.

# 2. BACKGROUND AND GENERAL OBSERVATIONS

## 2.1 Services Trade and Growth

UNCTAD’s *Handbook of Statistics* released in December 2015 reveals that services trade was the main driver of growth in global trade in 2014. International services exports valued at almost US$5 trillion accounted for 21% of total global exports in 2014, posting a 5% year on year growth compared with a 0.3% growth in merchandise trade. Growth in services exports from both developed and developing economies was strong, reaching 5.3% and 4.8% respectively. In the same year, global foreign direct investment (FDI) inflows declined by 16% to US$ 1.2 trillion in 2014. São Tomé & Principe has achieved the fastest year-on-year growth in services exports in 2014 at 68% followed by Armenia at 49% and Iran at 35%. One should note that Iran is an oil economy.

Changes in the international economy continuously require that Saint Lucians adapt to shifting economic circumstances. The success of a small island economy depends to a large extent on the ability to adjust to external changes. Due to global economic integration, trade liberalization and technological innovations, Saint Lucia is now competing globally with a range of countries. It is therefore critical that service excellence and best practices are imbued in any strategy to develop new service industries and increase exports of services. In order to do this, it is important to develop regulatory and other regimes that are based on international best practices.

Generally speaking, in today’s world all countries are alike in terms of economic activity, you can borrow capital, you can copy technology, you can buy raw materials. There is only one thing left to really make a difference and that is talent. To significantly ramp up services exports in current and new sectors, Saint Lucia needs the best possible skills/education it can produce or import.

Another consideration is the fact that the GOSL is seriously constrained by budget limitations and deficits and a high public debt at 80 percent of GDP; so there may never be resources to support service sector development through subsidies or grants. For instance, in November 2015, the International Monetary Fund (IMF) pointed out that the Saint Lucian economy has returned to growth after a recession in 2012 and close-to-zero growth in 2013, but major structural problems persist. GDP growth reached 0.5 percent in 2014 and is expected to increase to 1.6 per cent in 2015, driven by tourism and transportation services. But the economic recovery has not yet spread to the entire economy and, according to the latest available data, the unemployment rate remains high at about 25 percent, with youth unemployment above 40 percent. Although unemployment increased after the global financial crisis, most of it is structural in nature and cannot be solely reduced by demand-supporting policies. Supply bottlenecks, low productivity, labour skill mismatches, and high costs limit medium-term growth prospects well below what is necessary to reduce unemployment on a durable basis.[[2]](#footnote-2)

## 2.2 The Rationale for a Services Thrust

Advances in information and communications technology, combined with rapid growth in technology and the global expansion of the Internet are transforming the tradeability of services. Services can be an input for trade in goods (and other services), but also a "final export" for direct consumption. Services are also increasingly subject to the same unbundling as trade in goods (a single service activity in the global supply chain can now be completed across different geographic locations, e.g. animation, software design, engineering design). Increasing specialization and sophistication in the services exports of developing countries are offering new avenues for economic development.

Furthermore, services have a significant impact on growth and efficiency across a wide range of industries, and economic performance overall. Services are essential inputs in the production of virtually all other goods and services, and producers depend on services to deliver their output to end-users. Since the price and quality of the services available in an economy have major impacts on all sectors, service sector policies and efficiency enhancing reforms – including regulatory and institutional changes – can exert major effects on overall economic performance. Sectors such as transport, telecommunications and financial services are key determinants of the conditions in which persons, merchandise, services and capital flow. Services play a key role in infrastructure building, competitiveness and trade facilitation.

It is also important to note that the proportion of traded services generated by developing countries is rising rapidly. Services exports from developing countries more than tripled in the period 1997-2007. In 2010, developing economies accounted for 31 per cent of world exports of commercial services.[[3]](#footnote-3)

Services matter for continued development in Saint Lucia for a variety of reasons. Three key reasons are as follows: first, as an avenue for export diversification; second, as an input into the production of goods and services; and third, as a significant contributor to employment and poverty alleviation. Trade in services, particularly business services, is a dynamic component of trade – and an option for export diversification in developing countries. South Asia's, and in particular India's and Mauritius, recent experience shows that growth has been led by services exports – and that labour productivity levels in services can be higher than those in manufacturing industry. And in Saint Lucia, in spite of the global recession, some service sectors have managed to grow, albeit at lower than historical levels.

The website of Invest Saint Lucia states that “tourism is the leading economic sector in Saint Lucia, contributing an estimated 13.8% of GDP and direct employment for approximately 20,000 employees.”[[4]](#footnote-4) In a population of 172,000 people that is a very significant sector in terms of jobs and hence it commands great attention from policymakers. However, the Achilles heel of tourism is clearly demonstrated by the graph in Figure 1 below which shows the erratic nature of the industry. These swings can be cyclical in nature or the result of totally unexpected, exogenous factors such the fear of a epidemic (such as SARS), and more recently due to the global financial crisis and economic recession that followed. It is evident that Saint Lucia needs to diversify its economy by developing other service sectors as vectors of growth and exports.

Figure I: Tourism (Hotels & Restaurants) Growth Patterns in Saint Lucia



Source: Government of Saint Lucia, *Review of the Economy, 2014.* (Tourism refers to hotels and restaurants).

## 2.3 The Saint Lucian Economic Context

The modern economic history of small states such as Saint Lucia, Barbados, Mauritius and others reveals that small states reach turning points very quickly as international conditions change. Economic success normally translates into higher standards of living but with simultaneous increases in production costs. The response of the Mauritian government in the 1990s to changes in the international trading environment was to push for a strategy of consolidation, modernization (of textile and agriculture sectors), and diversification (into financial services with the setting up of a free port and offshore business activities and then ICT services). In terms of export earnings, Saint Lucia has managed the transition from mono-crop agriculture (bananas) to tourism fairly well. But it seems to have shifted from mono-crop to mono-service with tourism contributing the vast majority of export earnings. (See Table 3 & 4 below) It now needs to make the transition to a diversified services economy in terms of its future value added and exports.

The increasing role of technological endowment on services development has been accompanied by a high increase in high-value services compared to traditional services such as tourism and transport. There has been rising influence of both major industrialized and emerging economies in services as they have now managed to develop appropriate domestic services regulations and services capacity. To take advantage of these developments Saint Lucia needs to:

1. Diversify its services from traditional services towards higher value services, focus on the green economy, increase its human resource skills to the tertiary level, and take advantage of digital trade;
2. Develop appropriate strategies for repositioning itself in regional and global services supply chains and further diversification of its services trade. Such strategies may include: ensuring better room for manoeuvre in services through securing the right regulatory environment and standards; creating effective institutions; and appropriate national and regional policy frameworks to strengthen and promote the development of key services sectors.

The development of a Services Policy and Strategy can be useful to policymakers and services firms by:

1. Defining a national vision for the long-range development of services sectors and expectations for objectives that can be achieved;
2. Consolidating available economic data on national services sectors to identify trends, opportunities and constraints related to their future development;
3. Highlighting the expected positive and negative economic and social impacts of privatization and trade liberalization of national services sectors;
4. Examining potential synergies, as well as potential threats, that arise inter-alia as services sectors develop;
5. Identifying areas where improved policies are needed to advance sectoral objectives, including in the areas of providing support to SMEs, streamlining national regulatory frameworks, and enhancing trade and investment;
6. Defining policy and administrative reforms to be introduced and a timetable for their introduction;
7. Providing clear and practical steps that various stakeholder groups should take to advance agreed objectives for the future development of key services sectors.[[5]](#footnote-5)

Research by the World Bank in several developing countries regarding successful services exports has revealed the following:

1. Services performance critically depends on human capital, the quality of telecoms networks, and institutions for cross-border services;
2. Success in manufacturing does not seem to be a pre-condition for success in services;
3. The importance of conducive domestic trade and investment policies and labour mobility in services;
4. The need for targeted policies (special economic zones, general incentives and export promotion); and
5. The importance of complementarities among services activities (clusters) and among different ‘modes’ of supply. [[6]](#footnote-6)

## 2.4 The Policy Environment in Saint Lucia

Due to the cross-cutting nature of many services industries and the various regulatory agencies involved, service sector development requires collaboration across a wide range of ministries and agencies. Therefore, the development of an overall strategy (and Action Plans) for the services sector will require the engagement of several ministries and agencies. It will also require close interaction with several private sector entities and companies active in several service sectors. Coordination of the activities of various institutions and entities is key.

In this context, it is not clear why a tiny economy like Saint Lucia has so many different ministries, agencies and statutory bodies. The GOSL website shows 15 ministries, 15 government corporations and 24 statutory bodies. The multiplicity of different jurisdictions makes it almost a Herculean task to coordinate policy and administrative measures across them all. But inter-agency cooperation is a *sine qua non* for service sector development.

It is difficult to ascertain with precision what are formal policies in Saint Lucia and what are not. Furthermore, it is clear that ministries and agencies do things with inadequate or little consultation with other ministries and agencies or regulatory bodies. For instance, there are several versions of documents regarding an Investment Policy. Similarly, there are various versions of an Export Strategy but the status of none is clear. There is a formal Cultural Policy that dates from 2000; and there is a published *Policy, Strategic and Institutional Framework for Saint Lucia’s Creative Sector and for the Production of Events and Festivals* that contains no date but it is published by the Ministry of Tourism, Heritage and Creative Industries. It appears to be from 2014. Also but there is a new draft bill for the Creative Sector that was prepared by the Ministry of Tourism, Heritage and Creative Industries in 2015; and senior officials in the Ministry of Commerce were not consulted about this but that ministry is responsible for all the agencies that deal with investment and export promotion (Invest Saint Lucia, TEPA, etc.)

A related challenge in trying to arrive at a services sector policy for Saint Lucia is the lack of clear information on what is the development vision or thrust of the Government of Saint Lucia (GOSL). There is a Medium Term Development Strategic Plan, 2012-2016 that was prepared by a consulting firm and apparently finalized in September 2012. However, senior officials in the Ministry of Finance indicated that that “it is not an official policy document although unofficially it has been used as a guide.” Detailed Situation Analysis reports were prepared for many sectors by the Planning Department which are supposed to feed into a National Development Plan from which a medium term development strategy is to be created. But no one knows when this will be completed. So, it is difficult to glean what is the policy context for services trade and investment and what are the economic priorities in Saint Lucia. Budget Speeches provide some brief indication of what is planned but only for a particular year. It is therefore a difficult exercise to frame or develop an overall services policy and strategy for Saint Lucia.

From a holistic perspective, for Saint Lucia to develop a competitive and successful services economy it would be very useful to have the following:

1. A clear and consistent policy framework for services or targeted sectors.
2. Access to affordable finance in the local economy
3. Investment in people - skilled workforce & high service standards
4. Strategic partnerships to fit into regional and/or global value chains
5. Efficient telecommunications/ICT infrastructure
6. Performance driven incentives for firms
7. Public-Private sector partnerships especially in areas in which the private sector alone may be hesitant to take risks due to lumpy investments or moral hazard.

We will examine these issues in the discussion below and in the sectoral Action Plans annexed to this report.

# 3. SERVICES IN THE SAINT LUCIAN ECONOMY

## 3.1 Services Contribution to Employment

Table 1 below shows the contribution of service industries to employment in Saint Lucia. It is significant that out of a total employed labour force of 74,324 persons in 2014 less than 12,000 worked in manufacturing, agriculture, forestry and fishing, and mining and quarrying. Saint Lucia is therefore a services-based economy.

**Table 1 - Employment by Economic Sector in Saint Lucia**

|  |  |
| --- | --- |
| **Type of Economic Activity** | **Number of Persons Employed** |
|  | **2010** | **2011** | **2012** | **2013** | **2014** |
| Agriculture, forestry and fishing  | 6,390 | 7,684 | 7,771 | 7,347 | 7,436 |
| Mining and quarrying  | 126 | 267 | 147 | 197 | 236 |
| Manufacturing | 3,701 | 4,490 | 3,722 | 3,571 | 4,110 |
| Electricity, gas, steam and air conditioning supply  | 444 | 333 | 476 | 463 | 523 |
| Water supply; sewerage, waste management  | 401 | 383 | 334 | 554 | 515 |
| Construction  | 7,248 | 5,730 | 6,130 | 5,714 | 4,911 |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 10,571 | 10,428 | 10,859 | 11,675 | 11,944 |
| Transportation and storage  | 3,612 | 3,836 | 4,053 | 4,159 | 4,427 |
| Accommodation and food service activities  | 9,387 | 9,254 | 10,167 | 9,613 | 10,064 |
| Information and communication  | 1,253 | 1,184 | 844 | 1,065 | 1,133 |
| Financial and insurance activities  | 1,877 | 1,597 | 1,609 | 1,629 | 1,437 |
| Real estate activities  | 165 | 193 | 85 | 181 | 85 |
| Professional, scientific and technical activities  | 999 | 859 | 862 | 1,088 | 1,057 |
| Administrative and support service activities  | 2,700 | 2,642 | 3,078 | 3,623 | 3,333 |
| Public administration and defence; compulsory social security  | 6,652 | 7,256 | 6,172 | 7,510 | 7,296 |
| Education | 3,412 | 3,167 | 4,370 | 4,589 | 4,800 |
| Human health and social work activities  | 1,737 | 1,740 | 1,335 | 1,838 | 1,860 |
| Arts, entertainment and recreation  | 789 | 1,017 | 1,092 | 817 | 943 |
| Other service activities  | 1,468 | 1,306 | 1,441 | 1,806 | 1,968 |
| Activities of households as employers | 1,944 | 2,567 | 2,422 | 2,458 | 2,265 |
| Activities of extraterritorial organizations and bodies  | 193 | 471 | 200 | 150 | 274 |
| Not Stated  | 2,634 | 4,609 | 7,169 | 4,796 | 3,707 |
| **TOTAL** | **67,703** | **71,013** | **74,338** | **74,843** | **74,324** |

 Source: Based on data from the Central Statistics Office and Review of the Economy 2014.

***Gender and Division of Labour***

It should be noted that data on the division of labour generally relate to people employed in the formal sector. In Saint Lucia, 76% of males and 65% of females participate in the labour force. More women than men work informally and do domestic work; these activities are mostly not captured in labour force statistics. The services sector accounts for 50.4% and 85.5% of male’s and female’s employment respectively. Therefore the services sector is especially important to the livelihoods of women. Given that 44% of households are headed by women and many other women are also responsible for care of children, conditions in service industries affect household welfare and social development profoundly.

Labour force statistics show gender-related employment patterns. Service categories comprising more than 60% male employees in 2014 included: Electricity, gas, steam and air conditioning supply; Information and communication; Professional, scientific and technical activities; Administrative and support service activities; Arts, entertainment and recreation; Construction and Transportation and storage. Those with more than 60% female employees include: Financial and insurance activities; Education, and Human health and social work activities. The fact that there are fewer female-dominated sectors reflects the smaller number of women in formal employment.

Health and beauty services generally attract women workers. The SLCSI is working with spa and beauty workers on standards and qualifications to ensure the credibility and further advancement of people in the sector. This is likely to be especially beneficial to women.

In 2012, a Labour Market Needs Survey was conducted that showed that job creation was highest in the services sector. Secondly, the survey showed that employers required workers with on average higher levels of qualification than available among the unemployed. For instance, close to half of job openings required tertiary education but less than one in ten job seekers had tertiary education. Thirdly, available job openings were almost entirely in the services sector. The survey did not explore gender issues, nor were data disaggregated by sex. **Nevertheless they suggest that, given the higher levels of education among females and their choice of services-oriented subjects, women should have advantages over men in gaining jobs as the economy evolves.**

Data on the labour market to date tell a somewhat different story. Labour force participation and earnings are lower and unemployment higher among women than men. **Unemployment has been consistently higher among women than men, at least since 2008.** This suggests that factors other than educational participation and qualifications are responsible for the relative positions of men and women in formal employment. The higher involvement of women in reproductive labour and care of the elderly may be a major explanatory factor. It is also possible that there is discrimination in favour of males who apply for jobs. Econometric studies using longitudinal data are recommended to identify the causative factors.

## 3.2 Services Contribution to GDP

Table 2 below shows the contribution of services to GDP in Saint Lucia in 2000, and 2012-2013. It reveals the extent to which the economy has diversified from agriculture and manufacturing and the clear importance of services (public and private) in national production. Services accounted for more than 82 percent of GDP in 2013. Of particular note is the relative size of real estate, hotels & restaurants, finance and insurance, construction and distribution sectors. Given the diversified nature of the economy, it is a bit strange that services exports are so concentrated in tourism. It may reflect the fact that investment has not been made in creating a competitive advantage and Saint Lucia is relying only on its basic comparative advantage which is based on its natural physical assets—beautiful landscape, beaches, Caribbean sea and climate.

**Table 2 - Sectoral Composition of GDP (%)**



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 *Source: Central Statistical Office, Saint Lucia*

## 3.3 Services and International Trade

Tables 3 and 4 below show services exports from Saint Lucia and comparative indicators for services in the economy. Tourism (Travel) accounts for 88 percent of total services exports.[[7]](#footnote-7) In 2014, tourism exports comprised EC$1,054 million out of a total of EC$1,194 million. Similarly, tourism exports amounted to 0.41 percent of GDP in 2014. This high concentration is not an optimal situation since tourism often experiences erratic economic cycles. (See Figure 1 above). Over the past 15 years there has been very little diversification of services exports. Interestingly, there are significant incentives for investment in the tourism sector but almost none for other service industries. In spite of the natural comparative advantage of Saint Lucia in tourism (sand, sea, warm weather, beautiful landscapes, etc.), it is time to re-examine the treatment of other service sectors.

While tourism accounts for a very significant amount of employment, it is evident that it is desirable to promote investment in other service sectors to generate employment and exports. But services jobs in Saint Lucia require greater skills than currently exist in the economy. The skills gap must be addressed in most sectors that are internationally linked such as – education, ICT, entertainment, professional services.

|  |
| --- |
| **Table 3 - SERVICES EXPORTS OF SAINT LUCIA TO THE WORLD (EC$ millions)** |
|  |  |  |  |  |  |  |  |  |  |
| **Description (EBOPS)** | **2000** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** |
|   |  |  |  |  |  |  |  |  |  |
| **Total Commercial Services Exports** |  **871.15**  |  **956.04**  |  **976.17**  |  **945.80**  |  **992.73**  |  **1,021** |  **1,049** |  **1,092** |  **1,194** |
| **1. Transportation** |  **35.87**  |  **48.45**  |  **48.09**  |  **50.48**  |  **55.08**  |  **46.86**  |  **37.83**  |  **34.23**  |  **34.85**  |
| 1.1 Sea transport |  27.19  |  32.79  |  31.80  |  31.47  |  34.00  |  24.89  |  17.15  |  13.07  |  13.31  |
| **2. Travel** | **757** | **815** | **840** | **800** | **834** | **866** | **911** | **956** | **1,054** |
| **3. Communications services** | **23** | **15** | **16** | **16** | **10** | **14** | **13** | **12** | **13** |
| **4. Construction services** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **5. Insurance services** | **11** | **19** | **14** | **19** | **18** | **18** | **18** | **16** | **17** |
| **6. Financial services** | **n.a.** | **n.a.** | **n.a.** | **n.a.** | **n.a.** | **n.a.** | **n.a.** | **n.a.** | **n.a.** |
| **7. Computer and information services** | **14** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **8. Royalties and license fees** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **9. Other business services** | **30** | **59** | **58** | **61** | **75** | **76** | **69** | **74** | **75** |
| **10. Personal, cultural, and recreational services** | **n.a.** | **n.a.** | **n.a.** | **n.a.** | **n.a.** | **n.a.** | **n.a.** | **n.a.** | **n.a.** |
| **11. Government services, n.i.e.** | **4** | **5** | **6** | **6** | **6** | **6** | **8** | **8** | **8** |

 *Source: Based on balance of payments data from the ECCB*

**Table 4 – Comparative Indicators for Services Trade in Saint Lucia**



 *Source: Based on data from ECCB and CSO. Figures are in EC$ millions*

**Figure 2: Trends in Saint Lucia’ Services Trade 2000-2014 (EC$ millions)**

Source: ECCB balance of payments data

Figure 2 above shows the trends in Saint Lucia’s commercial services trade over 2000-2014. It should be noted that in nominal value terms, exports have not increased significantly over fifteen years. Services imports have increased by even a relatively smaller margin. If the numbers are adjusted for inflation, it would show that Saint Lucia’s services export performance is not particularly impressive. This may reflect the low value-added nature of tourism exports from the island.

# 4. HORIZONTAL FINDINGS AND RECOMMENDATIONS

## 4.1 General Strengths of Saint Lucia

Generally speaking, Saint Lucia is recognized as having a relatively good reputation as a country with a stable political system and as a location for investment. However, the vast majority of investment is in the tourism sector. The island has not been able to attract any significant investment in other service activities. It’s ranking in the World Bank’s Doing Business indicators for 2016 is also not bad at 77 out of 189 countries; but this has declined from a ranking of 64 in 2014. Its success from moving from a mono-crop agricultural export economy to tourism is evident. It is now necessary to do what is needed to build new economic sectors and continue the diversification of the economy. In order to achieve this there is need for much greater collaboration between the public and private sector; indeed, many new initiatives in the services sector will require public-private sector partnerships (PPP). The new PPP framework announced by the GOSL is therefore a welcome document. It is now necessary to put this into effect in particular projects.

## 4.2 Profile of Services Firms in Saint Lucia

According to a survey undertaken by the Inter-American Development Bank in 2013, the private sector consists mostly of small and very small enterprises. In fact, 77% of the companies in Saint Lucia have less than 5 employees and only 1% of companies employs more than 50 persons. The vast majority of services firms are SMEs. Companies are also relatively new with the majority being established with less than 10 years of experience.[[8]](#footnote-8)

Research from many developing countries around the world indicates that most jobs in an economy are created by SMEs, not multinational corporations. Nevertheless, most governments focus on attracting foreign direct investment (FDI). This is the case in Saint Lucia as well. In many respects, this approach makes sense for lumpy investments such as hotels in the tourism sector but successive governments in Saint Lucia have largely ignored indigenous businesses and there are very few incentives for them as investors. A services policy for Saint Lucia should address this issue directly.

Since services firms are mainly SMEs it is very difficult to get debt financing from banks or to raise capital because the assets of services firms are often ideas not physical collateral. SMEs cannot raise equity capital and commercial banks in Saint Lucia insist on physical collateral or equivalent amount of savings. The financial institutions seem unwilling to finance services providers based on the value of services contracts; and they seem unable or unwilling to attach value to intellectual assets. Furthermore, finance for working capital and even overdraft facilities are often very expensive or not feasible for SMEs. Nevertheless, banks engage in big investments which still great losses occur from time to time. [[9]](#footnote-9)

Other countries have found mechanisms to address some of these issues. India, Malaysia and Singapore have a special window for services providers in export financing programs. There is an Overseas Guarantee Facility through commercial banks to help services exporters in Malaysia.

## 4.3 Education/Skills and Gender in Saint Lucia

Service industries tend to depend on a wide range of skills and competencies. To develop new service industries Saint Lucia will need to mobilize such skills; and to compete internationally those skills will have to be world class in whichever sectors are targeted.

People are the most critical factor in successful commercial services activities. There is therefore constant need to invest in training and skills upgrading. Various studies in Saint Lucia over the past 10 years indicate that the unavailability of technical staff affects growth and competitiveness so there is need to ensure there are adequate training facilities to international standards. And the education system must be synchronized with the needs of industry and any national export strategy. In almost all sectors examined there were reports of skills shortages in certain types of activities or that it would not be possible to increase exports in any significant way without facing shortages of skilled personnel.

While unemployment was high at 24.4 percent in 2014, (*Review of the Economy)* there are also shortages of labour in particular activities due to a mismatch of skills in the economy. For instance, an ICT company from Barbados that is registered in the offshore sector in Saint Lucia has operations across the Caribbean with a total of about 250 employees but only 2 employees in Saint Lucia. The CEO indicated that the main reason is that it cannot get the technical skills that it needs in Saint Lucia.

The data on occupation by sex reflect findings on choice of subject in education. There are more than twice as many men than women in predominantly manual labour occupations such as construction, transportation and storage, agriculture and electricity supply. There are more than twice as many women as men in service sector occupations such as domestic service, education, health, social work and finance and insurance. Women are also in the majority among wholesale and retail and tourism employees; these subsectors employ the largest numbers of people in the Saint Lucian economy. **Results suggest that choices of educational subjects reflect the gender-segmented nature of the labour market rather than the needs of the Saint Lucian economy.** For their skills to remain relevant in the labour market, boys and men should seek to boost the skills they need to work in service industries.

An exception to the general pattern concerns the creative and cultural industries – a services subsector where most of the workers are men. As noted above, boys also participate to a greater extent than girls in some courses associated with work in this subsector, such as music. However, there is no evidence that managerial or business qualifications useful for a viable career in the creative industries are attracting similar levels of interest among males.

In terms of seniority and control over resources, research shows that in small and medium enterprises in Saint Lucia (those with more than five employees) around a quarter of top managers are women (23.7%) and around a third have female participation in ownership (32.1%). **However, when micro-enterprises are included (those with up to five employees), just over half of owners are women (52%).[[10]](#footnote-10)** This is understandable by considering that over three-quarters of companies in Saint Lucia are micro-enterprises (76.8%). **Therefore achieving greater gender equity would require greater female management and ownership of the small and medium enterprises and slightly greater involvement of males at the micro-enterprise level.**

*Secondary Level Education*

The general pattern of achievement is of higher participation in the education system and greater academic achievement by girls and women than among boys and men. This is a pattern that is consistent across English-Speaking Caribbean countries.[[11]](#footnote-11) There has been little research in Saint Lucia on the possible reasons for this. The 2015 *Education for All* report suggests that patterns of socialisation from an early age may help explain the differentials. These findings seem to suggest slightly more attention is paid to the cognitive development of girls from an early age and that there may be an important role for early childhood care and education in addressing the differences.

##### Table 5: Pass rate in least 5 CSEC subjects by boys and girls in Saint Lucia

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year** | **No. students sitting** | **No. students sitting at least 5 subjects** | **No. students achieving 5 CSEC subject passes** | **No. students achieving 5 CSEC subject passes including English A and Mathematics** |
| **Male** | **Female** | **Total** | **Male** | **Female** | **Total** | **Male** | **Female** | **Total** | **Male** | **Female** | **Total** |
| **2013** | 1132 | 1491 | 2623 | 904 | 1281 | 2185 | 416 | 743 | 1159 | 237 | 428 | 665 |
| **2014** | 1133 | 1270 | 2403 | 894 | 1118 | 2012 | 508 | 726 | 1234 | 414 | 554 | 968 |

*Source: Ministry of Education, Human Resource Development and Labour*

In 2014, more girls than boys took the “core” CSEC subjects of English A (1193 girls and 1052 boys) and Mathematics (1216 girls and 1048 boys). Three quarters (73%) of the girls attained grades 1 to 3 in English A as against 55% of the boys. The gap between girls and boys was smaller for Mathematics; just over half of girls (52%) achieved grades 1 to 3 in Mathematics as against 48% of the boys.

In Saint Lucia, there are clear gender differentials in participation by subject of study in secondary schools. At the level of Caribbean Secondary Education Certificate (CSEC) examinations in 2014, only the core subjects of English and Mathematics plus Physics and Integrated Science had a difference of less than 25% in the numbers of boys and girls sitting examinations. All the subjects in which there were greater than 25% more male than female examination sittings in 2014 were science, education and technology subjects. Exceptions were Visual Arts and Music, which were taken by more boys than girls but had few entrants overall (less than a hundred for either subject). Subjects in which there were at least twice as many exam sittings by girls than boys were secretarial and administrative subjects, foreign languages, literature, Food and Nutrition and Clothing and Textiles. The subject choices by girls are tending to qualify them for the service industries that dominate the Saint Lucian economy.

The subject choices by boys are suited to technical and construction services. They are also suited to manufacturing and agriculture, which play minor roles in the Saint Lucian economy relative to services. Construction is vulnerable to economic cycles and indeed employment in this subsector has declined in Saint Lucia since the 2008 global economic crisis.

There is also a major concern about the quality of the labour force in the country. As Chase et al pointed out recently:

Despite significant public investment in education, the passing rates of the Caribbean Secondary Education Certificate (CSEC) in Mathematics and English are still too low for comfort. In 2014, 50% of the students who wrote Mathematics failed, while 35.5 % of students who wrote English Language also failed. Visual arts also had a low pass rate while Theatre Arts, Electronic Document Preparation and Management, Information Technology, Clothing and Textiles, Principles of Business, Principles of Accounts and Technical Drawing were some of the subjects with the highest pass rates. The poor CSEC results coupled with low enrolment in tertiary education narrows the set of opportunities of youth in the labour market, fuelling a vicious cycle of youth discouragement. (p. 6)

## 4.4 Employment Issues

As Kumar and Siddique (2010) noted, “In Singapore, all measures for economic development are set out with one specific goal – that of creating employment. There may be other objectives as well but the overriding effect has to be one of ensuring growth in employment.” Similarly, a key consideration in the development of a Services Strategy for Saint Lucia should be the impact on employment. This is particularly important in light of the observations by the IMF about high structural unemployment in Saint Lucia.

Given the structure of the Saint Lucian population, employment of young people is a critical policy objective. The 2014 Labour Force Survey revealed that the unemployment rate among youths (15-29 years) was 41.8%. There have been several initiatives to provide training and/or employment for youths and disadvantages persons in Saint Lucia. These include:

* *National Initiative to Create Employment (NICE)*
* *Short Term Employment Programme for Uplifting People (STEP-UP)*
* *Single Mothers In-Life Employment and Skills Programme (SMILES)*
* *Youth Agricultural Entrepreneurship Programme (YAEP)*
* *Youth Empowerment Programme (YEP)*
* *Holistic Opportunities for Personal Empowerment (HOPE)*
* *Adult Learning and Education National Enrichment Learning Programme*
* *Apprenticeship and Skills Training for Employment Initiative (run by SLHTA)*
* *Cruise Ship Employment Programme*
* *Constituency Development Programme*

Furthermore, the National Skills Development Centre (NSDC) focuses on instilling the necessary attitudes, skills and knowledge into individuals for career success. The organisation’s services include a Learning Resource Section, Computer labs for Information Technology training, Career Counselling, Soft Skills and Technical Vocational Skills training, Job training and Placement.

The Centre for Adolescent Renewal and Education (CARE) is a community-based, indigenous, voluntary organisation established to help disadvantaged and marginalized youth take control of their lives and destinies. Also, SEDU (now the small business development centre - SBDC) provides certificate level training programmes to small business owners and workers or persons wishing to open small businesses.

In addition, one of the projects implemented by CARCIP aims at preparing youths for the job market through institutions such as the Sir Arthur Lewis Community College and the National Skills Development Centre and other accredited private institutions. The project will provide resources to train and certify youths in IT-related skills with regionally harmonized curricula (e.g. software/apps development, database management, web development). Since girls/women are less active in the ICT area it is hoped that the *Girls in ICT* campaign will attract more females for training.

The GOSL has tried and continues to fund interventions to improve the skills set in the economy but there seems to be little significant impact. It is not clear what other mechanisms can or should be used to improve the quality of the human resources in the economy. But it is clear that there is need for greater alignment of education/training programs with the skills needs in the marketplace.

## 4.5 Incentives for Investment in Service Industries

It is difficult to catalogue what exactly is the spectrum of investment incentives in Saint Lucia. This is due to the fact that not all incentives are codified in law and the Cabinet can grant specific incentives on an *ad hoc* or project basis. The process of granting tax or duty concessions generally involves considerable discretion. Legislation on fiscal incentives or the income tax law does not provide detailed procedural rules or specific criteria for granting concessions. Rather, the cabinet and/or different ministries (finance, agriculture, commerce, tourism, etc.) are vested with the authority to grant concessions, and in practice they have discretion in all aspects of a decision including, for example, whether the legal requirements are fulfilled in an application and what are the terms of the concessions.

**Box 1 - Legislation regarding tax incentives in Saint Lucia**

|  |
| --- |
| Fiscal Incentives Act |
| Micro and Small Scale Business Act |
| Special Development Areas Act |
| Tourism Incentives Act/ Tourism Stimulus and Investment Act  |
| Income Tax Act |
| Value Added Tax (VAT) Act |
| Free Zone Act |
| Cricket World Cup Incentives Act |

Box 1 shows the laws that deal with tax concessions but this is not a complete list of mechanisms since incentives can be granted through Cabinet Conclusions.

With regard to sectors in which the GOSL is seeking to attract investment, Invest Saint Lucia points to the following categorization:

* Smart manufacturing;
* Tourism;
* Infrastructure – hard and soft.

Hard infrastructure is the traditional areas such as bridges, roads, etc. Soft infrastructure is described as: “investments in the development of the health and education sectors through the establishment of reputable institutions to deliver training in key disciplines that augment the human resource capabilities of the island thus boosting its attractiveness for investments.” Other areas are the information and technology (ICT) sector – According to the investment website, “Saint Lucia's ICT sector offers compelling investment opportunities in Voice and Call Centre Operations, Business Process Outsourcing (BPO), and Knowledge Process Outsourcing (KPO) operations.” There is also an indication that the GOSL is considering initiatives to attract investment in alternative energy generation.

While no specific incentives for “soft infrastructure” are published on the agency’s website, Invest Saint Lucia simply indicates: “Cabinet may by order published in the Gazette grant special incentives in respect of those specially qualified investments within this sector.”

Invest Saint Lucia’s website lists the following incentives for the tourism sector:

* Exemption of income tax for an approved tourism project for a maximum period of 15 years
* LLCs ability to distribute profits to shareholders or debenture holders for a period of 2 years after the end of the income tax holiday
* Waiver of customs duties on imported building materials and equipment

It also indicates the following incentives for the manufacturing sector:

* Tax Holiday up to a maximum of fifteen (15) years.
* Waiver of Import Duty on imported plant, machinery and equipment.
* Waiver of Import Duty on imported raw and packaging materials.
* Carry forward of losses.
* Unrestricted repatriation of Profits and Capital.

Apparently, there are also incentives for the yachting sector but official notice of them is not available in any public place or website.[[12]](#footnote-12) However, yachting magazines have referred to them since 2011. They consist of the following:

* Yachts with owners temporarily on island will be allowed to remain in the state free of duties and taxes for up to 3 years, after which they will become payable on current value;
* 100% waiver of import duty and tax on yachts imported into Saint Lucia;
* 100% waiver on income tax from operations for the first 5 years for local charter companies with a minimum of 1 captain and 3 crew members, and has a fleet of 3 or more power or sailing vessels;
* 100% waiver of import duty and consumption tax on boat safety equipment and watercraft activity equipment, which includes sport fishing, SCUBA diving, kite surfing and other water sports, subject to verification of the Bill of Quantities by the Ministry of Tourism and Civil Aviation for 5 years from date of cabinet conclusion;
* 100% waiver of import duty and consumption tax on all equipment and materials imported or purchased locally for use in the establishment of infrastructure to service yachts over period of 5 years, subject to verification and approval of the Bill of Quantities by the Ministry of Tourism and Civil Aviation.[[13]](#footnote-13)

It was not possible to ascertain whether there are any other ad hoc incentives for services firms or activities but there is a draft Creative Industries Incentives Bill which proposes duty exemptions, among other concessions. However, it is not clear whether this bill will be introduced into the legislative process to become law. There was also a rough, preliminary draft of a bill in 2014 to amend the Fiscal Incentives Act to include service industries but this seems not to have advanced in the preparatory process. Also, the Governor General made reference to it in her Throne speech on May 6, 2014:

*As an interim measure and pending the enactment of a new Fiscal Incentives Act, amendments will be made to the extant Act to allow investment in services to qualify for incentives.*

However, it was not possible to get clarity on the status of this initiative.

Not surprisingly, the IMF reported in 2013 as follows:

Moreover, the process for granting tax benefits generally lacks transparency and is subject to very limited monitoring. There is little public disclosure of information on the decision-making process and on awarded incentives—for example, the matrix setting the criteria for granting incentives such as the length of the tax holiday is not made public, leaving many investors concerned over unequal treatment, market distortion, and favoritism. Also, there is little monitoring of the beneficiaries of the incentives, and the conditions set out in the awarded incentives are often not enforced, potentially leading to abuses of the system. [[14]](#footnote-14)

There is substantial scope for making the incentives regime in Saint Lucia more rules-based, transparent, consistent and predictable. This could be done for example by centralizing legal provisions in one law or in the respective tax laws; by centralizing the authority to process applications for tax incentives in the ministry of finance; by centralizing the powers to monitor and enforce that incentives are used as intended, and by clarifying penalties and powers to revoke incentives when abused; and by publishing internal ministerial guidelines for the granting of incentives, among other measures.

In general, the investment incentives schemes are very weakly linked to the country’s strategic/developmental goals. For example, there is little correlation between incentive regimes (Fiscal Incentives Act, Tourism Incentives Act, Agricultural Incentives Bill) and strategic plans such as the medium term development strategy as well as the National Export Strategy.

In the final analysis, the duty/tariff concessions and tax incentives for investment in the tourism and yachting sectors are extensive and significant but there appears to be little or no clear incentives for other service industries. The political economy of the tourism sector – its contribution to jobs and exports – may explain its privileged status in the incentives regime. However, at the same time, there are punitive duties and other charges on inputs to other service sectors that are a major disincentive to investment in them. These will be explored in the sector-specific discussions later in this report.

## 4.6 Promotion Agencies for Service Industries

There are currently several government agencies that in principle can assist in the development of service industries. The problem is that they all work independently of each other. Interestingly, they are under the jurisdiction of the Ministry of Commerce, Business Development, Investment and Consumer Affairs.

The Small Business Development Centre (SBDC), formerly known as the Small Enterprise Development Unit (SEDU), is a department within the Ministry of Commerce ([www.sbdcsaintlucia.com](http://www.sbdcsaintlucia.com)). Its core mission is to help businesses become globally competitive by providing long term consulting, training, financing and market research solutions that create real economic impact. The SBDC was officially launched in November 2014 and is part of a network of business support organizations/partners which include Belfund, Monroe College, National Research and Development Foundation (NRDF), National Skills Development Centre (NSDC), Saint Lucia Bureau of Standards (SLBS), Saint Lucia Development Bank (SLDB), Sir Arthur Lewis Community College (SALCC), the Trade Export Promotion Agency (TEPA), and University of the West Indies (UWI) Open Campus. Its focus is on micro and small businesses; but it is not clear to what extent it addresses the needs of services firms or professionals. However, if it is to really assist in any services export thrust, its resource base (financial and human) will have to be significantly upgraded and it must have an international orientation. This is not really the case at present.

The Trade Export Promotion Agency (TEPA) is the lead agency mandated to spearhead the island’s National Export Development effort. It is expected to do the following:

* Serve as a focal point for exports through advocacy, information dissemination and public education
* Undertake policy coordination for export development
* Coordinate the trade/ export services network
* Assume overall responsibility for the coordinating, monitoring and evaluation of the national export development strategy
* Undertake future strategic planning for exports
* Carry out the function of export promotion/ marketing at the national level

TEPA’s 2015/2016 Action Plan targets primarily three services sectors: (i) Music (including artists/performers, producers and songwriters); (ii) Visual Arts (including) film and animation; and (iii) Information technology-enabled services.

The TEPA has embarked on a creative industries pilot project targeting the North American market with subsequent spin-off initiatives in the United Kingdom/European markets. The aim is to promote authentic Saint Lucian visual Arts as a “Moving Arts Gallery” that will make scheduled stops at major metropolitan cities throughout North America with the intention of stimulating demand and also to showcase some of what Saint Lucia has to offer. TEPA has also started another project to develop the music industry of Saint Lucia that is focused on the Canadian market but will span multiple countries. It is first expected to develop baseline information on the music sector and then include value chain development, and formulation of an export strategy. However, the TEPA is limited by inadequate financial and human resources and is not really able to aggressively promote services exports. More importantly, there is first need to address service sector development issues.

No formal legislation exists for provision of incentives for the services sector. However, TEPA confirmed that such assistance is provided on a case-by-case basis through the submission of a Memorandum to the Cabinet by the Ministry of Commerce. However, information on any such initiatives was not available.

The SBDC, TEPA and Invest Saint Lucia should all be merged into one organization in order to better promote and develop services (and other industries). The activities of each should reinforce each others’ outputs. Business development, investment and export promotion are all linked and are essential parts of what must be driven in a holistic manner in the local economy, given its small size.

The Coalition of Services Industries is an umbrella body formed in 2009 that receives core funding from the Ministry of Commerce; but its program activities are donor-funded. Its role is to facilitate the growth and development of the services sector in Saint Lucia. The SLCSI has been the most active entity in terms of the organization and promotion of various service sectors and introducing standards and various types of training in collaboration with associations, as well as research on different sectors. It also does significant advocacy work on behalf of its member associations. Given its very limited human and financial resources, the SLCSI has been able exceptionally successful in leveraging donor funds for capacity development activities for various service sectors.

A previous SLCSI project under the CART Fund in 2012/2013 provided training to 20 services SMEs to help them develop export strategies. It focused on business preparation, market research, market development and market entry. It is expected that 20-25 more services firms will be trained in 2015/16. Most services firms in Saint Lucia need this kind of training/orientation in order to help them prepare for exporting, even in the context of the OECS and CARICOM region. It will therefore be important to continue to seek funding for such capacity building whether it is implemented by TEPA or SLCSI.

## 4.7 Best Practices from Other Regions

In their push in the early 2000’s to become Asia’s leading provider of world-class services, Singapore set up eight multi-stakeholder sectoral working groups and comprehensively studied the issues facing services development in their economy. The following is a useful and succinct summary of their cross-cutting recommendations most of which have relevance for Saint Lucia:

1. Local demand is key;
2. Regulations can kill;
3. Intellectual property is often trapped in the public sector;
4. An institutional sponsor is a great help; and
5. Bias against services exists.

Of these five findings, in the case of Saint Lucia 1, 2, 4 and 5 are the most critical. We will explore them in the rest of the report as we review the situation in the different sectors. With regard to implementation of service sector development strategies, the Singaporeans also concluded that:[[15]](#footnote-15)

1. It is necessary to have clear champions that will work closely with the industry to implement development or export strategies and realize the vision for each.
2. Agency mandates must be realigned and the existing services promotion framework must be improved to make it more effective. Clearer responsibilities must be assigned and coordination among government agencies must be tightened; and incentive schemes and assistance programmes must be streamlined.
3. For each service cluster there must be a clear champion identified to push its development.
4. A ministry or agency must also be clearly designated to drive and be singularly responsible for the health of the entire services engine.
5. However, it is clear that the lead ministry or agency and the various service champions can only achieve their mission if they have the whole-hearted support of the regulators. The tension between economic and social objectives will have to be managed. There is an urgent need to set up a high-level Ministerial Committee on Services to provide a platform for such policy debates to be conducted so that rational trade-offs can be made.

With regard to point 4 above, in the case of Saint Lucia, a lead ministry or agency for service sector development needs to be decided or recognized and fully empowered. It is not evident that the Ministry of Commerce has the resources (human or financial) to do so now, although the responsibility for many services is within its mandate.

Invest Saint Lucia does not have the resources or the mandate to do much at the moment except to interface with potential and committed investors. But if properly resourced and given the requisite personnel, Invest Saint Lucia can assume and fulfil a role similar to that of the Economic Development Board (EDB) in Singapore. (See <https://www.edb.gov.sg/>). It is important for the agency that is responsible for services sector development to have an outward-oriented perspective. All the other suggestions/prescriptions above are relevant to Saint Lucia as well.

Mauritius is perhaps a better example for Saint Lucia since it started from a similar agricultural base – over-reliance on sugar exports. However, Mauritius’ great strides in the past twenty years have been tremendous. It services export strategy in recent years might be summarized as follows:

* Relaxing the pressure on endowment – intensive services (tourism) and moving towards knowledge-intensive services.
* Compensating for the insignificant commercial presence of Mauritian firms abroad, by diversifying products of Mode 2 (health-tourism, educational hub), intensifying Mode 1 delivery (call centres, business process outsourcing backward office operations) and upgrading Mode 4 exports (circular migration of professionals and skilled persons).[[16]](#footnote-16)

As mentioned above, Mauritius successfully transitioned from mainly sugar exports to textiles and clothing, then tourism, ICT and financial services; and now it is seeking to become a hub for tertiary education and medical/health tourism. In fact, although it is in a very remote location in the Indian Ocean, Mauritius received more than 10,000 medical tourists in 2013. It is considered one of the few success stories of economic diversification among small island developing states.

## 4.8 Main Conclusions regarding Policy and Regulatory Issues

Based on extensive interviews with a range of government ministries and agencies and private sector stakeholders, and a review of numerous reports and official documents, the following are general findings and observation about (i) the level of coordination in policymaking and implementation of strategies regarding service sectors; (ii) the state of the regulatory and administrative environment; (iii) the level of export readiness of indigenous services firms in Saint Lucia.

***i) Need for an Overall Services Vision***

An overall vision or policy framework for services and targeted sectors is key to setting goals and developing particular services industries and committing relevant human and administrative resources to develop regulatory regimes. There is need to actively promote and develop service sectors that can become export-oriented; this requires that decisions are taken regarding where Saint Lucia wants to fit in the regional and global value chains in any sector and exploit linkages between sectors (clusters). This has been the largely successful approach of Singapore and Hong Kong; and even Malaysia developed professional services with a firm vision and public-private sector partnerships.

***ii) Policy incoherence/lack of coordination***

The Ministry of Commerce, Business Development, Investment and Consumer Affairs is the lead government ministry responsible for the development of the services sector in Saint Lucia. This ministry’s mandate includes the promotion, facilitation and the monitoring of the country’s business activities including the services sector. The service industries span a wide range of economic and social activities as such the divergent services fall under the auspices of different regulatory agencies and ministries. Therefore, the Ministry of Commerce has to play a coordinating role in advancing services as services sector development involves various ministries.

It is important to note that the Budget Statement 2013/2014 proposed that a Services Unit would be created within the Ministry of Commerce, dedicated to the development of the services sector. But to date, this has not happened.

The main constraint or barrier to successful planning for service sector development in Saint Lucia seems to be the organizational culture in which most ministries and agencies operate independently with inadequate collaboration among them. Anecdotal examples abound. Consultation (inter-ministerial and inter-agency) is lacking or inadequate in many areas of policymaking. Co-ordination among the various implementing agencies servicing the SME community has been recognized as being poor. Since services sector development involves many different agencies and regulatory bodies, inadequate consultation will lead to problems. It is necessary to get rid of the “silo mentality” in some key ministries and agencies to ensure successful coordination for effective service sector development.

To address this issue, an inter-agency approach should be established to ensure the existence and operation of a formal co-ordination mechanism at the implementing agency level. In this regard, it is proposed that a **Service Industries Development Board (SIDB)** be established and be managed by the Ministry of Commerce. This does not necessarily need to be done through legislation but can be set up by the Cabinet; but for sustainability reasons, it can be done through legislation.

The SIDB should allow the senior management of other agencies to compare progress, seek synergies and deal with issues on a systematic manner, be informed of the activity plans of other agencies, and discuss collaboration opportunities in furthering a services policy and sector strategies. Following the setting up of the SIDB, a collaborative training programme should be devised to inform all government bodies and agencies of the new thrust for service sector development.

The SIDB and the Economic Development section of the Ministry of Finance and Economic Development should liaise closely.

***iii) Sub-optimal Regulations***

On the regulatory front, there is sometimes lack of clarity in process or procedure which results in delays and increased costs. This problem exists in almost all sectors. To companies or the general public, it is often unclear exactly where the real responsibility lies for decision-making. There are also many regulations that impede rather than facilitate service sector development. These need to be identified and overhauled or eliminated. As the Singaporeans noted, bad regulations can kill initiative!!

The architecture sector is not properly regulated, neither is engineering compared to other countries with which Saint Lucians have to compete. So foreign professionals have easy access into Saint Lucia while Lucians do not have equivalent access overseas. Also, some of the main pieces of the legislative framework required for e-commerce are either absent or insufficient for Saint Lucia’s immediate requirements. The Eastern Caribbean Telecommunications Authority (ECTEL) has deemed the current Telecommunications Act inadequate to meet the island’s current needs and there are no clear provisions for competitive safeguards, authorization and authentication, and electronic signatures. The overarching consumer protection legislation is in draft form and the Data Protection Act of 2011 is not in force.[[17]](#footnote-17)

Regulatory issues will be explored in sector-specific discussions in the sections below.

***iv) Limitations of firm size (SMEs)***

As in all developing countries, firms in service industries are small and most service sectors are not well-organized. Most service firms, except the traditional professions, and firms in the finance and IT sector, do not belong to associations. As a result, they are largely unable to affect the policy-making process. Service associations can help SMEs by dealing with issues affecting them and advocating their interests to government.

Table 6 below shows a list of known associations but they vary very significantly in terms of their level of operation and effectiveness. The SLCSI is therefore forced to carry the burden for many service sectors due to the lack of effective sector associations. The first 12 associations are members of the SLCSI. The most sophisticated and vibrant entity in the list is the Saint Lucia Hotel and Tourism Association (SLHTA) that has a strong advocacy, training and outreach program. In many respects, the SLHTA is impressive in its technical and other support its members and the sector.

**Table 6: Service Industry Associations in Saint Lucia**

| **Sector** | **Associations that are members of SLCSI** |
| --- | --- |
| 1. Architecture | Saint Lucia Institute of Architects |
| 2. Automotive | Garage Proprietors Association |
| 3. Banking  | Bankers Association of Saint Lucia |
| 4. Beauty/Spa | Saint Lucia Hair, Beauty and Spa Professionals Association |
| 5. Car rental  | Association of Independent Automobile Rental |
| 6. Creative industries | - Professionals in Action for Creative Enterprisepaceslu.blogspot.com/- Saint Lucia Audiovisual and Film Association- Association of Music Producers |
| 7. Engineering  | Association of Professional Engineers of Saint Luciawww.stluciaengineers.com/ |
| 8. Management Consulting | Association of Management Consultants *(*St Lucia*)* |
| 9. Horticulture | St. Lucia Floral Co-Operative Society Ltd. |
| 10. ICT services | Saint Lucia ICT Associationwww.ictassociation.lc/ |
| 11. Real estate | Realtors Association (Saint Lucia) Inc.  |
| 12. Travel agency | Association of Travel Consultants |
| 13. Accountancy | Institute of Chartered Accountants of Saint Lucia |
| 14. Air condition | Air Condition and Refrigeration Association of Saint Lucia |
|  | ***Associations that are not members of SLCSI*** |
| 15. Customs brokerage | Saint Lucia Customs Brokers Association |
| 16. Hotels & tourism | Saint Lucia Hotel and Tourism Associationwww.slhta.org/ |
| 17. Insurance | Insurance Institute of Saint Luciawww.facebook.com/InsuranceInstituteOfStLuciaInc |
| 18. Legal services | Saint Lucia Bar Association (SBA) |
| 19. Medical services | Saint Lucia Medical and Dental Association  |
| 20. Nursing | Saint Lucia Nurses Associationwww.stlucianursesassociation.org/ |
| 21. Yachting | Saint Lucia Sailing Associationhttp://stluciayachtclub.com/ |

While the issues that exist on the side of government are constraining the development of services industries in Saint Lucia, there are also shortcomings in the private sector that need to be addressed by firms and professionals themselves. As in all small economies, there appears to be an over-reliance in many sectors on the GOSL to do things that help firms. But SMEs themselves seem unable or unwilling to collaborate to address problems in their sector; even to form strategic partnerships to bid on contracts.

The Saint Lucia Chamber of Commerce and the SLCSI have some input into major policy-making decisions by the GOSL, but service sector associations are generally not strong and provide little technical, marketing or other support to their members and hardly act as effective advocates for their sector. This needs to be remedied for any service sector development push or export thrust to be effective since Saint Lucian services firms are generally small or micro by any standard of measure, except perhaps banks.

Internationalization is shaped by the interplay of different factors. A first set of factors fall within the macro dimension and involve, among others, macroeconomic policies and the business climate. A second set can be generically bundled as trade costs such as different regulatory procedures in foreign markets, transports costs (for travel to and from client markets and cost and reliability of Internet access to supply services electronically), information barriers, and their determinants. Furthermore, beyond a certain productivity level, internationalization imposes on firms a series of internal requirements - the many managerial, strategic and operational assets and capabilities required for successful exporting. Operating internationally requires a certain degree of organizational complexity, significant management commitment and an ongoing investment of cash, focus, knowledge and resources. The SMEs in all service sectors in Saint Lucia face significant barriers in these areas.

***v) Sub-optimal Internet Connectivity and E-Government***

Many services industries today rely on connectivity and networks for their development, or at least can enhance their performance and customer base through digital delivery and/or advertising. Indeed, connectivity is critical to reach and maintain clients in any export strategy or business plan for companies in Saint Lucia. The National Broadband Policy and Plan 2013-2018 recognizes the importance of broadband to improving productivity and the provision of information and services. However, while mobile phone subscriptions are quite high, there are 25,000 households with fixed wired broadband subscriptions, 21,663 with fixed wired internet subscriptions and for every100 persons there are 51 internet users. But average connection speeds of 2.9 Mbps are well below the industry baselines of 4 to 9.9 Mbps.[[18]](#footnote-18)

In spite of all the commendable efforts at rolling out Internet services in Saint Lucia, the economy is still seriously hamstrung by relatively high-priced, slow and unreliable Internet services, from a business perspective. Saint Lucia needs to get serious about broadband and bandwidth.[[19]](#footnote-19) As business models have changed to adapt to multimedia and new technologies, the demands placed on networks have increased significantly. What is currently offered to small and large firms is still sub-optimal and too expensive, (particularly in the ICT sector) to compete with other locations that provide ICT/BPO services.

Today, residential Internet services should be running at least at 10 Mb/s and general business use (not in IT businesses) should run at about at least 20-30 Mb/s to be relevant for Saint Lucia to fit into regional and global value chains and export more services. Note that in 2014, in competitive Asian economies networks were running at 30-100 Mb/s. The fastest Internet service was in Hong Kong with an average peak speed of 54.1 Mb/s per second and that takes about four minutes to download a full movie. Hong Kong provides a fast broadband Internet speed that ranges between 10 to 1,000 Mb/s.[[20]](#footnote-20)

The GOSL’s ICT Strategy 2010-2015 provided a vision primarily: (i) for the development of e-government and related structures; and (ii) generally for the development of the ICT sector as an enabler and progressive infrastructure element for the Saint Lucian society and economy. The new ICT Policy and Strategy 2013-2018 has laudable objectives and ambitions but it still does not focus on developing an ICT export sector. It focuses on “an integrated approach to the development of a knowledge-based society and the application of ICT for socio-economic development.” However, it does flag “Business” as one of its eight sectors of focus but it is not clear what is meant by the very broad statement: “To promote economic development through the use of ICT and ICT professionals.”

In comparison, Mauritius’ first ICT Policy that was released in 2007 had a bold and clear-cut commercial objective:

Confronted with the economic challenges of the 21st Century, the vision of the Government of Mauritius is to make the Information and Communication Technology (ICT) sector the fifth pillar of the economy and to transform Mauritius into a regional ICT hub. Government indeed wishes to position Mauritius as a major destination in the region for investments in the ICT sector, and, in order to achieve the above vision, Mauritius will have to leverage its investments in ICT in order to move towards becoming both an Information–based Economy and an Information Society.[[21]](#footnote-21)

Furthermore, Mauritius’ *e-Government Strategy* *2013-2017* focuses on three key areas: Empowering Citizens; Collaborating with Business; Networked Government. These build on and seek to realize goals set in the second *National ICT Strategic Plan 2011 2014: Towards i-Mauritius*. It is therefore no surprise that the ICT sector in Mauritius accounts for 6 percent of GDP and more than 19,000 jobs.

Cape Verde also provides an interesting model as it is in the top five among African countries in the UN e-Governance index and is in the top three countries in Africa, according to Freedom House. Cape Verde did this by exploring and implementing new and innovative ways to use ICT, including e-Government services through the use of mobile phones, cloud computing, creation of centres of excellence, one-stop centres for Government documents, a top-rated e-Procurement system, establishment of wifi-zones in the main towns, and other e-Government application and services. The work of NOSI, the Cape Verdean ICT Ministry,[[22]](#footnote-22) has been recognized by many countries and institutions and is viewed by many as a best practice in the industry.

In Saint Lucia, most government ministries still have very inadequate connectivity resulting in tedious email servers. Official email boxes are often full or relatively small files of a couple megabits often bounce due to inadequate mailbox capacity; and it is often necessary to resort to personal email accounts to receive electronic documents. Furthermore, there is no institutional culture in ministries which indicates that they have embraced the digital environment. Indeed, many officials seem to have more confidence in their personal email servers such as Google (gmail) in terms of reliability.

Also, the GOSL needs to automate its intra-ministerial and inter-agency communication through the use of digital means. Some years ago, an appraisal found that the main challenge to enhancing government efficiency is the limited extent of government workflow being carried out by electronic means. The causes of this are a lack of standardization and systematization of public document storage systems and exchange mechanisms, which impacts upon the integration of opinions between ministries. In addition, the country did not maintain any standards in terms of public key infrastructure (PKI) authentication mechanisms or electronic signatures, so there is no way of ensuring information security. This hinders the development of digital public services.

There is a technical assistance project from the Government of Taiwan to address these issues and install an e-document system but it is not clear how much progress has been made. The project is being implemented by the National ICT Office in the Ministry of the Public Service, Information and Broadcasting. It is expected to:

1. Develop e-document processing policies, practices and processing standards and establish an e-document production subsystem, an e-document exchange subsystem and an electronic archiving subsystem, promoting such subsystems among at least five government departments.
2. Establish a PKI (public key infrastructure) electronic signature mechanism and the relevant legal norms, and assist agencies in applying for and acquiring top-level security certificates.
3. Train ICT personnel and promote the use of e-documents among relevant government departments.

While there is a government portal and some services can be accessed online, few ministry or agency websites have feedback mechanisms or interactive interfaces with the public. It is safe to conclude that the administrative machinery of government in Saint Lucia does not yet make full use at the institutional level of the digital medium or of ICTs. This needs to be urgently addressed.

***vi) Lack of Detailed Information on Services Trade and Investment***

There is inadequate information on services trade and investment in Saint Lucia. In fact, there is there is inadequate attention paid to data collection. In particular, the lack of bilateral services trade data and disaggregated investment data by sector for Saint Lucia is a constraint to proper analysis of the performance of the various services industries in specific markets. Better data will also be needed to monitor the level of impact of any service sector development strategy. It is important for the relevant agencies to start collecting such information; and services stakeholders will also have to do their part to provide information to the statistical agency.

In particular, the collection of bilateral services trade data requires surveys of firms and will perhaps necessitate changes to the current regulations under which import and export information is currently collected from companies and services professionals. The Eastern Caribbean Central Bank (ECCB) provides data using the Extended Balance of Payments (EBOPS) which provides details for specific services sub-sectors and activities but most of the categories are blank due to lack of data collection instruments. For instance, BOP data from the ECCB for Saint Lucia show exports of computer and information services in 2000 but for no subsequent years. It is necessary to put in place practical measures to get firms to report their trade activities and sign confidentiality agreements with them, develop regular surveys, etc.[[23]](#footnote-23) Technical assistance should be sought by the GOSL from international agencies for this. The OECS Secretariat was attempting to address services statistics in collaboration with the International Trade Centre; Saint Lucia should be engaged in that process.

***vii) The Role of Government Procurement***

In a small economy like Saint Lucia, the Government (GOSL) is a major economic player through its purchases of services (and goods). Data from the World Bank shows that public procurement in Saint Lucia in 2012 was the equivalent of 17 percent of GDP so the state is a very important economic agent. This may have implications for stimulating growth in some of the targeted service sectors.

While government procurement is a major economic element in the local economy, from anecdotal reports it appears that the GOSL and state agencies do not actively support local professionals through their purchases of services. In fact, many services stakeholders indicated that it seems that government agencies prefer foreign firms and there is almost an institutional bias against local service suppliers; this may be rooted in a belief that local firms are not good enough. And in most big projects, foreign firms or professionals usually win the contracts. If this is indeed the situation in Saint Lucia, it is to the detriment of the further development of most service sectors.

As the Singaporeans clearly noted in their services development thrust – local demand is key: “A strong and sophisticated local demand that first creates the market for services of quality and high standards is necessary for their development. “ Furthermore, it is interesting to note that the new Mauritian *e-Government* *Strategy* *2013-2017* flags the following:

* Review of the Public Procurement Act (PPA) to accelerate procurement of ICT solutions by Government agencies. Possibilities of providing more opportunities for local ICT companies in the bidding process to be considered in the context of review of PPA.

This advice would be well worth taking for all procurement by the GOSL and its agencies.

## 4.8 Final considerations

In the final analysis, Saint Lucia, a small economy and island state with limited human, financial and technological resources, cannot expect to do everything. Saint Lucian policymakers and the private sector have to be practical and chose realistic objectives. Also, given the early state of development of the targeted service industries in this study, it may be worthwhile to concentrate export efforts for some sectors in the first instance on the OECS and CARICOM markets. Unfortunately, not much progress has been made to date on services in the Economic Union initiative; but all policy and promotion initiatives will have to factor in the OECS dimension.

It appears that that there is not currently much capacity to export most of the targeted services except through Mode 2 (when foreigners visit Saint Lucia to consume the services) or who establish firms there. In order for Saint Lucian services suppliers to best take advantage of services opportunities in the CARICOM, Canadian, European or US markets it will require more than market access under trade agreements. Local firms will have to form alliances with foreign counterparts and try to fit into regional and global value chains in their industry. They will also have to look for complementarities between them and foreign firms in target markets, starting with current contacts there or diaspora communities. In addition, there is need for investment in business development and trade facilitation activities such as trade missions and other business-to-business forums. But formalized trade agreements can create a stimulus for greater investment and trade.

There is a certain level of cynicism by non-governmental stakeholders (and even some government officials) about whether anything is ever done about their suggestions for policy or regulatory changes in their sector. Several interlocuteurs pointed out that in Saint Lucia there are numerous studies and consultations and reports and strategies written by consultants and officials but there are seldom any policy changes by government or implementation of planned actions. So, many stakeholders feel it is futile to give input to consultation processes for any service sector.

**This is a critical issue that policymakers will have to address at some point; and the only way to do that is to show tangible action in terms of changes on the policy, legislative and administrative fronts.**

The SLCSI has been able to do a tremendous job in keeping services issues on the national agenda and providing many types of technical assistance and training to services stakeholders. It has helped some sectors organize and improve their associations and to introduce standards (spas, management consulting, ICT). Much of this has been funded through proposals to donor agencies. It is therefore evident that the SLCSI plays a critical role as an umbrella business support organization (BSO) in the evolution of services development in Saint Lucia. This kind of technical support and advocacy function will be needed for some years as the different service sectors become better organized and efficient.

## 4.9 Cross-cutting or Horizontal Recommendations

1. It is critically important for an office or entity such as a Services Industries Development Board (SIDB) to be established and resourced to oversee an overall services sector development strategy in Saint Lucia. It should comprise representatives from different ministries and agencies as well as the private sector and have the power to obtain information from all ministries and agencies when necessary. And it should make recommendations to the Cabinet. It should be housed in the Ministry of Commerce, Business Development, Investment and Consumer Affairs.
2. There should also be Sectoral Champions to spearhead and stimulate development initiatives in targeted sectors. The sector champions will work closely with private sector stakeholders and ministries, regulators and other agencies to help address issues in each sector affecting standards, quality, skills, competitiveness, export orientation, among others. As far as possible, the sector associations should be strengthened to play the role of Sectoral Champions.
3. The GOSL should continue to provide core funding to the SLCSI in order for it to continue critical organizational, advocacy and training work in the services sector.
4. The SBDC, TEPA and Invest Saint Lucia should all be merged into one organization in order to better promote and develop services (and other industries). The activities of each should cross-fertilize and reinforce each others’ outputs.
5. Clear instructions should be given to all agencies and ministries that are involved in the various targeted services sectors to overhaul their laws and regulations to make them current, relevant, efficient and based on international best practices.
6. All incentives and any other policies or programs to promote service sector development should be gender-responsive and to the extent feasible, collect data on the participation of both males and females in all program activities.
7. It is highly recommended that in all government procurement projects the GOSL require that foreign firms that tender for, or execute projects in Saint Lucia form partnerships or alliances with local firms or at least utilize local professionals in project execution. “Local content” policies such as these will significantly boost the development of various services sectors in Saint Lucia.
8. All incentives and loans or grant schemes or special programs for SMEs should be re-examined and assessed in terms of their relevance to services firms. They should be rationalized and simplified and publicly advertised on relevant websites of support agencies so that they are easily accessible to services firms. Furthermore, a formal investment incentives regime should be introduced for service industries. As part of the incentives regime, all inputs for services production and exports should not face import duties and charges.
9. Saint Lucia needs to urgently upgrade its Internet connectivity and introduce innovative programs to get small businesses on networks. This may require considering how incentives can be used to stimulate SMEs to purchase IT equipment and software for their business.
10. The GOSL should introduce mechanisms to better collect data and relevant information on trade and investment in service industries. This will require collaboration between the Central Statistical Office, service providers and the Eastern Caribbean Central Bank. The CSO will have to conduct surveys of service companies and professionals under confidentiality agreements in order to obtain better information on the production and export of services. Resources should be sought from the 11th EDF or the German Develop Agency (GIZ) or another donor for this initiative.

# 5. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

## 5.1 Overview of the ICT Sector

The ICT sector in Saint Lucia consists of two main categories as follows:

* Computer-related services: Retail of hardware, development of software, consultancy services, data processing services, maintenance and repair of equipment, web page design and hosting, computer facilities management;
* Information services: database provision services to businesses (including, database conception, storage and dissemination, web search portals, software design, training);

There are apparently less than 20 firms exporting IT/ICT services despite the Government of Saint Lucia's outreach to investors in an effort to develop the ICT sector. But another list, compiled by the National ICT Office from anecdotal reports, includes 58 firms that export IT or ICT-related services or at least supply services to foreign clients.[[24]](#footnote-24)

According to Mortley (2015) of the approximately 58 ICT firms on the island, approximately 16 are owned by women.[[25]](#footnote-25)

**ICT Firms in St Lucia that Export Services** [[26]](#footnote-26)

1. Bergasse JE & Co Ltd.
2. General Business & Technical Services ltd.
3. Computer Center ltd
4. Helen IT – [www.km2solution.com](http://www.km2solution.com)
5. E-services Group
6. Converge solutions – [www.Convergesol.com](http://www.Convergesol.com)
7. Advance Intellectual Methods Inc.
8. Soft solutions
9. Computer & Business Services
10. Digi-solv.
11. Carib webs – [www.carib.pro](http://www.carib.pro)
12. Savvy Caribbean Marketing (SCM) – [www.savvycaribbean.com](http://www.savvycaribbean.com)
13. Accela Marketing
14. Netzone Solutions
15. Emagine - [www.emagine.lc](http://www.emagine.lc)
16. Glace grafix
17. Easynet solutions
18. Creative Technology Solutions Limited (CTSL)

*Connectivity Indicators*

In Saint Lucia, ECTEL data for 2015 show that from a population of 165,595 there were 54,718 mobile Internet subscribers or 33 percent of the population. Information on fixed line Internet subscribers varies according to source but in 2013 ECTEL estimated that about 42 percent of households in Saint Lucia were connected to fixed line broadband. Saint Lucia established an Internet exchange point (IXP) in 2014. An IXP is a critical component of telecommunications infrastructure that allows local Internet service providers to exchange locally-destined Internet traffic between their networks without cost, thereby reducing the cost of Internet services. The communication sector contributed to 6% of the GDP in 2014. The IT sector is small and currently contributes minimally to employment and GDP but its contribution may be understated due to lack of proper survey data and documentation from the sector.

Saint Lucia is not listed in the 2014 Global Information Technology Report, which provides a comprehensive assessment of networked readiness, or how prepared an economy is to apply the benefits of ICTs to promote economic growth and well-being. (148 countries). It ranked 104 in the 2014 Global E-Government Rankings which assess the availability of online services; telecommunication infrastructure and human capacity. Saint Lucia has slipped 14 places in the past 2 years. (For comparative purposes, Barbados is ranked 59th).

There is a five-year National ICT Policy and Strategy (2013-2018) that was approved by the Cabinet in 2013 and which outlines many initiatives across several sectors. With respect to ICT as a business, 3 main objectives are noted: the establishment of an ICT and software development incubator; capacity building and training for private sector ICT professionals, and the development of an ICT professionals database. However, the strategy focuses on the enabling environment for ICT use in Saint Lucia and does not pay attention to the development of the sector in terms of commercial prospects.

The GOSL has recognized the importance of the sector and has undertaken several initiatives over the past few years to ensure its development including: offering ICT Business Incubator Grants (EC $1.6 million over 2014-2015); attempting to establish island-wide WiFi coverage (Soufriere now has WiFi); establishing community access centers across the island, and providing laptops to every secondary school teacher as well as every 3rd, 4th and 5th form student (Form 3 – 2,783; Form 4 – 2,917; and Form 5 – 2963 or a total of 8,663 laptops have been distributed to date). These initiatives may develop relevant skills in the economy but it is not clear what impact, if any, there is on entrepreneurship in the ICT sector.

It is difficult to predict the particular impact that the growth of the ICT sector can have in Saint Lucia, particularly the capacity to export ICT-related services or IT-enabled services (ITES). This is due to the small size of firms in the sector and the lack of an international thrust by most firms. It is not possible to gauge the competitiveness of the sector in the global context; however, a few firms appear to be competitive and have clients in the wider Caribbean and further afield. There is no clear international vision for the sector (such as in Mauritius, for example). Also, the industry does not seem to work in consortia to attract contracts and the ICT Association is quite weak compared to the Jamaica Computer Society, for instance. The ICT Association is attempting to rejuvenate itself to play a more active role in the sector but this may take some more time until its builds up its membership.

There is a fairly low uptake of ICT services by businesses, beyond the basic in-house accounting, point-of-sales and word processing.  However, embracing of ERP/CRM, Data Mining and Analysis, etc., including government-to-business; business-to-business, business-to-consumer (G2B/B2B/B2C) are almost non-existent.  As the major determinant of the direction of ICT and the largest consumer of ICT, the GOSL is in the position of being able to change this single-handedly, simply by offering many of their services online.  This would have the effect of validating many of those inter-organization services, thus generating increased demand for local ICT services.  It would also need to undertake a deliberate policy of engaging local service providers for the provision of those services, to avoid a simple wholesale move to appropriating those services from outside the local market, which would then simply relegate the locals to mere hardware repairs and cable connectivity. It would also provide opportunities for developing local capacity in cyber security and network security in general.

## 5.2 Issues to be addressed in the ICT Sector

In Saint Lucia, more attention needs to be focused on the bottlenecks in the ICT sector and the needs of ICT firms. These consist of the following:

1. difficulty in accessing financing or capital for SMEs which limits their ability to grow their businesses;
2. an apparent preference by government agencies (the largest purchaser of ICT services) for foreign ICT firms in their procurement practices, or a lack of awareness of the need to help SMEs grow and increase in sophistication through contracts in the domestic market;
3. limited ability to scale up operations quickly in terms of staff numbers thus making investment by foreign or local firms in BPO subject to a finite cap in growth potential;
4. insufficient skills in the right areas resulting from a mismatch in human resources between what the education system produces and the labour market demands; and
5. high connectivity costs coupled with a lack of redundancy and service reliability standards that need substantial improvement despite the progress made so far.

**Strengths and Weaknesses of the ICT Sector**

|  |  |
| --- | --- |
| **Strengths** | **Weaknesses** |
| 1. Able to compete regionally and internationally on price
 | 1. Poor access to financing / no culture of venture capital or angel financing
 |
| 1. A few well-established, sophisticated IT providers/exporters providing a launch pad for future development of the sector (pioneers)
 | 1. Little sector collaboration / weak association and Saint Lucian firms are not well-known internationally; lack information on the sector and reluctance by firms to provide such.
 |
| 1. Significant national push towards broad IT literacy, especially among the young (island wide-wifi, laptops for students, community access centers)
 | 1. Low general understanding of ICT and its application even amongst senior business managers/public sector officials and accordingly, low value placed on ICT services
 |
| 1. Native English speaking workforce, with cultural affinity to the North American markets
 | 1. Significant human resource limitations & lack of a skills database – unknown number of certified practitioners; revenue and number of people employed is small.
 |
| 1. Reasonable connectivity, reportedly in the process of being further improved
 | 1. Inadequate protection of intellectual property - software piracy is a major constraint to software development sector
 |
| 1. There are IT subjects in the Caribbean secondary school examinations and ICT as a Caribbean Vocational Qualification CVQ and UWI courses
 | 1. Apparent preference by public institutions for ICT services supplied by foreigners than locals
 |
| 1. Average Internet and mobile penetration rates in terms of Internet access but high mobile telephone use.
 | 1. High duties on mobile phones, tablets, computer parts
 |
| 1. New incentives for ICT businesses.
 | 1. Inequitable tax rates – i.e. 8% for hotels, 15% for IT services (and hotels enjoy long tax holidays and other benefits that are not extended to ICT businesses)
 |
|  | 1. High cost of broadband and unreliable/poor speeds, particularly mobile & not keeping up with international trends, particularly mobile
 |
|  | 1. UWI graduates lack practical IT skills and experience in current industry applications.
 |

|  |  |
| --- | --- |
| **Opportunities** | **Threats** |
| 1. World-wide growth of overall demand
 | 1. Worldwide sophisticated competition, rapidly growing
 |
| 1. Increasing costs of services in traditional outsourcing markets, like India
 | 1. Increasing connectivity leads to increasing competition through cross-border supply from worldwide sources
 |
| 1. Increasing trend in working with ‘English as a first language’ service providers
 | 1. Loss of qualified personnel / brain drain
 |
| 1. ICT training available online, often free
 | 1. High cost of intra-regional travel stifles regional reach of Saint Lucian ICT consultants.
 |
| 1. Specific regional integration developments (e.g. OECS/CARICOM harmonization of governmental institutions, mechanisms) may provide specific demand for solutions which some providers are well-positioned to satisfy
 | 1. Slow take-up of ICT solutions by businesses in the Caribbean.
 |
| 1. Digital entrepreneurs and “new business” developments in ICT noted as objectives in CARICOM’s strategic plan, thereby possibly ensuring a regional effort re. the development of this sector.
 |  |

In order for the ICT sector to become really innovative and compete regionally or globally it will be necessary to develop much more sophisticated skills locally. In 2015, there were … students in computer programming, software or other IT subjects in private training institutions. In the public schools there were …. students. There are about …. graduates in ICT each year in Saint Lucia. This will not be enough for the sector to grow by 15 percent each year. Therefore, there is a training deficit. Also, the bigger firms in the sector argue that graduates from universities and other training institutions are not job-ready and companies have to spend a significant amount of resources to train them for the work environment.

A final consideration is that ICT professionals and firms must convert the Saint Lucia ICT Association into a vibrant body such as the Jamaica Computer Society (www.myjcs.com) which acts as a professional network and organizes training courses and business skills activities for the industry. It will be worthwhile to discuss with the JCS how they operate and fund their activities. The ICT sector needs an active focal point and advocacy group to pursue their professional, development and trade interests.

## 5.3 Regulatory infrastructure

One of the objectives of the Electronic Government for Regional Integration Project (EGRIP) in the OECS was to create a harmonized legal and regulatory framework. The aim was to promote greater confidence in electronic transactions and contribute to the improvement in Doing Business in the member states. In this regard, the following suite of legislation was supposed to establish the framework for electronic transactions for e-government and e-commerce:

* Electronic Transactions Act;
* Data Protection Act;
* Electronic Crimes Bill;
* Evidence Bill
* Electronic Funds Transfer Bill;
* EGRIP e-Filing Act;
* E-Filing Rules and Regulations

The regional HIPCAR and EGRIP projects developed draft legislation and regulations necessary to create the ideal environment for E-Business in Saint Lucia. The Electronic Transactions Act 2011 was recently brought into force and has basic enabling provisions for E-Government. Online payment of taxes is now available. There does not seem to be any barriers to E-Payment systems to allow for electronic funds transfer (EFT) to facilitate electronic payments both to and by government. There are no legal barriers to e-payments.

The GOSL should introduce an e-payment gateway in order to better stimulate the growth of ICT use in the economy. At the moment, payments can be made by credit card for government services at the various ministries that receive monies on behalf of Government (Treasury, Customs, Commerce, etc.), but payments cannot be made online.

The Eastern Caribbean Automated Clearing House Rules, S.R.O 8 of 2013 contain detailed provisions for the operating rules for electronic funds transfers under the Eastern Caribbean Automated Clearing System. The Payment System Act, 2010 provides for the operation and regulation of the payment system in Saint Lucia, in addition to the codification of procedures governing the payment system. The Act also contains provisions on the validity of electronic data, the retention of records, disclosure and access to books and records and the annual audit, report and publication of financial statements. However, the Data Protection Act is not in force and there is no legislation on the public’s right to access government records. Also, E-Evidence laws and Consumer Protection Guidelines for Online Transactions are required.

*Business related issues*

The mainly small indigenous ICT firms face significant challenges that constrain their growth in Saint Lucia. The most pressing is the relatively high cost and slow capacity of Internet connections; and the inability to ensure 100% online access. Secondly, debt finance for expanding businesses in the ICT sector is very expensive and not easily available since there is perceived significant risk in start-up businesses; furthermore, banks are hesitant to lend to firms with intellectual rather than physical assets.

The Government’s *National* *ICT Strategy 2010-2015* provides a vision primarily: (i) for the development of e-government and related structures; and (ii) generally for the development of the ICT sector as an enabler and progressive infrastructure element for Saint Lucian society and economy. However, there is no effective implementation plan for e-government in Saint Lucia. Most government ministries still have very inadequate connectivity resulting in even tediously slow email servers. And most ministry websites are passive and outdated.

Furthermore, there is no evidence of an institutional culture of use of ICT in all aspects of government ministries and agencies. For instance, there are very few sites with feedback mechanisms or a system for email queries. And in many cases where there is, the email addresses do not work. Furthermore, random checks with some ministries and agencies revealed that they do not use a common drive or platform for sharing documents or accessing and disseminating documents internally. Most do not have formal positions regarding the legal status of electronic documents and forms, etc.

## 5.4 Recommendations

1. The GOSL should develop and rapidly implement a clear Action Plan for e-government across all its operations with a specific, urgent timeframe. This will give a significant boost to the sector and increase the use of ICTs by the general public and businesses. It will embed a sense of digital awareness in the population and stimulate all ministries and agencies to make the switch to the digital medium.
2. In order to provide greater opportunities for ICT firms to grow and develop greater technical expertise, the GOSL should adopt a policy of local content in its procurement of ICT services. Local content should be defined in terms of a minimum percentage of the services component to be provided by local resources. In this manner, when generally larger foreign firms win contracts in Saint Lucia they should be required to work with indigenous ICT companies. This will ensure that local firms have greater opportunities and are not excluded from large projects because of their size. Furthermore, all major projects should be allocated on an open tender basis to ensure value for money, widest choice of platforms and latest technology.
3. ICT businesses seeking to export should develop an international business plan and compare their cost competitiveness with their counterparts in target markets. They must be able to identify their unique selling points (USP) and develop marketing strategies.
4. The following legislative changes are also needed to bring the regulatory regime in Saint Lucia up to international standards and enhance the environment for online business:
5. Update the Electronic Transactions Act, 2011 to comply with the provisions of the UN Convention on Electronic Contracting;
6. Enact and bring into force legislation on Data Protection including Privacy Impact Assessment and Health Information Systems. Introduce legislation on the issue of integration and sharing of data systems within and across administrations;
7. Introduce Consumer Protection Guidelines for Online Transactions.
8. Introduce a specific Electronic Evidence law;
9. Introduce Freedom of Information legislation;
10. Continue with policies and regulations to promote broadband access including the draft legislation from the on-going CARCIP project.

Other more specific recommendations for GOSL, BSOs and ICT companies/professionals are contained in the Action Plan in the Annex to this report.

# 6. SPA/WELLNESS SERVICES

## 6.1 Overview of the International Market

Wellness tourism has been defined as a journey towards greater self-awareness, enhanced health and well-being through a holistic approach towards body, mind and spirit. It integrates beauty, nutrition, fitness, healing, education, creativity, spirituality and social responsibility into experiential and transformative travel experiences. Spas are one element of the overall wellness industry. In the global industry there is a distinction between Day Spas and Resort Spas which offer slightly different services/experiences. The International Spa Association (ISPA) defines Spas as “places devoted to overall well-being through a variety of professional services that encourage the renewal of mind, body and spirit”. The ISPA further categorizes spas as:

*Day Spa* - A spa offering a variety of professionally administered spa services to clients on a day-use basis.

*Destination Spa -* A destination spa is a facility with the primary purpose of guiding individual spa-goers to develop healthy habits. This lifestyle transformation can be accomplished by providing a comprehensive programme that includes spa services, physical fitness activities, wellness education, healthful cuisine and special interest programming**.**

*Resort/Hotel Spa* - A spa located within a resort or hotel providing professionally administered spa services, fitness and wellness components.

*Club Spa* - A facility whose primary purpose is fitness and which offers a variety of professionally administered spa services on a day-use basis.

While the majority of spa treatments in the world are massages and body treatments like facials, more recently innovations such as thalassotherapy are emerging to diversify the spa product. It is the therapeutic use of the ocean, its climate, and marine products like algae, seaweed, and alluvial mud. The principle behind thalassotherapy is that repeated exposure to sea air and immersion in warm seawater, mud, clay, and protein-rich algae helps restore the body's natural chemical balance. Seawater and human plasma are very similar. When immersed in warm seawater the body absorbs the minerals it needs through the skin.

Wellness centres or wellness clinics have emerged to offer a broader range of services. Wellness tourism is normally seen as a subset of the tourism industry but in recent years some travelers are specifically seeking out wellness destinations. The spa/wellness sector is a very small industry in Saint Lucia and there is room for growth if trends in the rest of the region and globally are indicators. The global health and wellness industry is a $40 billion international market that is growing at 30 percent annually according to a Commonwealth Secretariat study. The main reasons for growth of the wellness industry are :

Increased stress in modern work environments; Growing health concerns and green living; Better Health Care education; Growing obesity crisis in the US and UK; New Natural /Organic craze; increasing numbers of affluent professionals; Wellness Marketing (hotels, products, services, foods).

The main Industry trends:

* Diet influence in the use of Super foods;
* Marketing shift from organic to natural;
* Increasing appreciation of the value of spa treatments globally & new spa gadgets;
* Use of organic, local products;
* Influence of Asian products and treatments.

The World Health Organization predicted that health and travel will be one of the world’s largest industries by 2022. There are several reasons why Saint Lucia should be interested in developing wellness tourism. Wellness tourism accounts for about 14% ($438.6 billion) of all domestic and international tourism expenditures. Domestic wellness tourism is much larger than international, representing 84% of wellness tourism trips and 68% of expenditure. People who seek to maintain wellness while travelling (secondary-purpose wellness travellers) represent 87% of wellness tourism trips and 86% of expenditures. Furthermore, wellness tourism is projected to grow by more than 9% per year through 2017, nearly 50% faster than overall global tourism.[[27]](#footnote-27) In Saint Lucia the wellness element is now emerging with new investment in facilities to cater to wellness rather than simply spa therapy.

The *Global Spa and Wellness Report 2014* indicated that the global spa industry was valued at US $94 billion in 2013 and between 2007 and 2013 the number of spas increased by 47%. In Latin America and the Caribbean spa revenues grew by 86% since 2007. In 2013, international wellness tourists spent approximately 59 percent more per trip than the average international tourist. The spa industry in the Caribbean is valued at US $180 million according to a report by the OAS Secretariat.

Since Saint Lucia is a small market and attitudes among locals towards spa services are still evolving, the prospect for economic contribution by this sector is somewhat limited but not insignificant. Nevertheless, there has been substantial growth in the past three years in demand for spa/wellness services by locals. There is also great potential for growth in exports of spa/wellness services if the tourism arrivals in Saint Lucia increase and there is greater marketing and promotion of spa treatments to tourists and business travellers. The relatively unspoilt environment, beautiful areas, the purity of the sea around the island and the privacy provided by Saint Lucia is something that high-end tourists will continue to prize and be willing to pay for. Saint Lucia’s natural attributes give it great potential to position itself as a healthy environment-healthy living destination.

## 6.2 The Spa/Wellness Sector in Saint Lucia

The spas/wellness sector in Saint Lucia is relatively well developed and consists mainly of:

* Large internationally run resorts (mainy all inclusive hotels) that include Sandals, Rex and Almond Resorts, which have full spa service facilities;
* Small high-end niche resorts which have a special focus on health and wellness tourism such as LeSport/Body Holiday, Ladera, Landings and Anse Chastanet/Jade Mountain;
* Day spas mainly in and around Castries and Rodney Bay, which cater to the local middle class, as well as long-term tourists, and expatriates that often reside in villa resort complexes.

Operators in the sector predicted 15 percent growth in the local spa business for the next five years. Based on desk research, there are at least 30 resort spas, 15 day spas, 3 training institutions, and 2 medi-spas in Saint Lucia.[[28]](#footnote-28)

According to a survey by *Travel to Wellness* magazine and Well Being Travel, the 10 top worldwide wellness destinations for 2015 in order of votes received were Bali, Hawaii, Costa Rica, Italy, Arizona, New Zealand, California, Thailand, India and Australia. But interestingly, destinations that received more than one vote were Spain, Greece, Iceland, Saint Lucia and Florida.

*Training Needs and Institutions*

In terms of training institutions, there is a 3-year diploma programme in fitness and exercise and a diploma in beauty therapy that is approved by the Ministry of Education. Massage therapists are trained for 3 months and continue training on-the-job. Since there are inadequate training facilities in the broader wellness sector skills, there are sometimes shortages of key personnel but sometimes foreign persons are recruited.

There are 240 massage therapists that have been registered by the Allied Health Council. (Only 16 of the registered 240 practitioners were male). According to the Allied Health Council website, registration has expired for 193 of the practitioners or 80%. There are 5 registered acupuncturists, 7 dieticians, 2 herbalists, 2 homeopaths, 5 naturopaths and 4 reflexologists.

In the medium term, the development of the broader wellness industry in Saint Lucia will require a range of new skilled professions such as: psychotherapists, physiotherapists, acupuncturists, herbalists, chiropractors, podiatrists, naturopaths, dietitians. It will be necessary to plan for this if the GOSL decides to position the country as a wellness destination.

The box below outlines the strengths and weaknesses of the spa/wellness sector in Saint Lucia.

|  |  |
| --- | --- |
| **Strengths** | **Weaknesses** |
| 1. Saint Lucia already had a very good reputation internationally as a desirable holiday destination. | 1. Inadequate implementation of national standards or quality control in the indigenous spa/wellness sector due to regulatory deficit. |
| 2. The multi-cultural influences (Indian, European, Balinese) are strengths to be harnessed. Should be able to build upon this both in terms of healthy food and nutrition and spa offerings.  | 2. Local spa/wellness operators are too small and lack capital and human resources to develop new products and services or to brand and market their services.  |
| 3. Saint Lucia’s natural attributes give it great potential to position itself as a healthy-environment/healthy-living destination.  | 3. The international spas in the hotel sector do not have significant linkages with the local economy and most products used in spas are imported. |
| 4. Fitness and hiking, nature tours, watersports and spa treatments can all be combined to market Saint Lucia as different from traditional sand, sun and sea image. | 4. Need to develop or promote Saint Lucia as a spa/wellness destination. |
| 5. Treatments are competitively priced compared to Europe and some high-end Asian destinations. If properly organized and branded, Lucian spa treatments can be attractive to a wider audience from North America, Europe and the Caribbean.  | 5. Lack of skills for the broader wellness market locally and inadequate training capacity.  |
| 6. In the long term marine resources from the Caribbean Sea can lead to novel products and treatments in spa therapy. (thalassotherapy, etc. but there is need for research and investment) | 6. The small population base and low level of income do not permit a large day spa and wellness industry to thrive. The cruise visitor is a potential market for day spas but means of reaching these tourists are lacking.  |
|  | 7. Weak professional association to organize the spa/wellness sector and advocate on its behalf. |

The following are the threats and opportunities for the sector as outlined by current operators:

|  |  |
| --- | --- |
| **Threats** | **Opportunities** |
| Competition from many different countries and regions, especially Asian destinations.  | Tremendous growth in demand for spas/wellness services globally and regionally should provide opportunities for Saint Lucia to develop this sector and diversify its tourism product.  |
| Subject to the unpredictable cycles of the tourism industry in the region and globally. | Efforts to brand and market Saint Lucia as a wellness destination will help to attract customers if the right initiatives are taken locally.  |

One regulatory issue affecting the spa sector is the threshold for value added tax (VAT). Small businesses with a turnover of less than EC$180,000 per year are exempt. This has potentially positive benefits for the mainly female entrepreneurs in the indigenous spa/wellness sector that is predominantly owned and staffed by women. But spa operators have to pay duties on equipment and material that they purchase.

The table below summarizes what is needed in Saint Lucia to help develop the spa/wellness sector, starting from the most basic issue of enforcing standards for the industry such as ensuring the minimum quality in health and safety practices in all facilities. But there is need to start before that by outlining a clear set of objectives for the sector and clarifying what is the GOSL’s policy and ambitions for this sector. At the moment, there is a void in this regard.

A strategy for the sector should be based on the following goal and objectives.

***Goal:***

To build an identifiable spa/wellness brand using the natural resources of Saint Lucia and the Caribbean region (natural resources, food, culture, music, indigenous foods, herbal medicines, etc) and to market this brand globally.

***Objectives:***

* To develop a range of unique spa and wellness products, services and experiences to support the brand.
* To develop a cadre of trained professionals to deliver exceptional Saint Lucian spa and wellness products, services and experiences.
* To develop and strengthen the institutions needed to serve Saint Lucian health and wellness (H&W) stakeholders and market the brand globally.
* To increase public and private sector investment into the local H&W sector.
* To ensure that the national policy framework supports and encourages the expansion of the H&W sector.
* To diversify the Saint Lucian tourism-related product and expand the local market for H&W services.

**Elements of a Strategy for Development of the Spa/Wellness Sector**

|  |  |  |  |
| --- | --- | --- | --- |
| **Regulatory****Framework** | **Capacity Building**  | **Marketing** | **Collaboration** |
| 1. Policy Development & Regulations  2. Implementation of Accepted Standards 3. Advocacy – to seek the interests of the sector 3. International Accreditation | 1. Training2.Organization Development &Strengthening3. Product and Services Improvement | 1. Identification of Unique Selling Points2. Development of a Lucian Brand 3. Brand Positioning4. Target Markets and Market Access5. Marketing Partnerships, Promotions & Campaigns | 3. Public-Private Sector Partnerships |

## 6.3 Marketing Issues

Few indigenous Lucian spas have exploited the web to its full potential. Many of the smaller spas do not even have websites while existing sites are generally static and have little or no interconnectivity. The global wellness websites like Spafinders and Wahanda do have some information on Saint Lucia but it is generally limited in scope and content to the brand name spas in hotels. There are very few on-line H&W shops partly due to problems associated with Internet banking and credit card financial controls and the high cost of fast Internet service. Spas increasingly use Twitter and Facebook to promote their services and to keep in touch with their customers but by and large, the present use of these electronic marketing tools is limited in indigenous spas in Saint Lucia.

## 6.4 Recommendations

1. A Champion agency should be nominated to spearhead the development of the spa/wellness sector in Saint Lucia.
2. The GOSL and stakeholders in the spa/wellness industry should consider re-branding Saint Lucia as a wellness destination to attract a broader demographic from around the world. This will involve an orientation toward fitness and wellness for which the island of Saint Lucia has many attributes. Such an approach can broaden the appeal of the island to a wider market segment than the current honeymoon destination.
3. The operators in the domestic spa/wellness sector should set professional standards for their sector. These should include (i) the definition of a spa and wellness clinic and differentiate them from beauty parlours; (ii) training requirements for certifying professionals in the spa/wellness sector; (iii) enforcement of health and safety standards for all spas and wellness establishments. The SLCSI has helped in the creation of a Spa and Wellness Association and to develop basic health and safety standards for the sector; but it is now necessary to enforce standards. The industry stakeholders will need assistance from a government agency or business support organization in order to do so. These can be a joint effort of the Standards Bureau and Ministry of Health or Tourism. However, the Small Business agency might be able to facilitate this as part of its business support functions.
4. The spa/wellness industry in collaboration with the Saint Lucia Standards Bureau should develop a rating system to use as a sign of quality which is endorsed by the Ministry of Health and the Ministry of Tourism.
5. In order to give a boost to the spa/wellness sector, the Ministry of Health should promote wellness as an overall concept nationally. Consideration should be given to incorporating spa/wellness in any national health promotion literacy programme or campaign. Funds should be made available for this purpose.
6. Duty free and tax allowances should be provided to day spa operators as they are available to hotel spas that qualify under tourism concessions. These facilities should be made transparent, predictable and available to all investors in the sector on a consistent basis.

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# 7. PROFESSIONAL SERVICES

## 7.1 Overview of the sector in Saint Lucia

The professional services sector (accounting, architecture, engineering, management consulting) in Saint Lucia is reputed for high standards and quality work. However, the indigenous professional services sector consists of predominantly small firms or independent professionals. Some professionals have ventured into regional markets but most depend solely on the domestic market for their business. The sector, although organized into associations is not equipped to advocate its interests, lobby government agencies and conduct market research or training initiatives because of the small size of the membership of the associations.

It should be noted that the planned OECS Economic Union and the CARICOM Single Market are supposed to provide for free movement of professionals and other service suppliers in the region. But this has been stymied by the lack of consistency of regulations regarding the traditional professions across the Caribbean. Discussions on mutual recognition of qualifications with the intention of signing regional mutual recognition Agreements (MRAs) started in 2009 but are not yet concluded. Architects seem to have made more progress than others due to the fact that the regional body is active; but the regional engineering body (CCEO) is dormant or in suspended animation. True regional mutual recognition is not yet in place for any of the professions except for lawyers from the UWI system, and doctors and nurses. This issue must be conclusively addressed by all the professions in Saint Lucia at the regional level.

The relevant professional associations and their regional bodies in the sector are as follows:

Saint Lucia Institute of Architects - [www.slia-sl.com](http://www.slia-sl.com)

Federation of Caribbean Associations of Architects – [www.caribbeanarchitects.info](http://www.caribbeanarchitects.info)

Association of Commonwealth Societies of Architects in the Caribbean (ACSAC) - [www.comarchitect.org](http://www.comarchitect.org)

Association of Professional Engineers of Saint Lucia - [www.stluciaengineers.com](http://www.stluciaengineers.com)

Caribbean Council of Engineering Organizations (CCEO)

Institute of Chartered Accountants of the Eastern Caribbean - [www.icaec.org](http://www.icaec.org)

Institute of Chartered Accountants of the Caribbean - [www.icac.org.jm](http://www.icac.org.jm)

Association of Management Consultants St. Lucia Inc. - www.amcsstlucia.org/

Caribbean Institute of Certified Management Consultants - [www.caribbeancmc.com](http://www.caribbeancmc.com)

Due to their small size and lack of consortia in the professional sectors, most firms in Saint Lucia are not geared up to enter foreign markets. This is a major constraint to a successful export strategy for professional services. The vast majority of construction, design and engineering work is procurement-based. Furthermore, with the global trend towards Design and Build projects in which a whole range of activities are under one entity, it is critical to form consortia in order to meet even the Expression of Interest criteria much more meet the tender requirements for construction project or major works of any kind in the region. Therefore, it is critical that small engineering, architecture firms or professionals join consortia to participate in bids. This is an important consideration because there is a significant amount of public procurement and other projects in the Caribbean region.

**Accounting Services**

It was not possible to get details on the size or composition of the accountancy market, nor the number of accountants in Saint Lucia. This is a structural problem in all of the professional sectors, mainly because they are not properly organized and there is no real regulatory agency to govern the sector. The website of the Institute of Chartered Accountants of the Eastern Caribbean (ICAEC) Saint Lucia branch indicates a list of 46 members. There are 26 accounting firms listed in the Yellow Pages. In 2015, the World Bank reported that:

The region has a significant shortage of qualified professional accountants. This shortage is reflected in the following: the ratio of professional accountants per thousand population is 0.07 in Suriname compared to 0.44 in The Bahamas, 0.81 in Trinidad &Tobago, 0.92 in Mauritius, 2.54 in Barbados, 2.74 in Singapore, and 3.68 in Malta. Stakeholders in those jurisdictions with the fewest accountants regularly cite this as a problem, even in cases where the *quality* of the accountants is as high as those in the more developed jurisdictions. (World Bank, 2015 p. iv)

The accountancy profession is subject to the least legislative and regulatory scrutiny in Saint Lucia. But in principle, an accountant needs to be affiliated to the Eastern Caribbean Institute of Chartered Accountants to practice. Of the six OECS jurisdictions, only Antigua and Barbuda has dedicated legislation (Accountancy Profession Act 1992) although no regulations have yet been developed. The profession is not individually regulated in all OECS countries but the Institute of Chartered Accountants Agreement Act (which has been passed in all) contains provisions on certification, membership and registration and provides for the regional self-regulation of the accountancy profession and functions as the national legislation on accountancy services for Members who have passed the Act.

Under the Act, (which has not been implemented) there should be detailed regulations on certification, on the requirements for educational attainment, relevant degree, practical training and required number of years’ experience, as well as provisions on auditing. Independent accountants should have professional indemnity insurance. There should also be a Code of Conduct and accountants should be subject to a quality assurance system based on peer review. These requirements, if instituted, will bring accountants in the region closer to the standards of their North American counterparts. However, to date, little progress has been made in introducing the relevant regulations related to the Institute of Chartered Accountants Agreement Act in St Lucia. While the domestic regulatory framework for the accountancy profession seems deficient, the global nature of the profession means that international standards are being met anyway. Most qualified accountants are trained either to the standards of the Association of Chartered Certified Accountants (ACCA) or the [Certified General Accountants Association of Canada](http://en.wikipedia.org/wiki/Certified_General_Accountants_Association_of_Canada) (CGA-Canada) or the Chartered Institute of Management Accountants (CIMA).

Accountants in St Lucia need to revive their national institute or focus on the sub-regional one (Institute of Chartered Accountants of the Eastern Caribbean) that was established in June 2004. The Institute of Chartered Accountants of the Eastern Caribbean is headquartered in St Lucia and all existing Institutes in the OECS are supposed to function as branches of the ICAEC. Nevertheless the St Lucia Institute of Chartered Accountants seems to some extent dormant.

The Institute of Chartered Accountants of the Caribbean (ICAC) has common standards that meet international requirements. And they are in the process of discussions on mutual recognition of qualification and licensing requirements regionally. St Lucian accountants need to become involved in this process if they are serious about seeking contracts from foreign clients or exporting their services to markets beyond CARICOM. However, at the moment, the business model for most accountancy firms in St Lucia does not seem to have foreign contracts on their radar screens.

Saint Lucia requires a strong accountancy body for mutual recognition in the region and to promote investment and trust in the offshore sector. The Small and Medium Practices (SMPs) should be able to export their services in the CARICOM region. But this requires a range of initiatives on the part of the professional accountants themselves and indigenous accounting firms. First, accountants and firms that are interested in foreign markets need to assess their business and identify their competitive assets or unique selling points (USPs). Second, they have to develop a business plan for exports. Third, they have to acquire market intelligence on their targeted markets. Fifth, they must invest in business development. Finally, they may need to form consortia or alliances with other accounting/auditing professionals or firms in order to contest foreign markets since individual professional and small firms may not be able to meet the overheads required to invest in foreign markets, or the bond requirements in international contracts.

The internationalization of SMPs, developing networks would help to increase exports of accounting services from Saint Lucia.

The big multinational accounting firms such as KPMG, PwC, Ernst & Young (who provide most of the accounting services for big companies in the Caribbean) focus on domestic clients in each island; but a reorganization some years ago with the advent of the CARICOM Single market seems to have resulted in a flexible arrangement in which staff from one office in one island would move to another KPMG office to work on projects on an ad hoc basis as the needs arise. This might lead to specialization of skills in some countries. But while the multinational brands are all over the world, indigenous accountants in St Lucia and the rest of CARICOM are not really looking overseas for outsourced work or contracts. It is therefore unlikely that St Lucia will be able to export accounting services beyond CARICOM since indigenous or domestic accounting firms are not export oriented, and are too small. Furthermore, they are not cost competitive globally compared to business process outsourcing (BPO) leaders such as India, Malaysia, etc. Otherwise, there are no regulatory barriers *per se* that affect the competitiveness of the accountancy sector in St Lucia.

**Engineering Services**

Engineering services are vital in creating physical structures and new production processes. Engineering services include all engineering activities except integrated engineering services. Integrated engineering services are composed of engineering services related to turnkey projects, which are: integrated engineering services for transportation infrastructure turnkey projects, integrated engineering and project management services for water supply and sanitation works turnkey projects, integrated engineering services for the construction of manufacturing turnkey projects, and non-specified other integrated engineering services. Other services that firms export (and even sell on the domestic market) are design (the concept and calculations), drafting (drawing: implementation of the concept using computer aided software principally), and construction consultancy services.

*Size of Sector and Market Trends*

Global spending for engineering services is currently estimated at $750 billion per year, although only $10 to 15 billion is currently being offshored. By 2020, the market is expected to grow to $150 to $225 billion market (NASSCOM, 2006). The largest supplier of engineering services offshore (ESO) is currently India, which accounts for 12 per cent of the market, with Canada, China, Mexico, and Eastern Europe being the other major players. The market is highly fragmented by industry with Automotive at 19%, Aerospace at 8% and Utilities at 3% in 2004. High-Tech/Telecom is the dominant and fastest growing sector, with 30% of the market, and the traditional engineering powerhouses – USA, Germany and Japan have a lead in engineering expenditure (NASSCOM, 2006).

Due to the lack of data, it is not clear what is the size or composition of the engineering market or the exact number of engineers in Saint Lucia. There are only a few firms with more than five engineers on their staff; the rest of engineers are more or less independent professionals or work for government ministries. Engineering firms tend to compete against each other for local projects instead of collaborating in partnerships or consortia unless they cannot meet the financial requirements for a project. In recent years, the single biggest construction (and engineering) project has been the 122-bed New National Hospital valued at EC$ 130 million which was managed by an Italian firm (INSO) and supervised by a British firm (Sir Frederick Snow and Partners). It was financed by grants from the European Union.

Corporate Members of the Association of Professional Engineers of Saint Lucia (APESL) are as follows: 1 chemical engineer; 39 civil engineers; 2 ‘construction’ engineers; 13 electrical engineers; 1 electronics engineer; 6 mechanical engineers.

The Government Gazette of April 23, 2012 contains a list of persons on the Register of Engineers as provided for under the Engineers Registration Act No. 4 of 1985. This lists contains a total of 85 persons of which only 9 do not clearly indicate a first degree or graduate degree in engineering. Due to the absence of an annual licensing regime for engineers, of these 85 persons listed some may either reside outside of Saint Lucia or are non-nationals who registered at some point in time for a project. In principle, a person cannot legally practice engineering in St Lucia unless he or she is registered so one can assume that there are at least 85 engineers in practice.[[29]](#footnote-29) However, it is believed that many engineers are not registered partly because the Engineers Registration Board (ERB) has not functioned optimally.[[30]](#footnote-30) It has been reported that the registration process can take up to 18 months. An engineer, once supervised and not practicing engineering in areas where public safety is not at risk, does not have to be registered. As of 2011, the Development Control Authority has issued a notice whereby all electrical drawings being submitted must be stamped and signed by a locally registered electrical engineer.

As currently structured, the Association of Professional Engineers of Saint Lucia (APESL) cannot provide any significant advocacy, technical or marketing support to their members.

**Issues facing the Engineering Sector**

Various stakeholders contended that in spite of the registration requirement, foreign engineers are often allowed to work in St Lucia without registration of any kind, especially in public procurement projects. But on the other hand, local engineers find it impossible to work in Canada or the US or other jurisdictions. There is no residency requirement for engineers in St Lucia. It is time for regional initiatives to upgrade the regulatory requirements and put St Lucian engineers on the same level as foreign counterparts. This will require public-private sector collaboration. But more than that, the engineering association needs to start to operate like some of their counterparts in developed countries. They should manage and set standards in their profession and industry. Also, St Lucian professionals need to work with their regional counterparts in efforts to arrive at regional convergence of qualifications and requirements which can then lead to negotiations on mutual recognition with counterparts in foreign markets. They must work with the Council of Caribbean Engineering Organizations (CCEO) in this regard since mutual recognition agreement (MRA) initiatives have started on the European front.

The St Lucia Engineers Registration Act, Engineers Regulations and Code of Ethics comprise the complete regulatory framework for the profession.[[31]](#footnote-31) The Act stipulates that a person is qualified to be registered as an engineer if:

1. he or she has been awarded a degree in engineering by the University of the West Indies;
2. he or she has been awarded a degree, diploma or other qualification in engineering granted by a university or school of engineering that, in the opinion of the Board, is evidence of satisfactory training in engineering;
3. he or she has had not less than 2 years experience in engineering, as may be approved by the Board.

These requirements are somewhat broad and are not in keeping with the specific and detailed conditions in many countries. And the Act also provides for persons who do not possess the mentioned qualifications but who had 10 years of engineering experience before the commencement of the Act (1985) to be registered as an engineer. Furthermore, the Act also stipulates that it does not “prevent a person who is not an engineer from operating, executing or supervising any engineering works as owner, contractor, superintendent, foreman, technician, inspector or master, where the public interest and public safety are not likely to be affected; [paragraph 12(a)].

These provisions will be problematic for Saint Lucian engineers in discussions on mutual recognition of qualifications with counterparts in trading partners such as Canada, the United States and many EU states where the requirements for engineers are more rigorous. As markets become more integrated across CARICOM and as the region signs trade agreements with developed countries, the Engineers Act needs to be revised. It is noted that a draft modernized bill has been prepared for the APESL Inc’s consideration. There is need for greater precision and clarity on what is accepted as training for an engineer; and Saint Lucia and the rest of the OECS should move to international standards in that regard. For instance, the Washington Accord requires five years of academic training for an engineer.

The most important constraint is lack of skilled personnel. In some cases, staff that can be categorised as skilled personnel for small projects may not be categorised as the same for larger projects. Skilled personnel for big, international projects cannot be found in Saint Lucia, perhaps because indigenous firms do not have enough exposure in big projects in the country itself. The engineering firms argue that although there are a number of qualified engineers holding degrees and graduate diplomas; the problem is that most of them have not had international exposure in specialized projects. Added to these are other constraints like lack of market information on potential markets and information on competitors’ rates.

The lack of information of potential source markets stands as major weakness within the sector. Other challenges include the absence of joint ventures and partnerships to make Saint Lucian companies a viable option for project bids and tenders.

On a positive note, the administrative rules and regulations for the industry are easy to understand and to obtain and the regulatory application process is easily available to the public.

* ***Strength***– staff possesses experience with small and medium projects in the regional market and are dedicated and motivated. All the firms work with relatively modern technology and have good track records.
* ***Weakness* –** a lack of knowledge of potential markets – both regional and international- and information on competitors (e.g. rates), lack of international exposures on large projects, lack of highly skilled labour with several years of experience.

***- Opportunities* –** there is strong growth potential for the export of services in the regional market. The firms surveyed know that there are opportunities. There is a need for micro level data for these opportunities to be exploited. The data that are important are:

* When are there calls for tenders?
* Can firms which are resident in Saint Lucia be able to bid for tenders set out by the government of the neighbouring countries?. And if yes, should they enter into partnership with domestic firms in the other country?
* Is there a website or a contact point from where these calls for tender can be obtained? Or to what extent can embassies play a role in providing such information?

***Threats* –** competition is fierce in the Caribbean region, some firms, especially from foreign firms that are able to use the latest technology that is beyond the budget of Saint Lucian companies.

As far as external constraints are concerned, the major hindrance is finding a suitable partner when bidding for projects in other countries. Domestic firms are not internationally networked and it is difficult to find another firm to bid for projects together. Trade associations can play quite an important, although not sufficient, role in delivering export counselling, inviting foreign commercial delegations to meet with service providers, recognizing exemplary service providers in awards programs and organising and undertaking, to some extent, marketing missions. The Registered Professional Engineers’ Council needs to be strengthened to play a more supportive role for the engineering profession in Saint Lucia.

The ability of engineers to work on contracts in foreign jurisdictions depends on the recognition of their training and experience there. Accreditation by signatory states of the Washington Accord of the engineering programmes in the English-speaking Caribbean raises the question of the status and treatment of these degrees within these Accords. The Engineering Council-UK accredits the programmes at The University of the West Indies in Trinidad, from which the majority of engineers in the English-speaking Caribbean graduate. The University of Technology in Jamaica is the second major producer of engineers and its programmes are accredited by another Washington Accord signatory, the U.S. Accreditation Board for Engineering & Technology (ABET).

In addition, many of the region’s engineers receive training in countries which are signatories to the Washington Accord and the Mobility Forum, notably, the United States and United Kingdom. Generally, however, degrees earned in a non-signatory state, even though recognized by a signatory as substantially equivalent to an engineering degree accredited within its territory, are not entitled to recognition by other Accord signatories. The Accord provisions apply only to accreditations conducted by the signatories within their respective national or territorial boundaries. As none of the CARIFORUM countries are currently signatories to the Washington Accord, while the UK and U.S. organizations are signatories to the Washington Accord, Caribbean-trained engineers are not entitled to recognition by other Washington Accord signatories.

The Caribbean Accreditation Council for Engineering and Technology (CACET) was officially established on 26th November 2009 in San Juan, Puerto Rico, at a meeting of members of the Caribbean engineering fraternity, the national accreditation agencies in the region, academics from regional universities and representatives of CARICOM. CACET intends to work together with the national accreditation agencies in the region and international accreditation bodies engaged by regional institutions in order to gain the experience and recognition required to join the Washington Accord.

Another salient issue is the lack of opportunity for local engineers and architects to grow and develop as firms through government procurement projects (usually the largest) as it is commonly done in many developed and developing countries. In fact, most professionals indicate that successive governments in St Lucia have not made any effort to try and ensure through their public procurement policies that when foreign construction or engineering firms win bids for large scale projects in St Lucia that they collaborate with local engineers, architects and other professionals who usually have better local knowledge and experience. Industry stakeholders argue that it appears that governments discriminate against local professionals, sometimes deliberately, and often seem to prefer foreign contractors.

Due to the nature and size of some of the projects, local engineers or architects truly may not be able to undertake the job alone but they can certainly contribute significantly to project execution. Therefore, the procurement practices should be modified to ensure that local professionals are utilized in government-financed projects or public sector projects in general. Public procurement policies should also foster collaboration and knowledge transfer to allow local firms to grow and develop greater scale and skills in the future; and eventually they themselves may be able to not only bid on similar jobs on the island but in foreign markets as well. The significance of the economic benefits to be accrued to local firms from local projects is not to be under-estimated. The table below shows the value of construction projects in St Lucia over 2007-2012. It is very clear from this that the State is a major player in the construction market as a purchaser of engineering services. Furthermore, the total commercial and government construction market was almost EC$2.6 billion. Typically, industry estimates for architecture costs as a percentage of a construction project’s total value is about 5 percent and the engineering fees component is usually about 2.5 to 4 percent. Information on the engineering or construction market in the OECS or CARICOM was not available.

**Table 6 - Total Value of Construction Projects in St Lucia, 2007-2012**[[32]](#footnote-32) **(EC$ millions)**

|  |  |
| --- | --- |
| **Type of Project** | **Total Value** |
| Tourism projects – hotels, villas, etc. (8) | 2,033.30 |
| Special central government projects (4) | 113.22 |
| Central government capital expenditure projects (11) | 236.30  |
| Private commercial buildings (20) | 200.90  |
| **Total value of public and private construction market** | **2,583.72** |

The current government in its elections manifesto some years ago indicated that one of the mechanisms to be put in place is the creation of an Office of the Contractor General. This should be an independent entity charged with the responsibility of ensuring transparency and accountability in the public procurement of all goods and services. This will be a very useful institution if implemented. It should be in keeping with similar specialized and independent procurement agencies in many countries which seek to promote efficiency and economy in procurement procedures and eliminate political patronage in the award of public contracts and ensure that all firms (especially engineering/construction and related firms) have equal access to public procurement projects

**The Architecture Profession**

Architectural services include advisory and pre-design architectural services, architectural design services, contract administration services, and combined architectural design and contract administration services.

The architecture community is relatively small in Saint Lucia. There are 28 Full members of the Saint Lucia Institute of Architects and 5 Level 1 Associate Members (B.A. Arch). There are 10 architectural firms listed in the Yellow Pages. The industry believes that the market is saturated because the domestic market is small and foreign architects come to work on big projects in Saint Lucia and regionally. There is inadequate information on the economic size of the sector and the types of specialization that currently exist. While some individual architects do consultancies in the region, there is no major export of architectural services from Saint Lucia.

**Issues Facing the Architecture Sector**

It is not possible to accurately estimate the size or composition of the architecture market in St Lucia because of the lack of specific data but it is generally accepted that architectural services comprise about 4 to 6 percent of the value of construction projects. Given the fact that the total value of commercial and government construction projects amounted to almost EC$ 2.6 billion over 2007-2012, there must be a significant enough market for architectural services. But it is reported that the majority of the large architecture projects are done by foreign architects. There are mainly very small firms or individual professionals in the architecture sector in St Lucia and they are unable to win tenders for projects of significant size.

Since registration of architects is not compulsory in St Lucia it is not possible to get an accurate number of total architects that work there; furthermore, foreign architects who work on projects in St Lucia are not recorded. The absence of a registration requirement puts the St Lucian professionals at a disadvantage compared to foreign architects. The relatively unregulated nature of the architectural profession in St Lucia makes it very easy for foreign architects to design structures from overseas and work in the country on projects.

Most local architects in St Lucia are not focused on exporting their services. They are more interested in ensuring that they get considered for local projects and that the playing field should be level for them in their own territory. On most big construction projects and in government procurement, it appears that foreign companies get most of the work in St Lucia; and there is no practice of requiring that foreign firms associate with or recruit local architects. But apart from this issue, in order for local architects to focus on exports it is first important for the regulatory framework to be established locally. Implementing regulations would establish standards and set rules that would safeguard the practice from both local untrained persons as well as foreign practitioners who undertake work in St Lucia and get paid overseas.

*Regulatory framework for architecture*

Of the six OECS Member States only Antigua and Barbuda, Dominica and Saint Lucia have passed legislation on architectural services. The legislation provides for, inter alia, the administration of licenses, requirements of registration the formation of an administrative/ professional body and its powers, fees but also provides for the establishment of regulations by the responsible Minister. Antigua and Barbuda has passed the requisite regulations to govern the registration of architects within its territory via the Architects (Registration) Regulations. The regulations should designate the professional body and require compulsory membership and should also define the number of years study and professional and practical training applicants should have completed. It does not include professional indemnity insurance which may encourage business relationships with foreign clients but carries the risk of higher cost of services to consumers.

In the case of Saint Lucia, although the Architects Registration Act was passed since 2005, it was never enacted and nothing further has been done to put the regulatory framework in place for the practice of architecture. The Act which makes provision for the registration of architects and for regulating the practice of architecture can only be enforced on the day prescribed by the relevant Minister and formally announced in the Gazette. The Registration Act speaks of accreditation and discipline. It provides for dealing with misconduct and other offences. It recognizes the Saint Lucia Institute of Architects (SLIA) as having the right to determine the qualification requirements for registration. The Act also covers ethics where conflict between personal interests and professional response can be resolved under an understanding of consistent guidelines.

It is not clear why the implementation of a law like this, which is almost a *sine qua non* for the architecture profession in most countries, is taking so long in Saint Lucia. It appears that the concern by policymakers is about opposition from the much more numerous number of draft persons who are not trained to the level of architects but currently perform architectural services. Apparently, they will not meet the requirements to register as an architect.

In the meantime, architects in St Lucia have indicated that their counterparts from the rest of CARICOM as well as further afield have de facto access to the architecture market in Saint Lucia since there is no registration requirement in place. But on the other hand, local architects find it impossible to work in Canada or the US or Europe because of the regulatory requirements there. And even in countries like Barbados and Trinidad and Tobago, Saint Lucian architects cannot work without meeting the registration requirements there.

Apart from the domestic issues in Saint Lucia, the advent of the OECS Economic Union has regionalized the issues facing local architects. National initiatives alone will not be sufficient because Economic Union is intended to allow totally free movement of professionals across all OECS member states. However, there is significant variation across the sub-region in terms of the necessary qualification requirements in practice to be licensed as an architect. It is time for regional initiatives to upgrade the regulatory requirements and put OECS architects on the same level as foreign counterparts. This will require public-private sector collaboration. At the same time, architects in St Lucia must work closely with the Association of Commonwealth Societies of Architects in the Caribbean (ACSAC - [www.acsac.net](http://www.acsac.net)).

CARICOM states generally do not require by law professional indemnity insurance coverage**.** This has implications for the ability of national architects to perform in external markets. Where such coverage is required for specific types of jobs, the coverage available in CARICOM is invariably quite expensive, often prohibitively so. Yet, that coverage is likely to be requested in any mutual recognition agreement (MRA) with Canadian, American or European architecture associations. Also, CARICOM states do not require continuing professional education for architects. This is common practice in many developed countries which is also strongly recommended by the International Union of Architects.

It is necessary to implement the formal legal regime for architecture in Saint Lucia. Once completed, Saint Lucian architects would be able to better position itself to capitalize on the opportunities presented within this services sub-sector.

**Management Consultants**

Management Consulting is a broad discipline that covers a range of consulting activities (general, financial, human resources, marketing, and other consulting). Since most management consultants in St Lucia are individual professionals, they are unable to bid on large projects. The market consists mainly of donor-funded projects in the public sector and new entrants to the business have very limited knowledge of industry trends and procedures and processes of major donors. Similar to the other professions, it is difficult to get baseline data on the size of the management consulting sector in the Caribbean.

A major constraint for local management consultants is pre-financing on donor projects, particularly EU-funded ones which makes it impossible to even bid on them. While there are no formal impediments to accessing other CARICOM markets there are practical difficulties such as obtaining information on projects or tenders and the high cost of intra-regional travel which can make management consultants less competitive outside their home markets. Although it is unlikely to become a major export sector in St Lucia, some management consultants are working regionally and internationally from their St Lucian base. At the local level, management consultancy is relatively new and most private firms and even some organizations do not understand the scope and work (or value) of management consultants. The public is generally familiar with the global names in management consultancy which are really accounting firms such as KPMG.

Management consulting is not legally regulated (like the traditional professions) in most countries. It is therefore not surprising that there are no laws or regulations dealing with this sector in St Lucia. This is the case even in developed countries. In St Lucia the Association of Management Consultants (AMCS) had been in existence since 2005. However, in principle anyone can claim to be a management consultant and does not need to belong to the AMCS. The AMCS has ensured that all its members are proven full-time management consultants who bring excellence and integrity to the profession and to their Association. To establish and maintain credibility in management consulting, the AMCS has put in place, and adheres to strict membership criteria and it claims that its members are driven by a personal commitment to find solutions that best address their clients’ challenges.

The AMCS now has 15 members of which 10 have been certified by the Caribbean Institute of Certified Management Consultants (CICMC). The database of the SLCSI lists 38 management consultants. There are 110 persons listed in TEPA’s Consultants database covering a broad range of services but it is not clear how many are Saint Lucian. Of the professional services considered in this report, the most significant progress has been made in the management consultancy sector in recent years.

There are no real prescriptions regarding the regulatory framework in St Lucia to assist local management consultants to export their services. But since the tenders for most big projects are generally won by foreign firms, it would be appropriate for the GOSL and other OECS governments to introduce some domestic/regional content requirements in contracts. Joint venture requirements may also help OECS management consultancy contractors overcome a number of regulatory hurdles since local firms are accustomed to work in the domestic environment. But in most instances, OECS firms cannot meet the bond requirements for large projects that are donor-funded. This is a handicap to growing their businesses locally and regionally and constrains them from getting the experience and general competence to compete for projects internationally. Also, local consultants have to make the effort to become familiar with international and donor procurement procedures and requirements.

## 7.2 Recommendations

***Accounting***

1. The OECS Secretariat should commission a study on the different regimes for accountancy in the sub-region and governments should make the national regulations consistent with one template in preparation for Economic Union.
2. The region is too small to have different associations in each OECS jurisdiction so the regional ICAEC should be the only body to regulate the profession.
3. The Saint Lucia Institute of Accountants should survey all its members and accounting firms to assess their level of interest in taking advantage of emerging opportunities in other OECS & CARICOM member states and wider afield.

***Engineering***

1. The regulatory regime for engineers and the engineering profession in St Lucia should be upgraded to meet international standards with the introduction of new legislation and regulations. This initiative should also be synchronized with regional efforts to allow for free movement of services and service suppliers in the CARICOM market.
2. It is recommended that the office of Contractor General be established as outlined in the manifesto of the St Lucia Labour Party. It should consist of an independent body comprised of public and private sector representation or oversight to ensure transparency, consistency and accountability in public works projects involving the purchase of both services and goods by the state and government bodies or entities.
3. The government of St Lucia should set up a simple mechanism (perhaps on the Ministry of Finance website) to publicly inform the engineering/construction industry of procurement opportunities in the rest of the OECS and if possible, all other CARICOM states. This can be done in collaboration with the APESL.
4. Engineering professionals and firms in St Lucia should form consortia with local and regional professionals and firms in the rest of CARICOM in order to attain the critical mass (technical and financial) necessary to tender for engineering projects that are funded by external agencies or donors for execution in St Lucia and overseas.
5. The APESL should develop a system of continuous professional development (CPD) for engineers in St Lucia modeled on other relevant regimes run by engineering bodies in the region or internationally. This will eventually ensure that all engineers in St Lucia remain au courant with current standards and practices.
6. The APESL should work in conjunction with the Caribbean Council of Engineering Organizations (CCEO) to arrive at mutual recognition of engineering qualifications in CARICOM in order to ensure that St Lucian engineers have effective access to the engineering market in the CSME. The APESL should also participate in any similar initiatives towards negotiating MRAs with European or North American engineering associations. Similarly, APESL should participate actively in discussions of the Caribbean Accreditation Council for Engineering and Technology (CACET) to promote and secure the interests of St Lucian engineers. Resources for these initiatives can be sought from regional agencies such as the Caribbean Development Bank and Caribbean Export Development Agency, among others.

***Architecture***

1. Architects in Saint Lucia that are interested in working in other territories, particularly in CARICOM and beyond, should form alliances or partnerships to increase their scale and ability to meet the requirements for international tenders. They also need to assess their readiness for exports and development export strategies. Most will need technical assistance or training in these areas.
2. The Institute of Architects should pay particular attention to market access and participate in mutual recognition discussions at the regional level and make sure that their members can effectively contest other national markets in the Caribbean.
3. The regulatory regime for architecture in St Lucia should be made compatible with what is common in other countries. It should include a requirement for foreign architects to register in St Lucia before they can supply architectural services there, as is the practice in the bigger architecture markets in CARICOM such as Barbados, Trinidad and Tobago, and in all developed countries. The Architecture Registration Act should be enacted into law with accompanying regulations to introduce a proper, regulatory regime for the profession in St Lucia.
4. In all its construction and design projects, the GOSL should ensure that there is a requirement that the foreign firms that bid form partnerships with local firms or at least utilize local architects in some aspects of the project**.**
5. Architects in St Lucia should form consortia with other local colleagues and regional counterparts in order to bid on big projects funded by international banks and donors. The example of a consortium of eight firms led by *acla:works* of Trinidad that was selected by the Eastern Caribbean Supreme Court in 2010 to conduct site surveys in ten OECS territories, and to prepare appropriate user requirements and conceptual designs for ten new Halls of Justice facilities is a case in point.

***Management Consulting***

1. The GOSL should play a role in promoting local management consultants in the donor projects that are executed in St Lucia. They can also help boost the growth of the sector by providing information on opportunities in other CARICOM markets through a website or portal.
2. Management consultants have to start thinking strategically about what is needed to win bigger projects and form consortia (nationally and regionally) to do so. The current sole-consultant business model has obvious limitations and does not allow for significant growth of the sector in St Lucia since local professionals are only hired by foreign firms that can meet the bid requirements of most large donor projects, including some projects funded by regional entities such as the Caribbean Development Bank.

***Cross-cutting Recommendations (regarding all professional services)***

1. All professional and firms that are interested in exporting their services should first do the following:
* *Take the time to prepare their businesses for export.* Having a solid foundation in the home market enhances chances for success but it requires that all professionals adopt international best practices and offer high quality services.
* *Be proactive in engaging in international business development.* This includes extensive research and networking both at home and abroad. Joining sector associations and attending international events can be especially beneficial.
* *Develop an International Business Plan.* The business may need to be modified somewhat to respond to the needs of international business clients. These modifications, the research conducted, and strategies going forward need to be documented in an International Business Plan which will continue to grow with the company as it pursues global markets.
1. The TEPA and SLCSI in collaboration with the relevant professional associations should commission international experts to run practical courses in export development for professionals in the services sector (accountants, architects, engineers, management consultants) for a nominal fee to better help them focus on what is needed to get export ready and to enter foreign markets. The training courses should include market development, market research and market entry strategies. In light of the OECS market integration efforts and opportunities in the region, the training should focus on the Caribbean region but also factor in the EU market in which access was granted in the Economic Partnership Agreement (EPA).
2. The GOSL should set up a portal accessible to the public showing all procurement and other projects for tender in Saint Lucia and the wider region. This will serve to inform professionals and construction and management consulting firms of opportunities that they could pursue individually or in partnerships.
3. The TEPA should consider including professional services as part of their planned trade missions in 2017 and 2018.

# 8. CREATIVE INDUSTRIES

## 8.1 The Global Context

According to the UNCTAD’s Global Database on the Creative Economy (2013), global trade in creative goods and services reached a record US$624 billion up from US$559.5 billion in 2010. The sector can be divided into: (i) Creative goods - music, art work, antiques, clothing, books, souvenirs; (ii) Creative services - architecture and related services, cultural and recreational services, audio-visual services, advertising, research and development services. Of the two sectors, creative goods experienced the strongest market success reaching just below US$500 billion in 2011. Creative Services exports amounted to US$172 billion in 2011 which is roughly a 5% increase from the previous year. UNCTAD predicts that growth will to continue in the creative industries and will reflect lifestyle changes of consumers especially those associated with “social networking, innovation, connectivity, style, status, brands, cultural experience and co-creations.”

There are two clear and consistent trends regarding creative industries. First, as societies become richer they spend more time and money on entertainment and cultural products and services. And young consumers are the drivers of change in the creative and entertainment sectors.

Around the world, the cultural or creative industries have increasingly been perceived as an economic sector in their own right. In Britain, at least 2 million people have jobs related to culture and KPMG reported to the British government that employment in the creative sector would in the 20 years up to 2015 grow by 46%. Tessa Jowell, a former UK culture secretary, estimates that 20% of Britain’s GNP can now be attributed to the creative industries, with music alone worth £5bn. The British film industry employs 47,000 people, the computer games industry 22,000 and the design industry 70,000.[[33]](#footnote-33) In Canada, the cultural industries accounted for about 1.1 million jobs and the real valued added output amounted to $46 billion in 2007.

More recently, China has been investing heavily in cultural industries at federal and provincial level. The newly-released 12th Five-Year Plan of the Communist Party of China (CPC) made it clear that the cultural industries should be developed into a pillar sector in the next five years, meaning the cultural sector should comprise at least 5 percent of the total GDP by 2015, whereas it currently accounts for less than 2.5 percent. In order to address the financing difficulty faced by the cultural sector, in 2010, nine government ministries jointly issued a guiding opinion on financial support for the rejuvenation and prosperity of the cultural industries.[[34]](#footnote-34)

The creative or cultural industries are often referred to loosely as the entertainment sector. But in trade jargon, there is a technical definition of entertainment. For the purposes of this paper, the broad entertainment sector in Saint Lucia will be deemed to include the following sub-sectors of activity:

* 1. The Music Industry, including recording, live performance and music publishing.
	2. Film and Television, including animation
	3. Book and Magazine publishing industry
	4. The Performing Arts (music, dance, drama, poetry)
	5. The Visual Arts (paintings, sculpture)
	6. Festivals and Cultural Tourism
	7. Fashion and Glamour

In economic terms the cultural/creative industries can be categorized depending on the extent of copyright embodied in the product or service[[35]](#footnote-35). The cultural/creative sector is an area of the global economy where small island developing states (SIDS) enjoy some comparative advantage in production and where there is a window of opportunity given the rise of the digital economy and the increasing commercialization of the arts. The cultural industries are also synergistic in that they provide a competitive platform for innovation in other sectors like tourism, clothing and textile, ICTs and even traditional commodity exports. In this sense the cultural sector is critical to an alternative development strategy that draws on the creativity and enterprise of local artists and communities.

The key opportunities relate to changes like rising domestic cultural content in developing countries, the growth of diasporic markets and networks, the increasing interest in “authenticity” and indigenous culture in the tourism industry, cost reductions in new digital technologies, the growth of global media and the convergence of media (e.g. cable TV, satellite radio), the emergence of Internet marketing and broadcasting, and more recently, the exponential increase in personal mobile communication devices for entertainment. However, access to foreign markets and media is constrained by the high cost of marketing, the oligopolistic structure of markets and the restrictive business practices of the transnational companies that dominate the global creative industry, particularly audio-visual. But business models have been changing rapidly and new technologies are allowing smaller players to find space in the market.

**Figure 3: Typology of Cultural/Creative Industries**

* Music
* Book publishing
* Audio-visual
* Festivals
* Performing arts
* Visual arts
* Copyright collective mang’t

Creative Core

Interdependent CI

Partial Copyright Industries

* Fashion design
* Jewellery design
* Costume production
* Advertising
* Architecture

Music instruments production

Music & video players

## 8.2 Why Invest in Creative Industries?

Government and donor support to and private sector investment in the creative industries can be justified on several levels.

*Economic:*

The cultural industries provide alternative avenues for industrial development, and assuch they can broaden the economic base of Saint Lucia.They generate employment and provide a range of new and interesting career options for thousands of young people; and this is the largest population segment in Saint Lucia.They also generate foreign exchange through the export of cultural products and services as well as from visitor expenditure during festival periods.They also diversify revenue streams for enterprises and entrepreneurs in supporting sectors and stimulate growth directly and indirectly in other sectors of the economy.

*Market-Oriented:*

Cultural industries can enhance the image of Saint Lucia and help to diversify its appeal as one of the premier destinations in the world.They can attract positive media attention to Saint Lucia and provide another platform for destination marketing. This in turn can act as a demand-pull for investors to Saint Lucia.

*Socio-Cultural:*

Vibrant cultural industries promote self-worth, build the cultural confidence of the society and promote cohesion.They also encourage innovation and creativity within a society and build cultural competences to create a set of indigenous skills that are difficult to replicate.Cultural industries stimulate regeneration of a location or a region. For instance, the annual carnival has created an image of Trinidad and Tobago as one of the trendiest destinations in the Americas in some quarters as the “entertainment capital” of the English-speaking Caribbean. This perception has positive implications for destination branding and marketing. Indeed, estimates of visitor arrivals in Trinidad and Tobago during the Carnival period of February/March amount to 40-42,000 in recent years. This injects millions of dollars into the local economy each year. There are also thousands of locals involved in a range of Carnival-related activities, and many who work full time in this sector.

Creative industries effectively cross-fertilize with levels of education to provide teaching aids and resources for other disciplines; to widen the options for curricula development; and to provide alternative avenues of education and training for the young unemployed. They also reinforce the heritage and cultural fabric of a society, since the underlying skills in any cultural industry are derived from the art, culture and heritage of the country. Raw talent will always be critical to the success of the cultural industries. Finally, they stimulate development of a society’s heritage through the construction of theatres, museums, art galleries and cultural villages.

One strong reason for promoting the development of the creative sector in Saint Lucia is the risk of what would happen if it not done. As Joffe and O’Connor (2012) pointed out in the case of Mauritius:

Instead of a digitally literate population, confident in their local culture and with the capacity to adapt and transform the flows of global culture to their own ends – there will be a dependent, derivative culture of consumption with no link to employment and economic opportunity. Art will remain the province of the elite. Young people will leave as soon as they can since they are unable to make a living from their creative output.

While it is generally not treated as a serious economic sector in Saint Lucia, the creative industries in other islands in the Caribbean contribute significantly to the domestic economy and consist of a diverse range of jobs as follows:[[36]](#footnote-36)

**Skills in the Entertainment Sector in the Caribbean**

|  |  |
| --- | --- |
| ***Performers/Artists***DancersSingersMusiciansSongwritersActorsPoetsRadio/TV hostsDisc Jockeys (Deejays) ***Producers of Media/Audiovisual Content***Music studios/labelsFilm studios/producersDirectorsGraphic artists/designersWeb designersAnimatorsWritersEditorsRecording/sound engineers Sound reinforcement providersCamera operatorsLighting techniciansLocation managersSet designersProps management | ***Carnival***Band leadersCostume designersWirebendersPurchasing Booking agents ***Representation and Management Support***Show promotersShow producersStage managersSet designersChoreographersMake-up artists Personal and Business ManagersTour ManagersAgents & PublicistsPublic events managersIntellectual Property LawyersPublishersDistributors/Retailers |

The list below is a non-exhaustive collection of some of the people and companies in the creative industries in Saint Lucia. It is simply intended to give an indication of the level of diversity and is not meant to endorse or promote any artist or entity.

|  |  |
| --- | --- |
| **ARTISTS/MUSIC BANDS** [[37]](#footnote-37) | **CARNIVAL** |
| Heart and Soul | Cozy Guzzlers Sailor Carnival Band |
| Black Antz | Just 4 Fun  |
| Taj weekes and Adowa | La Mosaique |
| Rob Taylor | Looshan Revellers |
| Ronald ‘Boo’ Hinkson | MAS Action |
| St Lucia collective | Red Unlimited  |
| Shane Ross | Rituals |
| DYP | RoyalitesXtreme Carnival Band |
| Emerson Nurse | St. Lucian Spirit |
| Mervyn Wilkinson | SharpEdge Carnival Band |
| Mantius Cazaubon | Toxik Carnival Band  |
| Invader | XS Energy |
| Rikki T |  |
| Alpha | **DANCE** |
| Zionomi, Trish, Cherry L, Kris Bailey | [St. Lucia Dance Company](http://www.caribarts.org/viewArtist.cfm?artistID=1915) |
| **RECORD COMPANIES/PRODUCTION STUDIOS** | [St. Lucia School of Ballet & Modern Dance](http://www.caribarts.org/viewArtist.cfm?artistID=2163) |
| SLU Records | Helen Folk Dancers |
| Place on Earth Productions |  |
| St Lucia Recording Studios | **MEDIA/DIGITAL** |
| Sicarii Recrods | www.numusiczone.com |
| Homemade Studios/Cocostick Productions | [www.stluciatunes.com](http://www.stluciatunes.com) |
| Bedlam studio | [www.stluciacarnival.net/music/](http://www.stluciacarnival.net/music/) |
| Heights Music Production | [www.stlucia.com](http://www.stlucia.com) |
| **ARTIST MANAGEMENT/PROMOTERS** | [www.livestream.com/scruffytv](http://www.livestream.com/scruffytv) |
| On Da Mac | www.carpetmediaslu.com/network |
| Jako Productions |  |
| Absolution Entertainment |  |
| Jackie O Entertainment |  |

**Overview of the Strengths and Weaknesses in the Creative Sector in Saint Lucia**

| **Strengths** | **Weaknesses** |
| --- | --- |
| Rich cultural diversity and forms of cultural expressions. | Poor or inadequate infrastructure for creative activities (auditoriums, venues, training, etc.) |
| Due to bilingual environment, Saint Lucian creative output can feed into both French and English language markets.  | Punitive tariffs on all inputs for cultural expression (duties and other duties and charges on imports) |
| In some sub-sectors – architecture, advertising and design – creative persons are gainfully employed full time. | Inadequate protection of intellectual property, particularly in digital media. Pirated CDs and DVDs are sold openly all over the island. |
| Young population with rapidly growing and evolving interest in various cultural and entertainment products and services.  | Inability of creative individuals to make a living from their creative output full time. |
| A small but significant number of Saint Lucians have succeeded internationally in various art forms, especially music.  | Current practice of culture for superficial tourist entertainment.  |
| Significant potential for meeting demand for entertainment in a target demographic of 5 million in CARICOM and metropolitan areas in North America. | Lack of enforcement of domestic content in media and surfeit of foreign cultural content in all media in Saint Lucia. |
| Strong tradition of some artistic expressions some artists that are well know regionally and abroad.  | Lack of finance for creative activities/investment. |
|  |  |

***Performance Venues/Facilities***

There is a lack of affordable, high-quality venues for live performances. Furthermore, there are no local venues for artists of any kind to practice or perform in many parts of the country.

*Necessary interventions for developing the live events industry include the following:*

1. Develop a calendar of small and large live events in Saint Lucia and a one-stop-shop for all events;
2. Develop and implement a strategic vision around events – small, medium and large and coordinating these different events for maximum impact;
3. Implement common incentives and access to live event spaces and venues around the island;
4. Closely link cultural events with tourism marketing and promotion.

## 8.3 Policy/Regulatory Shortcomings

The creative sector gets a lot of attention in recent years. The problem is lack of action. The Budget Statement 2013/2014 stated that funds will be set aside for the development of a Creative Industries Policy and Action Plan. The Budget proposed that a *Creative Industries Act* will be enacted, which will provide the framework for incentives and concessions for artists, creative designers and cultural entrepreneurs. It was also stated that this initiative will begin moves towards the establishment of a National Festivals Commission.

In spite of the stated intentions in the White Paper entitled *Policy, Strategic and Institutional Framework for Saint Lucia’s Creative Sector and for the Production of Events and Festivals*, real support or incentives for creative output are still elusive. For instance, most inputs to the creative sector, especially music/entertainment, face some of the highest tariffs or duties in Saint Lucia. This is a major disincentive to investment in the sector.

In principle, the general thrust of the White Paper is laudable. It focuses on 4 strategic areas with priority actions outlined below:

**#1: Creating and Nurturing a Favourable Policy Environment**

* develop a baseline and a detailed assessment of the sector
* formulate and implement a broad-based communication strategy
* Collaborate with other sectors to mainstream the creative sector into relevant national policies, programmes and interventions
* establish and strengthen the delivery mechanism, as outlined in the relevant section below
* strengthen the legal and regulatory framework

**#2: Consolidating the Capital of Creativity**

* support implementation of the CDF’s strategic plan;
* formulate a national plan and programme for the creation, enhancement and management of performance and rehearsal venues;
* collaborate with the Ministry of Education and educational institutions in the review and consolidation of school curricula.

**#3: Transforming Creativity into Economic Potential**

* streamline and improve institutional arrangements for the production and management of events and festivals;
* ensure that all major festivals and events are designed and produced in ways that optimise their positive impacts on the national economy and on individual creators and businesses;
* explore the desirability and feasibility of introducing new events on the national calendar;
* develop and implement marketing plans for specific sub-sectors, products and targets where business potential is high.

**#4: Building Capacity**

* develop and implement, in collaboration with CDF and other agencies, a training and capacity-building programme;
* establish and maintain a proper register of individuals and organisations involved in the sector;
* create and maintain a web portal and an Intranet accessible to participants in the sector;
* develop a plan of action for trade facilitation and market access, in collaboration with relevant ministries and other agencies.

But there is a big gap between stated intentions and actual implementation of initiatives for the creative sector. Most importantly perhaps, a Creative Industries Bill was developed by the Ministry of Tourism, Heritage and Creative Industries with minimal consultation or input from creative industry professionals in Saint Lucia. And like several other such initiatives, it seems to have foundered somewhere.

## 8.4 Funding of creative economy initiatives

Four crucial tasks need to be undertaken for the creative sector. First, the punitive tariffs and other duties and charges on inputs to creative activities should be removed so that creative persons (and others) can invest in the sector to upgrade equipment, introduce new technologies, etc. Second, there is need for a concerted series of actions to promote and develop the creative industries in Saint Lucia based on clear and substantial inputs/ideas from creative practitioners themselves. Third, an organization should be designated to implement this agenda. This organization should have a clear remit to develop the cultural economy, and while it should have representation from the Culture ministry it needs to be inter-departmental and must have creative industry practitioners on its board. Fourth, there must be investment in infrastructure for the arts, starting with a performing arts centre or facility that will allow artists to practice/rehearse and stage commercial productions. The auditorium should be of a size that accommodates enough persons to make concerts profitable.

The annual budget of the Culture Department is about …. This is hardly adequate to fund the necessary investment in the creative sector. And there is no foundation for the arts or any other kind of sponsorship programme. Various stakeholders have pointed out that the National Lottery receipts can be used to fund stimulus initiatives in the creative sector; and there is no reason why this is not currently the case. The investment in performance and training facilities is necessary and critical and should be funded from lottery receipts. But at the same time it is important for the GOSL to provide incentives for the private sector to invest in creative activities and the live entertainment sector in particular.

***Possibilities for Support from Europe***

Saint Lucia and Martinique (and to a lesser extent, Guadeloupe) share a long colonial history which on record began in the early sixteen century. Over the years, the two countries have established many positive diplomatic, cultural, educational ties/relations with the objective to benefit its citizenry and economy in general. In June 2014, a declaration of Intention of Cooperation (Framework Agreement) was signed by the two countries that will focus on a range of areas including the creative industries. The aim is to facilitate and intensify areas of mutual cooperation. Both signatories proposed to exchange experiences in a number of identified priority areas which include:

* Creative and Cultural Industries
* Trade Facilitation
* Tourism Development
* Renewable Energies
* Health Cooperation
* Climate Change and Disaster Management

This is a positive initiative. But there is even greater potential in a formal agreement on cultural cooperation with France.

To benefit artists and creative persons of all kinds, Saint Lucia should make a proposal to France, Germany, the United Kingdom, and the Netherlands regarding the negotiation of bilateral cultural cooperation agreements as provided for in the Cultural Protocol in the EPA. This should include elements such as exchanges of artists, artists in residence, training in various areas and provisions for co-productions as provided for in the Economic Partnership Agreement (EPA) between the Caribbean and the EU.

## 8.5 Development of an Animation Industry

Animation is a rapidly growing global industry and is very much part of the creative economy. More importantly, it provides very interesting jobs for young people in many developed and developing countries. It does not take long (2 years) to train an animator to operate to professional international standards; but shorter training allows youths to function comfortably and efficiently in various software packages that are used globally. Furthermore, most students find animation attractive and fun. Saint Lucia should develop the animation sector and this can be a natural evolution from the ICT sector on the island; but it requires clear vision and particular investment.

There is a fledgling animation sub-sector in Saint Lucia but it is merely used to make simple products for the advertising industry. The main animation outfits in Saint Lucia are:

IFX Visual Studio Limited - Dexter Fassale , a Saint Lucian now in St. Kitts but serving the Caribbean region. <https://m.facebook.com/profile.php?id=357957561053809>

Media Zone/Choice TV in Saint Lucia (Guillaume Rico and Wayne Whitfield), <http://www.mediazonestlucia.com/>

Malfinis Films and Animation - during the ICT Fair and Hackathon held by CARCIP in August 2015 they conducted a workshop with participants using ToonBoom software and revealed that they have a good working relationship with the company.  www.malfinisproductions.com

There are a few training courses offered by various institutions but full professional training in animation is not offered due to cost and lack of demand. Saint Lucia School of Arts and Design (SADS) had been running a number of animation training classes under the CARCIP/TVET programs. But it is not clear if the participants receive formal certification that would be recognizable internationally; perhaps it is TVET-certified.

*Partnership with Toon Boom Animation*

Toon Boom ([www.toonboom.com](http://www.toonboom.com)), an animation company based in Montreal, Canada,[[38]](#footnote-38) has helped build animation industries from the ground up in several countries such as India (where no animation industry existed 15 years), Barbados, Jamaica and Trinidad to name a few. Toon Boom is able to do this by partnering with national governments to ensure that there is a constant flow of skilled human resources on the education front and support for entrepreneurs on the business front. By using Toon Boom's international reach (they sell in more than 120 countries), the company is able to connect new studios with the rest of the world to get them started on the service front, eventually co-productions and ultimately creating their own intellectual property. Over 80% of animation studios worldwide use the Toon Boom platform, from Disney to Universal to the Simpsons, etc. By creating a link with US producers, Toon Boom would be able to build a solid base in Saint Lucia. Animation is still increasing at an incredibly fast pace and there is still great need for studios worldwide.

A formal relationship with Toon Boom could provide the following:

*Training* - The creation of Centers of Excellence with the GOSL and entrepreneurs to ensure that Saint Lucia gets trained and job-ready animation personnel. Toon Boom would certify the Centers and their teachers to ensure that they are recognized at the international level. This could also eventually create links with some of the key animation schools around the world.

*Studios* - By including local private sector investors, Toon Boom will make sure that the new animation studios are equipped adequately with software and with the right infrastructure. This is an important piece of the puzzle as outsourcing studios need reassurance that everything is in place to deliver on time, on budget and at the right quality. By helping fund 2-3 studios at the beginning, this fast tracks the whole initiative.

*Networking* - Toon Boom can help facilitate introductions to key industry players for service work at the beginning.

*Production and Marketing* - Once they are able to start bringing projects to Saint Lucia, Toon Boom would be there at the beginning of the process and thereafter to ensure that the jobs get delivered on time, on budget and at the right quality. Animation studios developed in Saint Lucia would get the support of Toon Boom’s vast reach in the global animation industry to help bring awareness to the initiative.

Malfinis Film and Animation is the authorized Training center (ATC) for Toon Boom in Saint Lucia and the training they have started under the CARCIP project is particularly crafted to provide successful trainees with Toon Boom and CVQ certification. Malfinis also has a plan for national expansion of their training model and have signed MOUs with other key training institutions to execute this through 2016 and beyond. The studio is also part of an IDB-funded project for the development of a Caribbean Animation Cluster, again associated with with Toon Boom. This cluster is to be marketed as the new animation outsourcing hub for the global animation industry. Malfinis is one of the three principal cluster partners; the others come from Barbados and Jamaica respectively.

This initiative has great potential to develop a corps of animators in Saint Lucia and should be supported beyond the life of the IDB funded project.

## 8.6 Recommendations

The following recommendations are made with the purpose of kick-starting the commercial development of the creative economy in Saint Lucia. They involve initiatives that the government should undertake and joint public-private partnerships (PPPs).

*Priority Recommendations*

1. It is recommended that a Cultural Development Foundation be strengthened to play a pivotal role in charting the commercial development of the creative industries in Saint Lucia. It should be the designated Champion Agency for the creative sector. It should have a board made up of creative professionals and representatives of various ministries – Culture/Tourism, ICT, Trade, Industry, Finance and Education.
2. Invest in better facilities or infrastructure for the creation of music and the performing arts in general. There are a few venues for performances in Saint Lucia; and there is clear need for a performing arts centre. The GOSL should seek donor resources to build such a facility and it should be managed on a shared basis or public-private partnership (PPP) with the professionals from the creative sector to ensure its proper maintenance and economic sustainability.

*Government Agencies:*

1. Introduce incentive regimes specific to creative industries. For example, tax incentives to individual artists; tax concessions to purchasers of Saint Lucian creative products; tax and duty waivers for importers of specialized equipment and material that are used as inputs into the creative process or productions.
2. Upgrade the human resource capabilities of the cultural sector through technical training in the arts at the secondary and tertiary levels, as well as training in arts administration, management and cultural entrepreneurship. Forge alliances with similar institutions overseas, and negotiate scholarships for training.
3. Harmonize, simplify, and implement intra-regional trade measures through CARICOM and OECS to facilitate the deepening of the regional market for cultural goods and services (e.g., common customs regimes and procedures). A key issue is the operationalization of the freedom of movement of cultural professionals/artists and equipment.
4. Remove any tariffs or duties and taxes on inputs for creative products and services.
5. Adopt the international Carnet system to facilitate less costly movement of cultural goods for exhibition and promotion overseas.
6. Enter into double-taxation treaties with trading partners to address the issue of withholding taxes on entertainment contracts for Lucian artists that perform overseas. Oblige the inclusion of specific provisions on cultural goods and services in investment promotion contracts for investors in Saint Lucia.
7. Increase public-private consultation in culture-related policymaking and training of officials on the particularities of creative industries. Increase stakeholder awareness-building initiatives on the policies that affect the creative industries.
8. Conduct a comprehensive inventory to document the different creative sub-sectors in Saint Lucia. This will provide insights on the level of development of the different creative expressions and the needs of each. It will also serve to establish benchmarks from which targets and policy measures to promote employment generation and enterprise development can be set.
9. Enforce local and regional content on the airwaves (e.g. radio and TV) through local content legislation/regulation. Encourage and facilitate the “uploading” of local and regional content onto the World-Wide-Web, for example, through the webcasting of festivals and events.

*Public-Private Partnerships (Governments & Creative Professionals):*

1. The creative industry practitioners should develop a strong umbrella cultural industry association to represent the interests of the sector and also to develop a code of ethics and standards for remuneration rates and work practice, particularly for cultural workers that provide services to private investors. Incentives should be provided by donors or governments for the establishment of such an entity in the short to medium term, and funding allocated to defray costs of operation where necessary.
2. The GOSL (through the Computer Centre) should support the initiatives to train animators in Saint Lucia through collaboration with *Toon Boom* in Montreal, Canada.
3. Improve access to finance, credit and business support services for emerging and export-ready firms and artists, and educate financiers on valuing intellectual capital. These measures should be matched by market development grants and financing for participation in trade fairs such as MIDEM, WOMEX, etc.
4. Invest in marketing and branding of Saint Lucia’ cultural industries. Saint Lucia already enjoys much market appeal as a tourist destination. A cultural or creative element to this brand will only increase its attractiveness to tourists. This needs to be translated into stronger commercial opportunities for distribution over the Internet as well as expanded destination branding for cultural tourism.

# 9. TERTIARY EDUCATION

## 9.1 The Global Market for Higher Education

A 2012 report for the British Council on global higher education indicated that in 2009, there were about 3.5 million international students in universities and colleges. Furthermore, the global market for tertiary education is vibrant and growing faster now, especially in Africa and Asia. In 2009, international students represented over 20% of total students in the United Arab Emirates, Australia and Singapore.[[39]](#footnote-39) In 2012/13 there were 819,644 international students studying at American colleges and universities; and Australia, had 515,853 full-fee paying international students according to Open Doors. The OECD estimates that the number of post-secondary students enrolled abroad was set to grow to 6.4 million in 2025.

Students are largely destined for Australia, Austria, Luxemburg, New Zealand, Switzerland and the United Kingdom (UK), which account for the largest percentage of international students. For internationally mobile students, English Language Teaching was estimated to be valued at US$7.14 billion dollar industry, with England attracting 35% of the market. The estimated market for English Language Teaching with students who are studying English in their home country was US$50 billion in 2012. The sector is forecasted to grow by 25% per annum over the period of 2012- 2017 with the largest component being students who study English from their own countries.

The importance of higher education for economic development cannot be overstated. A strong correlation exists between per capita GDP and the participation rate at the tertiary level internationally. A more qualified labour force leads to increased productivity and economic efficiency, promotes growth through higher value activities and improves competitiveness. In the context of globalization, a higher participation rate in tertiary education will help in meeting regional and global needs. Tertiary education is equally instrumental in reducing poverty and bringing improvements in living standards of the population as well as in nation building.

There are over 150 technical and vocational colleges, colleges and universities in CARICOM and more than 30 in the Dominican Republic. Since 2004, CARIFORUM’s global exports in Education services have steadily increased. During the period 2004-2006, the region was a net importer of educational services but in 2007 it became a net exporter in its trade with all countries. Based on 2010 and 2011 data, the Bahamas, Barbados, Belize and Trinidad and Tobago are net importers of education services while the Dominican Republic and Jamaica are net exporters.[[40]](#footnote-40) Most trade in education services in the region, however, involves US offshore medical schools. This is a very specialized business model.

The demand for higher and adult education, especially professionally related courses and non-traditional delivery modes, is increasing in most countries. Caribbean countries like the Bahamas, Jamaica, Grenada, Saint Kitts and Nevis and others benefit from exports of education services through offshore schools. There is potential for Saint Lucia to also develop this sector; but it is a very specialized niche.

Education and Training Services are highlighted in Saint Lucia’s National Investment Policy and many incentives are now outlined in the Offshore Higher Education Act. Measures to develop capacity in offshore education and medical training were also noted as priorities in the 2014 WTO Trade Policy Review for the OECS.

## 9.2 The Tertiary Education Sector in St Lucia

Saint Lucia’s current offering in terms of education services to foreign students is largely unplanned and ad hoc and comprises offshore schools – namely medical schools and satellite institutions. There is potential for Saint Lucia particularly with regard to English Language Training. While the offshore/satellite schools are foreign-owned (i.e. profit is not kept in Saint Lucia), foreign students contribute significantly to many areas of the economy including: apartment rentals, utilities, food, entertainment, clothing, medical expenses, etc. Though average student spend figures in Saint Lucia are not available, it is fair to say that not only is per person spend much larger for a student than the average tourist (given the length of the stay), the trickle down benefits are also greater (i.e. a wider segment of the population accrues direct financial benefit). For indicative purposes, in Antigua, US medical students average spending (including fees) amounts to US$25,000 per year.

Box 2

| **Educational Institution in Saint Lucia** | **Year**  |
| --- | --- |
| 1. American International Medical University – [www.aimu.us](http://www.aimu.us) | 2007 |
| 2. Spartan Health Sciences University School of Medicine – [www.spartanmed.org](http://www.spartanmed.org)  | 1980 |
| 3. International American University College of Medicine - [www.iau.edu.lc](http://www.iau.edu.lc)  | 2004 |
| 4. University of the West Indies Open Campus – [www.open.uwi.edu](http://www.open.uwi.edu)  |  |
| 5. Atlantic University School of Medicine - <http://ausom.org>  |  |
| 6. Monroe College – [www.monroecollege.edu](http://www.monroecollege.edu)  | 2007 |
| 7. Washington Medical Science Institute - [www.wmsi-edu.us](http://www.wmsi-edu.us)  |  |
| 8. Lynchburg College – [www.lynchburg.edu/st-lucia-partnership](http://www.lynchburg.edu/st-lucia-partnership)  | 2014 |
| 9. University of the Southern Caribbean – [www.usc.edu.tt](http://www.usc.edu.tt)  |  |

In 2012-2013, there was a total of 395 foreign students in Saint Lucia as follows:

* Monroe College – 76 (15 non-CARICOM in Spring 2013)
* Spartan Health Sciences University School of Medicine – 128
* International American University, College of Medicine – 107
* American International Medical University – 84

Information from the other institutions was not available.

The offshore education institutions currently contribute minimally to employment in Saint Lucia. In 2012-2013, Monroe, Spartan, IAU and AIM together had approximately 40 full-time teachers and 50 part-time teachers – in addition to ancillary staff members. The data with respect to the nationality of the teachers in not available, however Atlantic noted that all teaching staff is foreign. It is likely that given the specialty skills needs to teach in a medical school, few Saint Lucian professionals would be qualified. Monroe however indicated that all teaching staff is local. Lastly, interactions with the medical schools and the public sector are largely limited to accreditation/recognition and student facilitation. The schools are not likely interested in pursuing any national agenda.

An additional benefit offered by these private institutions is the tertiary educational opportunities for Saint Lucians, who, beyond UWI Open Campus and the Sir Arthur Lewis Community College (SLCC) and online options do not have national access to higher education opportunities. In 2012-2013, Monroe, Spartan, IAU and AIM had approximately 430 Saint Lucian students.

In order for Saint Lucia to reap full benefit (tuition fees and living expenses), consideration must be made regarding how to encourage private sector investment in other tertiary education. There are potential opportunities for English Language Training, given Saint Lucia’s proximity and close relationship with Martinique. Data suggests that ELT training ranges on average from 6-12 weeks and that average spend per week outside of tuition ranges from USD $350.00-$600.00, depending on the location. For indicative purposes, training fees may average USD $300.00/week (though there are too many variables to make a sound estimation). Therefore, an average ELT student may generate between USD $3900.00 and $10,800.00.

It should be noted that the Education Sector Development Strategy makes no mention of education as a commercial sector nor ‘trade in education services’. If Saint Lucia wants to develop the education sector for exports, it will have to take a more focused approach in this area. In fact, it is highly desirable to establish a clear policy position on the development of Saint Lucia as a location for international tertiary education to give focus and direction to the growth and development of the sector. For instance, the Grenada government collaborates very closely with St George’s University in Grenada. Indeed, SGU is a major investment (US$750 million) that contributes very significantly to the Grenadian economy. Some estimates put it at 20% of GDP. The institution also claims that it had 96 countries represented by the 4,200 students on the True Blue Campus in 2015.[[41]](#footnote-41)  Current total enrolment at St. George’s University is 7,071 students.

Saint Lucians do not have public tertiary education options apart from SALCC and UWI Open Campus. Accordingly, additional investment in education, offers greater education opportunities. For example, Monroe College, a New York based institution opened a campus in Saint Lucia in 2007. More than 250 Saint Lucians undertook courses during the 2012/2013 school year. This is a net positive contribution to education in the domestic market but there is need to focus on investment that is designed to attract foreign students for the export of education services.

## 9.3 The Regulatory Environment

Higher education providers vary widely in their export practices, with the SALCC, UWI Open Campus and Vieux Fort Post-Secondary Department serving mostly local students. Monroe College serves a mixture of students and the offshore medical schools mostly foreigners. Most local students are women while the student profile is more mixed for the foreign students. Participants reported no efforts to target prospective students according to their gender, with the exception of UWI Open Campus. There, research is being conducted via a Canadian grant on what subject areas and courses are needed to attract more male students.

Caribbean students have a limited interest in educational services in Saint Lucia. 65 Caribbean students were enrolled in Monroe in Spring 2013 from a semester total of 301. There were no Caribbean students enrolled at Spartan, AIM or AIU in 2012-2013.

A possible strategy for attracting foreign students would be to develop programmes that resonate with a Caribbean context – yacht steward training, hospitality training, marine biology, climate change, etc. However, it should be noted that a UWI Open Campus representative noted that they are not interested in exporting education services or attracting foreign students. Their focus remains regional in scope and under the rubric of the regional university (UWI) mandate. And the foreign education providers are narrowly focused on the specific business model of preparing students for medical training in the United States. The question remains whether Saint Lucia can attract a world-class university or education provider that can transcend the narrow model of medical school training that seems to be dominant across the Caribbean.

**Issues in the Offshore Education Sector**

Consultations with education sector stakeholders revealed some of the constraints by the sector. Import duties on school furniture and laboratory equipment are a deterrent to investment. An Atlantic University representative noted at a focus group session that they had considered closing the Saint Lucia institution as a result of the high duties on equipment and fittings needed by the institute and non-transparent, bureaucratic procedures related to duty waivers. The new Offshore Higher Education Action provides for waiver of duties, taxes and even the value added tax (VAT); but it is not clear if this will only apply to future investments.

It was also pointed out that the student visa process needs to be made more efficient. It is presently much too slow – though no issues of refusals of visas have been noted. It appears that the student visa issue is the result of limited human resources in the Immigration department. If more foreign students are to locate in Saint Lucia, this matter will have to be streamlined and made faster and more efficient.

The Offshore Higher Education Licensing and Incentives Act 2015 was recently passed. The Act requires that all offshore education institutions be licensed and includes the establishment of the Offshore Higher Education Licensing Board. The responsibilities of the Board include advising the Minister on the standards, requirements and regulations with which offshore higher education institutions must comply, reviewing and deciding on applications for licensing, maintaining records of the offshore higher education institutions and the programmes that are accredited, monitoring the quality of the higher education programmes and revoking licences as necessary in order to safeguard the public and Government interest in the achievement of acceptable academic standards.

Incentives are outlined in the Offshore Higher Education and Licensing Act and include: relief on property tax, vendor’s tax, Alien Land Holding licence, tax holidays, customs duty exemptions and stamp duty exemptions. The procedures for securing incentives are outlined in the Act. Furthermore, the town of Vieux Fort and its environs was declared to be a “university town”. The Act also provides for the prospect of other regions being declared as “higher education development areas.”

Interestingly, the new Act seems to focus only on medical training since Article 29 regarding accreditations refers to Schedule 1 which currently lists only the following:

The Caribbean Accreditation Authority Medical Schools for Education in Medicine and Other Health Professionals established under an Inter-Governmental Agreement dated 13 November 2003.

However, the Act provides for amendments to the Schedule so it is conceivable that other areas of education can be added in the future.

The Sector is currently not well-regulated; the accreditation board was very recently established and not yet operational. Also, in the past, the recognition and approval of medical schools by the government of Saint Lucia appeared to be ad hoc and unclear. The inability to establish an Accreditation board over the past 15 years may demonstrate a lack of commitment to this sector by the GOSL. And it might be true to argue that the new Offshore Higher Education Act was a knee-jerk response to scandals involving that sector in recent years. Nevertheless the attempt to regulate the sector is an important step in laying the groundwork for the development of education services for export in Saint Lucia. Furthermore, it is not clear how the Offshore Higher Education Licensing Board will be funded or staffed. It is unlikely that Saint Lucia will be able to operationalize the Board due to budgetary and other limitations.

It is a very complicated and human resource-intensive process to properly assess the courses offered, the competence of faculty, and accredit a tertiary education institution. It is not realistic to expect that the new Offshore Higher Education Licensing Board will be able to do this efficiently. It may be more practical for the GOSL to formally indicate that it wishes to attract foreign education institutions that have their own international accreditations and linkages with institutions in other countries rather than try to accredit foreign universities or colleges that seek to establish in Saint Lucia.[[42]](#footnote-42)

The sector is not presently collaborating with SLCSI or the government in any formal way. The education sector stakeholders at a focus group session with the Consultants noted that they had never before met as a group to discuss issues facing the sector that it was the first time stakeholders have ever been called to an education sector meeting. They also noted that a tertiary education association would be useful. The SLCSI should assist stakeholders in establishing an association. This would also serve to develop a relationship between SLCSI and the sector.

**Prospects for Growth of the Offshore Education Sector**

Medical schools in the US are becoming extremely competitive to enter. They are also very expensive. American and other (foreign) students are accordingly seeking alternative options and American operators are providing these options by establishing schools overseas. Spartan and AMU were noted as successful medical schools in Saint Lucia. The business model of American medical schools in Saint Lucia appears to include a combination of Mode 3 (establishment) and Mode 1 (cross border/online content and teaching). But the international demand for tertiary education services is very significant and growing. It is therefore not unrealistic to conclude that Saint Lucia can become a location for other types of tertiary education, apart from medical schools focused on the United States. Precise information on private international medical schools in the region is difficult to obtain, but Wikipedia lists 31 offshore medical schools in the Caribbean of which about 21 are in CARIFORUM States.[[43]](#footnote-43) It is not clear that there is much more room for growth of medical schools in Saint Lucia. St George’s University is apparently the most successful medical school in terms of the number of its graduates that obtain residency in the United States.

Tertiary education in St Lucia is competitively priced both in terms of living expenses and tuition when compared to North America and some EU countries, however not so when compared to other major international competitors. The appeal of St Lucia as a hub for tertiary education is the same time zones as the US, English-as-a-first-language and comparatively low fees. But there is international competition in traditional education and online learning.

Europeans are likely uninterested in the medical schools in Saint Lucia. The schools tend to follow North American standards and do not meet the standards in EU – i.e. it takes 6 to 8 years to graduate from European and Asian countries and 4 years to graduate from US, Canadian and Caribbean schools. But they may appeal to African or other students.

Saint Lucia must establish what exactly is its offering in tertiary education. Is the strategy to encourage more students to attend offshore medical schools? Or is it to establish its own tertiary institutions or training programmes? Most likely, the model will have to be totally private sector-driven and the GOSL should seek to attract a world-class or brand name university to provide training to international students in other disciplines.

It should be noted that one area of very significant and growing demand worldwide is business degrees or MBAs. The Financial Times reported in February 2014 that data from the Graduate Management Admission Council show 5,490 GMAT tests were taken in the African region in 2012-2013 – more than in Eastern Europe and only about a thousand fewer than in Canada and Latin America respectively.[[44]](#footnote-44)

In 2003, an integrated step was taken by the Government to promote Singapore as a premier education hub. ‘Singapore Education’, a multi-government agency initiative, is led by the Economic Development Board (EDB) and supported by the Tourism Board, SPRING Singapore, International Enterprise Singapore and the Ministry of Education. EDB was responsible for attracting ‘internationally renowned educational institutions to set up campuses in Singapore’, whereas the Tourism Board was tasked with overseas promotion and marketing of Singapore education,[[45]](#footnote-45) and the International Enterprise Singapore in charge of helping quality local education institutions to develop their businesses and set up campuses overseas. And last but not least, SPRING Singapore was given the role of administering quality accreditation for private education institutions in the city-state.

The Canadian government recently unveiled its new International Education Strategy and it is ambitious. Canada aims to nearly double the number of international students it attracts with a goal of 450,000 international students and researchers by 2022. The rationale for this is that education, innovation and knowledge are key drivers in the world economy. Attracting more international students and researchers to Canada will create jobs and economic growth, expand Canada’s people-to-people ties in priority markets, showcase Canadian research excellence abroad, help produce a more skilled workforce and foster closer ties between Canadian and international educational institutions.[[46]](#footnote-46)

Closer to home, the experience of Grenada shows tremendous positive benefits from actively supporting and promoting investment in education by St. George’s University. On its part, the GOSL should seek to create and maintain a conducive environment to make Saint Lucia a centre of knowledge of high quality and values, strongly anchored in science, technology and innovation while ensuring equitable access to education. It should begin by consulting closely with current tertiary education providers on the island to understand what is Saint Lucia’s appeal to them and how to position the country as a location for investment in higher education. It is not enough to simply adopt legislation on Offshore Higher Education.

## 9.4 Recommendations

The promulgation of legislation to govern the offshore education sector in Saint Lucia and the provision for investment incentives are very good first steps. It is now necessary to give some strategic direction for the development of the higher education sector. The ultimate objective should be to develop the knowledge sector as a new pillar of the economy and increase its current contribution to GDP to about 10% by 2025. In this regard, the GOSL should consider the following initiatives:

1. Commission a detailed analysis of the higher education sector by surveying the current providers of higher education in Saint Lucia to establish the rationale for their choice of location, their business model, the market trends and related developments in North and Latin America. This will establish which are the fields that international students are pursuing and how investment is taking place in the Caribbean and Latin America.
2. Actively encourage international tertiary institutions of high reputation, including renowned institutions among the top 500 universities to set up local campuses/units or partnerships in Saint Lucia. In fact, it may be worthwhile to start a carefully designed campaign to attract a prestigious, globally recognized university to establish a Business School in Saint Lucia. There is already significant demand for leading-edge MBA programs by Caribbean and Latin American students who are unable to attend such schools in North America.
3. Streamline visa and related immigration procedures for international students and faculty to enable mobility, including visa removal and facilitation and coverage of apprenticeships under visa categories.
4. Establish guidelines for student accommodation and encourage development and management by the private sector of purpose-built student housing.

# 10. HEALTH/MEDICAL TOURISM

## 10.1 The International Market

Medical tourism occurs when patients travel internationally with the intention of obtaining privately funded medical care. The term “medical or health tourism” has come to embrace all facets of consumers seeking treatment, improvement or change through medical or wellness practices provided they cross an international border to do so. It has become a universal term that embraces virtually all categories of people who seek or obtain any kind of health-related activity provided that they travel away from “home” to get it. It includes consumers and stakeholders in medical travel, wellness travel, international patient care, and domestic medical tourism (in large countries). The Medical Tourism Association based in the United States defines it as follows: “where people who live in one country travel to another country to receive medical, dental or surgical care while at the same time receiving equal to or greater care than they would have in their own country, and are traveling for medical care because of affordability, better access to care or a higher level of quality of care.”[[47]](#footnote-47)

Due to demographics and the ageing population in many developed countries, medical tourism is increasing rapidly all over the world as waiting periods for various medical procedures become longer. It is projected to grow significantly over the next 20 years. Medical tourism in Asia is booming. People from both Asia and the West are being attracted to cities and ‘hubs’ of medical excellence in a number of countries, such as Malaysia, Thailand, India, Singapore, Taiwan and South Korea. And many Americans obtain medical treatments in Latin America, particularly Costa Rica, Mexico and Colombia. This tourism is a reversal of medical travel’s historic trend of being from low- to high-income countries.

According to the group “We Are Your Ontario Doctors”, more than 113,000 Ontarians are on waiting lists for hip replacements, knee replacements, cataract operations and hysterectomies, with an average wait of 194 days before receiving their procedure. These wait times only track from the time surgeons decide to operate to the operation itself; the period to see the surgeon can range between an additional three and 12 months, according to the group. Since many Canadians spend winter months in Saint Lucia, there is the potential to provide various medical services to them; but standards will have to be high and prices competitive since medical care in Canada is free.

National governments anticipate many benefits from medical tourism. There are financial benefits generated from health services and associated visitor spending. Human resource benefits can be gained by using medical tourism to attract back health workers who have emigrated — reversing the ‘brain drain’. Positive spillovers may include the expansion of health-sector infrastructure and also roads and telecommunications. Equity benefits are potentially created by hospitals cross-subsidising care for domestic patients, or helping to fund capital investment. Capital investments such as MRI scanners, can then be used by all patients in the hospital or health system.

The market in the Caribbean region for medical services is currently small but growing. Recent significant investments have been made in some islands. Health City Cayman Islands ([www.healthcitycaymanislands.com](http://www.healthcitycaymanislands.com)) is well known since its establishment in 2014 by the famous Indian heart surgeon Dr. Devi Shetty. More recently, Grenada has plans for a Mount Hartman Medical Park to include medical facilities as well as recuperative care. Jamaica is also positioning itself to cater to medical tourists from North America. This sector has evolved in Jamaica over the past few years, and attracted over $15 million Euros in foreign investments through the Spanish Group, Hospiten, as well as developments such as G West in Montego Bay. Jamaica projects a somewhat ambitious minimum of 15,000 medical and residential care patients and an annual income of US$125 million by 2020. The Bahamas has long been offering medical services to tourists at the JCI-accredited hospital (Doctors Hospital). The other main hospital is the 400-bed Princess Margaret Hospital, which caters to medical tourists with a range of surgical and medical procedures, including plastic surgery, as well as dentistry.

## 10.2 Medical Services in Saint Lucia

The Ministry of Health is the principal provider and financier of public health. The Ministry has the constitutional responsibility for regulation of the health sector and its policies are guided by five legal instruments: The Public Health Act (1975), the Mental Act (1957), the Hospital Ordinance Act (1992), the Nurses and Midwives Act, the Family Practitioners Act (1993), and the Pharmacy Act (2000). Health care is funded from the government’s consolidated fund, donor contributions, out-of-pocket payments, and private insurance schemes.

Saint Lucia provides state health services throughout the country free at the point of use to all its citizens through an effective regionalised network of public health facilities that include regional and district hospitals, specialised hospitals, community hospitals and numerous healthcare clinics. But there is a significant amount of privately provided health services. The private sector owns the majority of facilities: 116 of the total 160, most of which are private physician/dentist offices. Furthermore, the private sector manages six out of eight laboratories, and two out of three hospitals in Saint Lucia.

The private medical services sector in Saint Lucia is growing but it has to compete with public health institutions for patients.

**Table 7 - Health Facility by Ownership in Saint Lucia**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Facility Level** | **Public** | **Parastatal** | **Private** | **Sub-Total** |
| Health clinics | 32 | 0 | 0 | 32 |
| Consultation room (MDs only) | 0 | 0 | 77 | 77 |
| Polyclinic | 2 | 1 | 5 | 8 |
| District hospital | 2 | 0 | 0 | 2 |
| General hospital | 1 | 1 | 1 | 3 |
| Laboratories | 2 | 1 | 5 | 8 |
| Pharmacies | 36 | 1 | 25 | 62 |
| **Sub-Total by sector** | **75** | **4** | **113** | **192** |

 *Source: Rodriguez et al, 2012*

The Saint Lucia Medical and Dental Association website shows 120 members; of these, 48 are general practitioners and 11 are dentists or dental surgeons. The specializations on the island are in the following areas:

|  |  |
| --- | --- |
| Anaesthesiology | Obstetrics/gynaecology |
| Cardiology | Oncology |
| Dermatology | Opthalmology |
| Ear, nose & throat | Plastic surgery |
| Endocrinology | Paediatrics |
| Internal medicine | Urology |
| Neurology | Surgery (ENT, general, orthopaedic, vascular |

There is minimal monitoring and enforcement of quality among private providers. All physicians are required to receive their license to practice from the Medical and Dentist Council. Private physicians are also required to keep up with CME hours. It appears that all private physicians are licensed and most fulfill their CME requirements. But neither the Medical Council nor SLMDSA tracks private provider licenses or monitors private provider compliance with CME hours. The absence of quality standards and structure supporting private practice is of concern since the majority of private practitioners work exclusively in the private sector with no access to donor-funded or ministry-supported training.

The private health sector is very dynamic with numerous facilities and a wide range of services. In fact, a completely independent and parallel private health system is emerging. Indeed, many private physicians indicate they almost never interact with the public health sector because they can find all the following services they need for their patients in the private sector.

At the moment, Saint Lucia is not known as a destination for medical tourism. This needs to be developed and a particular brand must be part of the campaign to market or promote the health/medical services that are available on the island. Saint Lucia could aim to tap into this market by developing programs to cater to patients from source countries.

## 10.3 Medical Tourism and Saint Lucia

Saint Lucia is not known as a destination for medical tourism but there are thriving private clinics who provide services to patients from other Caribbean islands. And some eye clinics are starting to look further afield. The Tapion Hospital also is interested in attracting foreign clients. There is clear potential for development of some specific areas of medical care in Saint Lucia for export but the regulatory, administrative and commercial infrastructure will have to be put in place.

Currently no dedicated medical tourism facilities exist in Saint Lucia per se, although one resort markets itself as a health and wellness destination with services such as yoga and massage. Tapion Hospital has Canadian certification and treats foreign patients from time to time although it is unclear what, if any, percentage of their patients are medical tourists.

There are currently several private offshore medical schools based in Saint Lucia that are primarily attended by foreign students and financed through tuition fees. Apparently one of these offshore medical schools is contemplating opening a medical tourism facility paired with an existing all-inclusive resort that could operate as training space for students at the medical school as well as a potential revenue generator. There is also a Nursing School in Saint Lucia whose graduates are accepted in several US states.

There is inadequate information about the cost of medical services in Saint Lucia compared to Latin American or Asian locations. It is evident that the cost of medical treatment in India is several times cheaper than Saint Lucia[[48]](#footnote-48) but it is certainly lower than North America and Europe; and it is believed by operators in the health sector that services are less expensive than in Barbados. However, this is not a sector in which price is always the critical important consideration – quality of service, uniqueness of service, and other factors, reduction of waiting times for surgical procedures - are sometimes more important.

The new hospital at Millennium Heights that was built with funding from the European Union has proven a challenge for the GOSL to operate. The hospital was named the Dr. Owen King-EU Hospital and it was opened in 2015 but outfitting it is a major burden for the GOSL. In the 2015 Budget Speech the GOSL announced a new public-private partnerships (PPP) policy for investment in new infrastructural projects. It was thought in some circles in Saint Lucia that the new hospital would have best been operated on some kind of PPP basis to offset the high cost of its operations. It is understood that the GOSL received some PPP proposals regarding the hospital but it is not clear what was the final arrangement. In principle, the new hospital could have been a key element in any medical or health tourism thrust of the GOSL similar to the British Virgin Islands or Mauritius.

On a related note, it was formally announced in the 2015 Throne Speech that the GOSL had “identified the opportunity to establish Saint Lucia as a preferred location for medical research and medical education.” In this regard, the international legal firm, Clifford Chance, was apparently hired to “study the legislative and regulatory framework needed to transform Saint Lucia into a world class medical research centre and will draft the necessary legislation” for consideration by Parliament. It is somewhat strange that attention was not paid to developing medical or health tourism.

## 10.4 Key Issues Relating to Medical Tourism

Generally speaking, there is a broad range of issues or questions that need to be addressed for decisions to be made about seeking medical treatment overseas. Some are outlined below.

*Licensing and Regulation of Facilities and Professionals*

The local licensing requirements of the professionals and facilities rendering the service may be of interest to the patient considering medical tourism and of any insurer that is paying the bills. Medical tourists, facilitators, and insurers have come to ask whether the destination medical facility is accredited? In the U.S., foreign health care facility accreditation by the Joint Commission International (JCI) is considered a reliable badge of quality, akin to a facility having Joint Commission (a JCI “sister organization”) accreditation in the United States. When JCI facility accreditation is present, potential medical tourists, their facilitators, and increasingly, group health benefit plan insurers in the United States, begin to look seriously at and compare the costs of performing a surgical procedure in a U.S. facility compared to costs (including travel and supporting services) of the same procedure if performed at a JCI accredited hospital. Where JCI accreditation is present, it significantly increases the credibility of a medical services facility.

*Payment and Insurance Benefits*

Whether or not insurance payment benefits are available is important to all parties when expensive health care procedures and treatment are involved. Will the patient’s health insurance or related benefits apply outside of the patient’s home country borders, as in the European Union currently? Can health coverage benefits be assigned to providers to bill insurers directly, or must the patient bear the burden of paying all expenses out of pocket and submitting a claim to his or her insurer for reimbursement? Providers and patients should know if there are auditing procedures after payment (“post-payment review”) that require timely response, submission of supporting documentation, and which potentially place payments made at risk of recoupment or demand for repayment.

*Medical Records Issues*

Other practical considerations exist with regard to sharing and providing medical records to the out-of-country providers in advance of treatment. Are certain portions of the patient’s historical medical record needed in order to authorize and ultimately deliver care and perform procedures (such as diagnostic tests, imaging scans, or history and physical notation of certain diagnostic codes/disease states under the international classification of diseases system)? What authorizations are required by the providers and the patient’s governing laws as a condition of releasing records to other providers, to insurers-for payment or reimbursement of patient’s charges, and to the patients or their advocates? What technical mechanisms are present to exchange and share records of the patient’s care, including for proper after care coordination and follow up back in the patient’s home country?

*Patient Privacy and Other Patient Rights*

How is personal patient data (which is highly protected in the European Union and the United States health care regulators and their HIPAA regulations refer to as “individually identifiable health information”) protected? This data can include financial and other very personal and private information above and beyond medical care and conditions. Is there a right to privacy and protection with regard to the use and disclosure of patient information?

Other relevant issues include: informed consent, surrogate decision-makers, new or experimental technologies (stem cell, gene therapy, etc.) that may be controversial, and dispute resolution if something goes wrong.

**Other Issues in the Private Health Care Sector**

*Profitability*

Many types of health care require very lumpy investment; therefore the profitability of the private health sector in Saint Lucia is a critical issue. There is now competition rather than collaboration between the public hospitals and private medical establishments in Saint Lucia for patients. Instead, what is needed is greater public-private partnerships to provide health care to the general population and to foreigners. For instance, when there is only one facility needed in the country (e.g. linear accelerator for oncology), the GOSL should invite private public partnerships. This will lead to increased efficiency in the provision of medical services to the general population and can provide a stimulus to private health care providers to continue to invest in their businesses. It will also send a clear signal to foreign patients and health authorities in other countries about the quality of private health care in Saint Lucia.

## 10.5 Considerations for Saint Lucia

While all health clinics or medical practices have to be registered under the law in Saint Lucia, the lack of classification and grading of medical establishments is an important issue. First, there are no formal or legal definitions of what is a clinic versus a hospital or an institute. There may not be enough incentive to invest in world-class facilities that would be needed to export medical/health services.

It is not clear what kinds of checks or controls are currently done by the Ministry of Health for medical clinics. However, in order to present itself as a serious destination for health care Saint Lucia must have rigorous standards and quality control in all its medical establishments and they will have to be certified by a credible authority. The Ministry of Health will need to take a lead on this. Tapion Hospital has been certified by Accreditation Canada (JCI certification?) but there is no system of monitoring or ensuring quality control in private clinics in Saint Lucia. This issue needs to be addressed urgently. If the sector is unable to develop and enforce standards through a code of conduct then the GOSL should introduce a relevant regulatory regime for quality control.

If Saint Lucia really sets about to develop capacity to export medical services and seeks to attract foreign patients to its shores, the regulatory regime for the medical/health services sector will have to address some of the issues discussed above. These can be addressed in law and formal regulations and/or a professional Code of Practice in the medical sector.

It is now accepted that it is more efficient to look at services clusters or value chains in order to gauge their potential impact on an economy. In the case of the health and wellness industry, it is much more significant than what is usually in people’s minds. Figure 3 below shows the value chain in the broader H&W industry. Any strategy for developing medical tourism in Saint Lucia should factor in and develop the broader economic linkages relating to health and wellness instead of simply thinking of attracting foreigners for medical procedures. This will be a complementary fit with the spas/wellness sector.

**Figure 4 - The Health and Wellness Value Chain**



Medical tourism in Saint Lucia remains at a nascent stage, although some view it as a natural fit for the Saint Lucian economy given the country’s robust tourism sector, and as a potential revenue generator. Given the lack of sufficient highly skilled persons in Saint Lucia, the development of a medical tourism industry may have to be based in the first instance on foreign professionals. But medical tourism will have a natural fit with the wellness industry that is fast evolving. Saint Lucia can position itself to capture some of that market but various issues have to be settled domestically.

On March 20, 2013, Invest Saint Lucia, in partnership with the Ministries of Health and Tourism, hosted a high-level meeting with key stakeholders on the development of a Medical Tourism Niche in Saint Lucia. The Medical Tourism Association also held a conference in Saint Lucia advocating for the development of a medical tourism industry, although some question the feasibility of this sector given widespread economic turbulence across the country and difficulties in securing financial capital.

The intra-regional movement of patients already exists between Saint Lucia and neighbouring islands. Patients from smaller islands seek treatment in Saint Lucia for medical procedures unavailable at home, while Saint Lucians have similarly chosen to seek medical treatment elsewhere, particularly in regional destinations with more robust and established healthcare facilities/resources.

It should be noted that the Barbados Fertility Centre which started in 2002 has been very successful since its establishment. This is a significant niche market with increasing demand in the region and North America as more and more middle class couples seek to have children a bit later in life. Furthermore, the Barbados Fertility Centre operates satellite offices in Antigua, St Maarten and Trinidad. The BFC is JCI accredited and is featured in *Patients Beyond Borders*, a very popular consumer reference guide for medical tourism. (See [www.barbadosivf.com/](http://www.barbadosivf.com/)).

There is inadequate information about the cost of medical services in Saint Lucia compared to Latin American or Asian locations. It is evident that the cost of medical treatment in India is several times cheaper than Saint Lucia[[49]](#footnote-49) but it is certainly lower than North America and Europe; and it is believed by operators in the health sector that services are less expensive than in Barbados. However, this is not a sector in which price is always the critical important consideration – quality of service, uniqueness of service, and other factors, reduction of waiting times for surgical procedures - are sometimes more important.

Saint Lucian health care providers cannot compete with places like India and Thailand on price or in a broad range of medical procedures; therefore, they should focus on developing their core strengths and specific services in which they are competitive or provide some kind of special appeal that distinguishes them from other well-known medical tourism destinations. In marketing terms, clinics and hospitals on the island should concentrate on their core competence and identify their unique selling points (USP). And the overall strategy for medical tourism should be to highlight and promote these attributes.

## 10.6 Conclusions

In order to capture new opportunities for economic development and to enhance existing capacities for some specialized areas of healthcare services, Saint Lucia should seek to develop medical tourism. There is a small and growing private health sector, but in order to seriously develop a medical tourism sector it must overcome significant human resource and financial hurdles. However, in a long-term vision, there will be a natural fit between the medical schools that are operating on the island (and in the OECS region), and medical tourism businesses that establish there. Invest Saint Lucia has had one initiative in promoting health tourism in March 2013; but this should be further developed through a formal policy and strategy for the sector.

Once the necessary “homework” has been done in Saint Lucia to position its health/medical tourism sector, the GOSL can set about negotiating bilateral health agreements with some countries. Note that the UK **has reciprocal healthcare agreements with 27 non European Economic Area (EEA) countries and territories, including small states like Barbados, Anguilla and the Turks and Caicos Islands.**[[50]](#footnote-50) **These normally cover basic treatments in these countries for British patients when needed there. But in the medium term, it is not unrealistic for Saint Lucia to consider negotiating some kind of arrangement with British or other governments to provide particular types of treatments to their citizens since many British tourists visit the island each year.**

At the moment, Saint Lucia is not known as a destination for medical tourism. This needs to be developed and a particular brand must be part of the campaign to market or promote the health/medical services that are available on the island. Saint Lucia could aim to tap into this growing market by developing programs to cater to patients from source countries.

## 10.7 Recommendations

1. A Champion agency should be nominated to spearhead the development of the private health/medical services sector in Saint Lucia in order to increase exports of health/medical services. (The Ministry of Health is not in a position to do this now unless a dedicated unit is set up to do so and the TEPA can only assume a superficial role in terms of trade missions and other external promotional activities). This agency will need to collaborate closely with the private health care stakeholders, Ministry of Health other relevant agencies in order to first develop a world-class level of health/medical services and an image of Saint Lucia as a destination for health tourism or health services in general. There is need for much greater public-private sector partnerships to develop medical tourism on the island.
2. It is important for Invest Saint Lucia, the Ministry of Tourism, Ministry of Health, and the Ministry of Commerce to collaborate and to consult closely with the private health care stakeholders in the development of a strategy for promoting exports of medical services from Saint Lucia. Resources, both financial and otherwise will be needed to undertake these initiatives. The SLCSI could play a role in helping the sector to form a formal association.
3. Further, the Government should establish a multi-agency National Committee for promoting the development of Medical/Health Tourism in Saint Lucia. It should include all relevant stakeholders in the public and private sector. The mandate of the committee should be well-defined and it should report to the Ministers responsible for Tourism, Health and Trade.
4. In order to develop an effective strategy for promoting Saint Lucia as a health/medical tourism destination it is first necessary to take a formal inventory or survey of all the private health/medical and wellness facilities and the types of services that are currently offered or provided. (It will provide evidence-based information on the amount of both foreign and domestic patients and other relevant indicators). Then it is necessary for the Ministry of Health or an outsourced agency to assess the different operators (based on international best practices) and recommend which can be endorsed by the GOSL as having a standard fit for treating foreign patients. These facilities should then all be cross-listed on the websites of the Ministry of Health, Ministry of Tourism, TEPA, Invest Saint Lucia and be part of a formal medical tourism web portal. This will give a credibility boost to efforts to promote exports of health/medical services from Saint Lucia.
5. Stakeholders in the private health care industry in Saint Lucia should form a proper, professional association and develop and adopt standards for their industry. There are examples in other regions such as the Hospital Association of South Africa (HASA), the Kenya Health Care Federation (KHF), among others.
6. The GOSL should develop a system of quality control and certification for the quality of service provided by all private health providers in collaboration with industry stakeholders. This should include a classification and grading system for private medical establishments based on best international practices to give credibility to the Saint Lucian brand in order to attract foreign patients. Clear criteria should be set for defining what is a medical/health clinic, hospital and institute. This should be carried out by an agency which has expertise in the field.
7. Depending on the range of medical services that clinics want to provide, relevant legislation may need to be introduced (e.g. *in vitro* fertilization, protection of medical data, stem cell research/procedures, etc.) to strengthen the regulatory framework to attract foreign patients. The legal regime of countries with medical tourism facilities like Costa Rica could be examined to provide some background for Saint Lucia.
8. Also, a clear and implementable strategy for the attraction of foreign investment in the sector and foreign patients and the promotion of medical services exports should be developed. Based on consultations with current health care stakeholders on the island and an overall concept of which areas of patient care for foreigners would be best developed in Saint Lucia, it may be worthwhile to target specific investments in health tourism.
9. Eventually, a brochure should be developed (digital and hard copy) on health/medical tourism in Saint Lucia and used in external marketing campaigns. It should address the following questions usually faced by persons seeking medical treatment overseas, among others: Informed consent; Patient travel issues; Licensing and regulation of facilities and professionals; Surrogate decision making; Payment and insurance benefits; Medical records issues; Patient privacy and other patient rights; and Dispute resolution.
10. Finally, tour operators in Saint Lucia and overseas will have to be informed of the medical services offered to foreign patients on the island and should be engaged to actively promote them. Since health clinics do not have the resources to establish the logistical chain necessary to bring patients to their location, it will require collaboration with travel intermediaries.

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# Annex I - Issues Discussed in Sectoral Focus Group Meetings

**OVERVIEW**

1. Please describe the sector in terms of the **types of services provided and usual size of businesses** in your sector.
2. Are there any differences in type and size between **businesses owned by men and those owned by women**?
3. **What does your service sector contribute** to the Saint Lucian economy? (PROMPT: contribution to GDP, Employment or Human Resource/Skills?)
4. Are there any particular developing **trends** in your sector: nationally, regionally or internationally?
5. What are the **strengths and weaknesses** of your service sector in Saint Lucia?

**CROSS-CUTTING ISSUES**

1. What are the **threats and opportunities** that service providers face?
	1. List any **business** Issues – red tape/bureaucracy, duties/taxes, competition, high costs, infrastructure, etc.?
	2. List any **regulatory** Issues - constraints to doing business, standards, regulatory deficits or inappropriate regulations locally.

**MARKETS AND TRADE**

**A: Markets**

* 1. Which are your specific **target markets** in the Caribbean and abroad?
	2. Are most of your **customers/clients men or** **women**? Do you respond to different demands and needs from men and women?
	3. Do you face any **market access** issues abroad, including in North or South America, Africa, Europe or elsewhere?

**B: Exports and trade**

* 1. What level of **openness** is there now in your sector? Which foreign firms or service suppliers are active in your domestic market?
	2. Do you face any **obstacles to trade** in services within Saint Lucia (domestic), into Saint Lucia (import) and out of Saint Lucia (export)? What can/should be done to remove them?
	3. How do businesses in your sector view **export opportunities** in the region and third country markets? Are there any special **incentives or supportive mechanisms and institutions for businesses** in your sector for export? If so, are you happy with them? What would you suggest instead?
	4. What do you need in terms of **support from government** or any other entity to export your services? **What can companies within the sectors do** to improve their export capabilities?
	5. Do any of the issues identified so far **affect men and women differently** as service providers? For instance, do men find it easier or more difficult than women in your service sector to get past red tape and bureaucracy?

**OBSTACLES AND FACILITATORS**

**C: Supportive organisations**

* 1. Is there an **association, authority, agency or ministry** responsible for **coordinating** strategies focused on your particular service sector? Please describe how this operates and how satisfied you are with it.
	2. Is any **entity or association** in your sector involved in **advocacy or lobbying** efforts on behalf of the sector with regard to government policy/programs?

**D: Laws and regulations**

* 1. Are you satisfied with the **laws or regulations** governing your sector? How supportive is the regulatory environment? What needs to be reformed or changed?

**E: Human Resources**

* 1. Do you have difficulty in finding the right **personnel/staff** for your business? If yes: why? Lack of relevant skills? Lack of experience? Other issues? What special skills are needed?
	2. How can **schools** and other parts of the education system help in providing **skills** in your sector? What particular skills are needed? Are these generally more commonly found among **girls or boys**? [If yes] Why?
	3. Do people with **caring responsibilities**, such as single parents and people looking after children, disabled or elderly people, face challenges to participate fully in this sector? [If yes] What should be done to enable them to participate more?

**E: Finance**

* 1. Is **access to finance** an issue regarding: (i) the development of your business (ii) export of services? If yes, what recommendations would you make in this regard?
	2. Are there any particular difficulties that **women face in accessing finance** and other opportunities in your sector? If so, please describe them.
	3. In your specific service sector what kinds of **public-private partnerships** will be useful? Which types of clients and customers will they serve?

**F: Government services**

* 1. Does the functioning of **public services**, such as police, basic infrastructure, health services and education, help or hinder the opportunities available to men and women?

**PROJECTIONS FOR THE FUTURE**

* 1. Where do you think your **sector will be in 5 years** in terms of growth, exports, product innovation, etc? Where could/should it be?
	2. In summary, **what needs to be done** to get there or to stimulate growth in the sector?
	3. By business associations and business support organizations (BSOs);
	4. By the Saint Lucian government;
	5. By individual professionals/firms.
	6. Please give examples of **exemplary service firms** in your sector
	7. Do you have any **other recommendations or suggestions**?

# Annex II – List of Persons Consulted

**Government Officials**

Dr. Kentry Jean Pierre - Parliamentary Secretary, Ministry of Tourism, Heritage and Creative Industries

Ms. Desma F. Charles - Corporate Registrar desma.charles@rocip.gov.lc

Charms Gaspart – Division of Gender Relations

Titus Preville, Emmanuel Gerard, Dr. Thomas Samuel, Guillaume Simon, Michaeline St. Juste – Ministry of Commerce

Marlon Narcisse – Director of IT Services

Dr. Reginald Darius – Permanent Secretary, Ministry of Finance & & Economic Affairs

Jimmy Fletcher – Permanent Secretary, Ministry of Finance & Economic Affairs

Macricia Auguste, Nadia Simeon, Donna Kaidou, Rosemarie Pierre Louis, Paula Joseph - Planning Department, Ministry of Finance and Economic Affairs

Cleotha Joseph - ??

Marcia Vitae - Assistant Comptroller, Inland Revenue

Perle Alcindor – Ministry of Tourism

?? National Cultural Foundation

?? Invest Saint Lucia

Jacqueline Emmanuel-Flood - TEPA

Richard K. Harris, Statistical Office

Taribba Hinkson tjhinkson@yahoo.com, National Authorizing Office

Cuthbert Didier - Consultant to the Ministry of Tourism

Delores Francis, OECS Secretariat

Signa Greaves-Francis - Founder/President, School of Art and Design Saint Lucia

**Private sector**

Noorani Aziz - Executive Vice President, SHLTA

Brian Louisy - Chamber of Commerce

? Gordon - Private Sector Council

Denzil Phillips - Denzil Phillips & Associates denzil@denzil.com

| **NAME** | **ORGANIZATION** | **E-MAIL ADDRESS** |
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# Annex III – Information and Community Technology Sector Strategy & Action Plan

# Annex IV – Spa and Wellness Sector Strategy & Action Plan

# Annex V - Professional Services Sector Strategy & Action Plan

# Annex VI - Creative Industries Strategy & Action Plan

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2. IMF. St. Lucia: Staff Concluding Statement of the 2015 Article IV Mission, November 20, 2015. [↑](#footnote-ref-2)
3. WTO, Workshop on Aid for Trade and Services: Background Note by the Secretariat, 29 June 2012. (WT/COMTD/AFT/W/34) [↑](#footnote-ref-3)
4. Note that the Review of the Economy 2014 indicates that total employment in the tourism sector (accommodation and food service activities) was only 10,064 in 2014. So, the higher number given by the tourism industry must include direct and indirect employment. [↑](#footnote-ref-4)
5. See UNCTAD, 2013. [↑](#footnote-ref-5)
6. See Arti Grover Goswami et al., Exporting Services: A Developing Country Perspective. Washington DC: World Bank, 2011. [↑](#footnote-ref-6)
7. This is notwithstanding data limitations due to inadequate instruments at the national level for recording services exports by SMEs. [↑](#footnote-ref-7)
8. Lashley, Jonathan and Winston Moore. Private Sector Assessment of Saint Lucia. Inter-American Development Bank, 2013. [↑](#footnote-ref-8)
9. See Tim Kiladze, Trouble in Paradise: Inside Canadian Banks’ Billion Dollar Caribbean Struggle, *Globe and Mail*, February 27, 2015. [↑](#footnote-ref-9)
10. An ILO study in 2015 on Women in Business and Management ranked Saint Lucia 3rd out of 108 countries for “Women’s percentage share of all managers.” In 2004, female managers accounted for 52% of management in Saint Lucia. [↑](#footnote-ref-10)
11. Mondesire, A (2015) *Institutionalisation of Gender Equality in the OECS Education Sector Strategy: Draft Report on the Gender Implementation Guidelines*. Widley, Barbados: Caribbean Development Bank. [↑](#footnote-ref-11)
12. The incentives for yachting were announced in Cabinet Conclusion No. 717 of 2011 entitled, “Revised Policy on the Yachting Sector to Stimulate its Growth and Development, August 15, 2011. [↑](#footnote-ref-12)
13. http://stlucianow.co.uk/press/2011/11/the-saint-lucia-ministry-of-tourism-announces-major-strides-in-growth-for-the-countrys-yachting-sector. [↑](#footnote-ref-13)
14. IMF, Tax Incentives and Property Taxation in the ECCU: Preliminary Findings for Dominica, St. Kitts & Nevis and St. Lucia, May 2013, p. 30. [↑](#footnote-ref-14)
15. Government of Singapore, Making Singapore Asia’s Leading Provider of World-Class Services. Report of the Economic Review Committee Sub-Committee on Services, October 14, 2002. [↑](#footnote-ref-15)
16. Presentation by Mr. Assad Bhuglah, Director of Trade, Ministry of Foreign Affairs, Regional Integration and International Trade, Mauritius to Regional Meeting on Promoting Services Sector Development and Trade-led Growth in Africa, Addis Ababa, 12-13 September, 2013. [↑](#footnote-ref-16)
17. See A-Z Information Jamaica Ltd. *Country Report: Saint Lucia*. Consultancy to Develop the Policy, Legal, Institutional and Operational Arrangements for a CSME E-Commerce Regime, January 2016. [↑](#footnote-ref-17)
18. A-Z Information Jamaica Ltd, (January 2016). [↑](#footnote-ref-18)
19. The CARCIP programme is attempting to address broadband issues in Saint Lucia but the lack of 100% reliable Internet service to businesses is a major constraint for firms that serve international clients. [↑](#footnote-ref-19)
20. [www.therichest.com/business/technology/top-10-countries-with-the-fastest-internet-connections-available/](http://www.therichest.com/business/technology/top-10-countries-with-the-fastest-internet-connections-available/) [↑](#footnote-ref-20)
21. See Republic of Mauritius, National ICT Policy 2007-11, Ministry of Information Technology and Communications, September 2007, p. 5. [↑](#footnote-ref-21)
22. NOSI’s Action Plan focuses on 9 pillars: 1) Universal access; 2) Governance for citizens; 3) New economic opportunities; 4) Improvement of quality of life; 5) Innovation capacity; 6) A stimulating context; 7) Leadership in action; 8) Invest to grow; 9) Measure to develop. [↑](#footnote-ref-22)
23. Note that services export data from Trinidad and Tobago increased almost five times from 2010 to 2012 due to better data collection. The Central Bank introduced surveys and other methods to obtain information from companies rather than relying solely on BOP figures. [↑](#footnote-ref-23)
24. Vasantha Chase, Nigel Mitchel and Vilma St. Hill, Employment Generation through Private Sector Development: Baseline Study, 2015. [↑](#footnote-ref-24)
25. Natasha Mortley, Report on *Female Entrepreneurship in Saint Lucia*, August 2015. [↑](#footnote-ref-25)
26. Compiled by the National ICT Office in 2012. [↑](#footnote-ref-26)
27. Global Wellness Institute, The Global Wellness Tourism Economy 2013. [↑](#footnote-ref-27)
28. The strict traditional definition of a “spa” requires water treatments but not all spas have water facilities. An expert from the hotel industry indicated by their count there are 20 resort spas in Saint Lucia. [↑](#footnote-ref-28)
29. Note that the APESL website contains a register of Corporate Members totaling 58 engineers as follows: chemical-1; civil -37; electrical -13; electronics -1; mechanical -6. [↑](#footnote-ref-29)
30. Generally, once the ERB is in place it holds meetings every 3-4 months. There have been periods when it took a long time for the ERB to be appointed; and once the entire board resigned when an applicant took the APESL and members of the ERB to court. [↑](#footnote-ref-30)
31. In the OECS, only St Lucia, Antigua and Barbuda and Dominica have passed legislation on the registration of professionals and provision of engineering services. [↑](#footnote-ref-31)
32. Data obtained from the Research and Policy Division, Ministry of Finance. [↑](#footnote-ref-32)
33. ###  *Gie Goris, “Europe should invest in culture as part of its development effort.”* Europe’s World*, Autumn 2008.*

 [↑](#footnote-ref-33)
34. #  Li Zhenyu*,* China's cultural industry to develop speedily. *China Daily*, March 11, 2011.

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35. For further details see WIPO, *Guide on Surveying the Economic Contribution of the Copyright-based Industries*, Geneva, Switzerland, 2003. [↑](#footnote-ref-35)
36. See, Ramesh Chaitoo, “The Entertainment Sector in CARICOM: Key Challenges and Proposals for Action.” Inter-American Development Bank, Technical Note # IDB-TN-514, April 2013. [↑](#footnote-ref-36)
37. See [www.eccorights.com/Members/Listing.aspx](http://www.eccorights.com/Members/Listing.aspx) for full listing of registered singers/songwriters/publishers. [↑](#footnote-ref-37)
38. Toon Boom’s client base ranges from major studios creating Hollywood blockbuster animated films to individual animators creating their first masterpieces. Market-leading studios using Toon Boom's products include Disney, Nelvana, Warner Bros., Nickelodeon, Cartoon Network, Fox, Bento Box, Film Roman, China Central Television, DQ Entertainment, eMation, among others. Various prestigious productions have been made with Toon Boom’s technology, including some blockbuster movies. [↑](#footnote-ref-38)
39. See Oxford Economics, [The Shape of Things to Come: Higher education global trends and emerging opportunities to 2020](http://ihe.britishcouncil.org/going-global/sessions/the-shape-of-things-to-come%22%20%5Ct%20%22_blank). (http://ihe.britishcouncil.org/going-global/sessions/the-shape-of-things-to-come). [↑](#footnote-ref-39)
40. Natallie Rochester, International Provision of Higher Education Services and Institutional Partnerships: Implications for CARIFORUM. Background Paper for the 3rd CARIFORUM-EU Business Forum. June 2015. [↑](#footnote-ref-40)
41. Presentation by Colin Dowe of St George’s University to the 3rd CARIFORUM-EU Business Forum, Montego Bay, Jamaica, April 15-16, 2015. [↑](#footnote-ref-41)
42. The struggles and challenges of the Tertiary Education Commission (TEC) in Mauritius in this regard are instructive. [↑](#footnote-ref-42)
43. List of Medical Schools in the Caribbean http://en.wikipedia.org/wiki/List\_of\_medical\_schools\_in\_the\_Caribbean [↑](#footnote-ref-43)
44. Emma Boyde, Business schools respond to demand in courses for Africa, *Financial Times*, February 2, 2014. [↑](#footnote-ref-44)
45. This task is entrusted to its Education Services Division. [↑](#footnote-ref-45)
46. http://actionplan.gc.ca/en/initiative/international-education-strategy-0. [↑](#footnote-ref-46)
47. See - <http://www.medicaltourismassociation.com/en/index.html>. MTA is an international non-profit organization based in the United States. [↑](#footnote-ref-47)
48. Health care stakeholders estimate that rates in India for some privately provided medical services may be even up to three times less expensive than in Saint Lucia. [↑](#footnote-ref-48)
49. Health care stakeholders estimate that rates in India for some privately provided medical services may be even up to three times less expensive than in Saint Lucia. [↑](#footnote-ref-49)
50. [www.nhs.uk/NHSEngland/Healthcareabroad/countryguide/NonEEAcountries/Pages/](http://www.nhs.uk/NHSEngland/Healthcareabroad/countryguide/NonEEAcountries/Pages/) Non-EEAcountries.aspx. [↑](#footnote-ref-50)