

The EU supports economic adaptation of St. Kitts and Nevis

Today, the European Commission has allocated EUR 13.6 million to St. Kitts and Nevis under the Accompanying Measures for Sugar Protocol Countries in order to assist with the adaptation process as a result of the closure of the sugar industry. Specifically the assistance will promote the economic diversification of sugar dependent areas as the Government of St. Kitts and Nevis made the decision to discontinue sugar production in 2005.

The funding will support the Government's growth and poverty reduction objectives as stated in its National Adaptation Strategy (NAS). The specific objectives include contribution to the country's sustainable economic growth, civil service reform, private sector development and good governance through improvement of Public Finance Management (PFM) systems and macroeconomic management.

The majority of the funding will be transferred to the Government of St. Kitts and Nevis via direct general budget support and covers the period 2011-2012. The funds will be accounted for in the St. Kitts and Nevis Budget and provide support to:

- the Technical Vocational Education and Training (TVET) policy to target some of the root causes of poverty;
- the Social Safety Nets Strategy aiming at improving efficiency in the delivery of the programmes targeted at the poor;
- Civil Service Reform and its legal basis to improve transparency and increase efficiency and effectiveness of the delivery of services in the public sector;
- the development of an investment code to enhance the investment climate; and the strengthening of the Government's accountability mechanism to improve the PFM system
- technical capacities in the area of public finance management, debt management and civil service modernisation.

The Government of St. Kitts and Nevis is already implementing similar programmes through 2007, 2008 and 2009 allocations to accompany the adaptation process of sugar reform. This programme is therefore the fourth annual General Budget Support (GBS), in line with the Multi-annual indicative programme 2007-2010.

Sugar has historically played an important role in St. Kitts and Nevis. The adaptation and transition process away from sugar production has necessitated such a national response to accelerate and sustain growth in the absence of its former most important industry. Sugar cane production which stood at some 400 000 tons in 1955, had declined to just under 150 000 tons in 2005. The St. Kitts and Nevis Sugar Manufacturing Corporation (SSMC) was the largest industrial employer in the country until July 2005.

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