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USAID/PROJECT DEVELOPMENT ASSISTANCE PROGRAM

Report on the Re-organisation of the
Development Corporation of
St. Vincent & the Grenadines

APRIL 1985

Coopers
& Lybrand
associates

**PROJECT
DEVELOPMENT
ASSISTANCE
PROGRAM
(P.D.A.P.)**

A USAID Financed
Technical Assistance
Contract
COOPERS & LYBRAND

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Mr Oswald K George
Chairman
Development Corporation of St Vincent
and the Grenadines
PO Box 841
Kingstown

23 April 1985

Dear Mr George

Attached is our final report in connection with the reorganisation of the Development Corporation of St Vincent and the Grenadines. As you know, the purpose of this assignment was to review the organisational structure and responsibilities of the Development Corporation and to make recommendations for improvement. In reaching our final conclusions we have benefitted from the opportunity to discuss our findings with the Corporation's Review Committee.

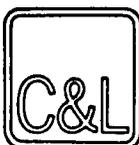
It is recommended in the report that the Corporation assign the highest priority to the tasks of promoting economic development and alleviating unemployment in St Vincent and the Grenadines and that the Corporation pursue these objectives through a strategy of industrialisation. This requires, in essence, that the Development Corporation becomes an investment promotion organisation.

The report argues that since investment promotion is a specialised activity, it should be performed by a specialised organisation. It, therefore, urges that the Development Corporation divest itself of the functions which are unrelated to investment promotion and retain only its investment promotion/estate management functions. A case is made for the reassignment, to another institution, of the Corporation's banking functions.

It is also proposed that the Development Corporation, as an investment promotion organisation, should report to the Minister responsible for industry.

A task force approach to implementing the recommendations, contained in this report, is suggested since we feel that this is the most effective mechanism for dealing with the implementation related issues which will arise.

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We would like to express our thanks to all those officials in St Vincent and the Grenadines who, through their cooperation and readiness to discuss matters, have greatly assisted us in our work.

Yours sincerely

R. G. M.

Rodney M Gallagher
PDAP Team Leader

DEVELOPMENT CORPORATION OF
ST VINCENT AND THE GRENADINES

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Figure 1

Proposed Outline of Procedure for DEVCO Evaluation of Fiscal
Incentive Applications

THE DEVELOPMENT CORPORATION OF
ST VINCENT AND THE GRENADINES

I MANUFACTURING IN ST VINCENT AND THE GRENADINES

1.1 The manufacturing sector in St Vincent and the Grenadines is still in the early stages of its development. A relatively sophisticated foreign "enclave" community exists alongside an indigenous manufacturing group features numerous small manufactur^ves concentrated in agro-processing, furniture and garments.

1.2 The manufacturing sector in St Vincent and the Grenadines contributed towards only 11% of GDP in 1983 (World Bank estimates). Though this figure is presently low prospects for future growth are good, given considerable unexploited potential.

1.3 Gross National Product per capita is approximately US\$765 (World Bank estimates). This figure is probably an underestimate since many economic activities are non-money transactions, yet, it is a cause for concern. Unemployment remains a chronic problem. The most recent official estimates suggest that the unemployed number some 40-45% of the workforce of 30,000-40,000. This estimate is likely to include a number of underemployed persons.

1.4 The foreign "enclave" sector is export oriented, primarily towards the North American market, while the indigenous manufacturers gear their predominantly cottage-type operations towards the home market.

1.5 Recent growth in manufacturing has occurred mainly in the export sector though results have been mixed. Some of the foreign companies exhibited rapid growth in 1983 and 1984, while others, particularly those producing electronic components, have experienced low capacity utilization. The growth potential of the domestic oriented manufacturers is inhibited by the small size of the local market. With a population of approximately 110,000 persons, St Vincent and the Grenadines does not possess the capacity to efficiently support numerous manufacturing plants. To achieve significant growth in the domestic

sector, a re-orientation of effort towards the wider Caricom Market is a minimum requirement. The uncertainty surrounding Caricom trading arrangements, highlighted by the special difficulties in trading with Trinidad, Jamaica and Guyana, does not give rise to great optimism for the immediate future.

1.6 The limitations which confront domestic manufacturing indicate clearly that success in the strategy of economic development through industrialization will depend, in the short term at the very least, on St Vincent and the Grenadines' ability to promote and attract extra-regional export manufacturing.

1.7 Since the establishment of the Campden Park Industrial Estate in the mid 1970's, significant growth in relatively large scale manufacturing has taken place. The growth rate over the period has varied however with the primary constraining factor being the frequent non-availability of industrial floor-space.

1.8 The prospects for export oriented "enclave" type operations in St Vincent are encouraging. A number of the firms already in St Vincent and the Grenadines have been there long enough to have established a track record of achievement. These firms have prospered in St Vincent and are therefore prepared to convey positive impressions to prospective investors. By all indications, these firms are prepared to expand in St Vincent and the Grenadines as the opportunities arise.

II INDUSTRIALIZATION IN ST VINCENT & THE GRENADINES - REQUIREMENTS FOR SUCCESS

2.1 The future course of industrial development in St Vincent and the Grenadines will be determined by a variety of factors. Some are external and can be little, if at all, influenced by government: these include competition from other locations; general trade agreements, concessions and restrictions; trends in the developed industrial economies and political stability in the region as a whole. Others, such as the political and policy environment, the institutional framework, the country's infrastructure, and the availability of skilled or trainable labour, are indigenous and can be influenced and changed. It is critical that these internal influences support development both individually and collectively.

2.2 The political and policy environment is conducive to further industrialisation including investments from abroad. Other factors, however, have and continue to inhibit development. The most critical of these have been:-

(a) The Institutional Framework

In particular, the Development Corporation's relatively poor performance as a promotional/development body;

(b) The Lack of Modern Factory Space

No new factories have been constructed for a period of over two years despite evidence of demand from investors.

(c) Erratic Electricity Supply

Most manufacturing concerns have had to make costly, and unanticipated, investments in generating capacity so increasing their costs, at the same time decreasing the country's attractiveness to investors.

(d) Difficult and Costly Freight and Passenger Access

The transshipment of air freight through Barbados, for example, increases costs and is perceived to be unreliable.

2.3 Most of these problem areas are now being tackled - the Development Corporation is being reviewed, a new factory construction programme has commenced, and significant improvements have been and are being made to the electricity supply system. Given the strength of competition for foreign investment the importance of these efforts cannot be overstressed. The benefits which are likely to accrue, particularly in the area of employment generation and foreign exchange earnings, are significant.

III THE DEVELOPMENT CORPORATION - REMEDIAL PROPOSALS

3.1 The diagnostic review of the Development Corporation (Devco) of St Vincent and the Grenadines which was completed in November 1984 concluded that Devco:-

- (a) lacked clearly stated goals and objectives;
- (b) had failed to identify priorities;
- (c) had accumulated a disparate range of functions without reference to any overall role and mission;
- (d) did not possess the resources - human or financial - to carry out its tasks effectively;
- (e) had suffered consistently from a confusion of the respective roles of the Chairman, the Board and management; and
- (f) undertook no systematic planning or budgeting.

3.2 Together these factors significantly undermined the Corporation's effectiveness and resulted in the accumulation of bad debts, the diversion of staff and board time away from central development issues, and the undermining of staff morale and effectiveness.

Objectives and Areas of Responsibility

3.3 It is evident that a significant proportion of Devco's problems stem from the fact that the Corporation has not been guided by a set of unambiguous goals and objectives. Setting priorities or establishing a framework within which functions may be accepted or rejected has thus been extremely difficult. It is a matter of the highest importance that this deficiency be corrected.

3.4 As a result of discussions held with the Prime Minister and with senior officials in the Ministries of Finance and Trade Industry & Agriculture, as well as guidance provided by the Development Corporation's Review Committee,

it is proposed that an appropriate goal for the Corporation should be:-

"the promotion of industrial and related development in St Vincent and the Grenadines with the ultimate aim of increasing job opportunities in the State".

3.5 Acceptance of the goals stated above would require that the Corporation become an investment promotion organisation, giving priority to industrialization as a means of achieving economic development in St Vincent and the Grenadines. Consequently it is proposed that the Corporation should rationalise its activities to focus on the two closely related industrial development activities of investment promotion and industrial estate development. The Corporation currently performs a much wider range of functions consisting of:

- (a) industrial estate development;
- (b) investment promotion;
- (c) development financing;
- (d) student loans; and
- (e) real estate/land development.

3.6 An immediate implication of this proposal will be the need to transfer to other organisations the functions omitted in rationalizing and streamlining the Corporation's activities, namely development financing, student loans and real estate/land development.

3.7 The provision of student loans and development financing are essentially banking activities. While important, they do not mesh in well with the role and mission being proposed for the Corporation and should be kept separate. A number of sound reasons for this separation are noted below:-

(a) Client Portfolio

It is proposed that the Development Corporation should become an investment promotion organisation. Though some overlap will exist the investment promotion related activities will draw on a pool of clients who are largely separate from the banking clients. The investment promotion organisation must be allowed to develop specialist skills in its own area and

not be diverted by having to interface and interact with project sponsors (students, farmers, etc) outside of its primary functional responsibility.

(b) Organisational Focus

A financial institution, even if it has a development bias, must be concerned with minimizing risk in its loan portfolio and it will thus give greater weight to internal financial project costs and benefits over external costs and benefits. This would be an inappropriately narrow focus for an investment promotion organisation since investment promotion has more in common with marketing than it has with finance. The character profile of an investment promotion organisation will differ substantially from that of a development finance institution.

(c) Viability vs Self-sufficiency

The investment promotion function should strive for financial viability rather than financial self-sufficiency. The latter is an appropriate objective for the development banking function in order that it may strengthen its financial position and render itself capable of more fully addressing the State's economic development priorities.

The primary revenue earning capability of the investment promotion function will arise from the sale and lease of factory space. It will be necessary to lease factories at an economic rental rate which would adequately provide for loan repayment and maintenance of the capital stock, current expenditure related to the estate management function and a fair return on investment to provide for expansion of the capital stock. An attempt to cover promotional expenditures as well is likely to result in rental rates which are unattractive. The revenue gap should be financed by central government.

Maintaining a merger of the investment promotion and the development banking functions and insisting on financial

self-sufficiency may result in the latter having to subsidize investment promotion. This could compromise the financial integrity of the banking function.

(d) Orientation

Development banking in St Vincent and the Grenadines will of necessity be concerned with meeting the financing needs of local investors. Investment promotion, while striving to promote and assist the evolution of local investors, will equally have to focus its energies on attracting and maintaining foreign investment. Experience suggests that, in the short to medium term, the progress of St Vincent and the Grenadines in industrialisation will be heavily dependent upon its success in attracting suitable foreign investment. It thus makes little sense to maintain a merger between two functions, one of which has a domestic orientation the other primarily a foreign orientation.

3.8 The capacity of other Government agencies to absorb these functions has not been fully assessed but consideration should be given to transferring responsibility for development financing to the National Commercial Bank (NCB). This practice has been followed effectively elsewhere and would allow the Development Corporation to concentrate its efforts on finding investors and providing project development services.

3.9 Student loans may also be channeled through the National Commercial Bank. Besides relieving a burden from the Corporation, such a move should strengthen the administration of student loans and would probably reduce default rates thus allowing the loan scheme to operate as a genuine revolving fund.

3.10 As far as the land development and real estate functions are concerned, these should properly be the responsibility of the Ministry of Housing and its agencies.

3.11 Given the suggested allocation of activities, the Corporation would not have primary responsibility for the promotion of agricultural and tourism projects. It may thus be necessary for the relevant Ministries to strengthen or acquire internal capabilities in developing and facilitating private sector investment projects.

IV THE DEVELOPMENT CORPORATION - PROPOSED FUNCTIONAL ACTIVITIES

4.1 The restructured Development Corporation being proposed would be the focus of responsibility for industrial development in St Vincent and the Grenadines. Its role would be to:-

- (a) devise goals and objectives for industrial development in St Vincent and the Grenadines;
- (b) devise and implement strategies for industrial development;
- (c) create jobs and job opportunities through the promotion and development of manufacturing industries;
- (d) encourage the development of local industry through the provision of services and assistance to local investors;
- (e) undertake pre-investment promotional activity and attract new business establishments and sub-contracts from overseas;
- (f) provide post-implementation assistance for investors;
- (g) encourage and assist in the diversification and expansion of existing industries;
- (h) provide technical analyses and recommendations on applications for fiscal incentives;
- (i) maintain the corporation's industrial parks and allocate factory space and facilities for manufacturers; and
- (j) identify specific opportunities for new investment in St Vincent and the Grenadines.

4.2 The specific role and mission defined above suggest the functional lines around which the Corporation should be drawn. These are:-

Investment Promotion (local and overseas)

Estate Management

Administration & Personnel

Research & Planning

Finance & Accounting

Public Relations

Investment Promotion

- 4.3 The functional activities in this area would include:-
- (a) devising strategies to attract prospective investors;
 - (b) promoting new business development;
 - (c) promoting the expansion and diversification of established enterprises;
 - (d) co-ordinating the activities of local and overseas investment promotion to ensure consistency, continuity and follow-up;
 - (e) providing client liaison services between the client, and central government, public utilities, statutory bodies, the Chamber of Commerce, etc;
 - (f) facilitating investors who are establishing new enterprises and servicing clients with established enterprises;
 - (g) facilitating the transfer of appropriate technology;
 - (h) preparing and providing necessary literature and promotional documents;
 - (i) organising and conducting seminars and meetings for industrialists and other groups as a forum for attracting business; and
 - (j) assisting in the development of training programmes in areas where industry recognises that there are shortages of skills.

4.4 The maintenance of a full-time overseas investment promotion office is an expensive and not always cost-effective proposition. Given the financial constraints under which the Development Corporation is likely to be operating it would be advisable to make use of the facilities already available in the State's overseas missions to disseminate information about investment opportunities in St Vincent and the Grenadines. Where feasible, the Corporation should place a staff member in the missions to deal exclusively with investment promotion matters.

4.5 St Vincent and the Grenadines should also make full use of the Coopers & Lybrand investor search service freely available through the USAID financed Project Development Assistance Program (PDAP), and continue to use the facility provided in New York through the UNIDO programme. It is expected that these activities will become closely integrated during 1985.

Estate Management

- 4.6 The activities in this functional area will include:-
- (a) managing and maintaining industrial parks;
 - (b) maintaining the existing stock of buildings;
 - (c) processing applications for factory space, allocating space and ensuring that compatible industries are placed together;
 - (d) administration of the Corporation's leases; and
 - (e) servicing clients.

It is not intended that the Estate Management Department of the Development Corporation should have direct responsibility for factory construction, since this would place undue strain on the department's limited personnel resources. It is proposed that the Corporation should utilise the services of consulting engineers to be responsible for tendering procedures, etc. The consulting engineers would advise the Corporation on the actual selection of contractors but would themselves supervise the contractors in day-to-day construction activity.

Research and Planning

- 4.7 The activities in this area will include:-
- (a) processing applications submitted under the Fiscal Incentives Act;
 - (b) reviewing and appraising the performance of approved enterprises;
 - (c) monitoring and reporting on significant changes in the performance of industrial enterprises operating in St Vincent and the Grenadines;
 - (d) conducting periodic surveys and research projects;
 - (e) identifying and researching industrial projects which appear to be feasible;
 - (f) developing and implementing systems for the acquisition, documentation, storage, retrieval and presentation of information regarding the Corporation's operations;
 - (g) collecting comparative data pertaining to the incentive programs of other countries and regions; and
 - (h) compiling up-to-date economic statistics.

4.8 The Ministry of Trade and Industry currently assumes responsibility for processing applications seeking Fiscal Incentives. This appears to be unnecessary and undesirable. It is important that the Corporation exercise control over as many as possible of the steps from initial contact with investors to start-up of production operations. It is also undesirable for investors to be required to interface with a multitude of government agencies and departments as is presently the case since this increases the opportunities for mis-understanding and frustration on both sides and creates unnecessary lags in the process.

4.9 As part of the legitimate objective of providing a one stop service to investors the Corporation should therefore assume responsibility for processing applications for fiscal incentives and make recommendations to the Board of Directors. The Board will in turn advise its Minister. The final decision should rest with the Minister who should have complete authority to accept or reject applications for Fiscal Incentives. This streamlining of the process would enhance the professional image of the Corporation and reduce the lead time between application and final decision.

Public Relations

4.10 The activities in this area will include:-

- (a) provision of information services mainly through press conferences and press releases;
- (b) arranging the printing and publication of promotional literature.

Administration and Personnel (Internal)

4.11 The activities in this area will include:-

- (a) documentation and implementation of administrative and personnel policies;
- (b) internal staff relations;
- (c) manpower planning and development;
- (d) job evaluation;
- (e) office management;

- (f) office services; and
- (g) co-ordinating training programmes.

Finance and Accounting (Internal)

4.12 The activities in this area will include:-

- (a) preparation of budgets;
- (b) preparation of accounts;
- (c) generation of management accounting data;
- (d) preparation of financial analyses; and
- (e) lease billings and rent collections.

Work and Residence Permits

4.13 In pursuit of the objectives of offering a one-stop service the Development Corporation must be prepared to interface with other government departments and agencies on its clients behalf - the Corporation is able to use its good offices to facilitate decision making in other areas of government while the client is saved the problem of dealing with a number of unfamiliar organizations. A case in point is the issue of work and residence permits. At present investors are required to seek their own work and residence permits. This can be a time consuming and frustrating exercise. It is therefore suggested that in future the Corporation should seek work and residence permits on behalf of investors.

V THE DEVELOPMENT CORPORATION - ORGANIZATION STRUCTURE

5.1 The Development Corporation's current organisation structure is shown at Diagram I. The existing situation is one in which all major functions report directly to the Manager's position. This great span of control undermines managerial efficiency and effectiveness. Such an organisation structure does not permit the development of middle management skills since there is scarcely any delegation of authority. The number of vacant posts illustrate the consequences of allowing organisational responsibility to grow far beyond available resources.

5.2 Given the functional activities proposed for the Corporation, we consider that the personnel described below represent the minimum resources, consistent with efficient performance, that would be required. The organisation structure associated with these recommendations is shown as Diagram II.

o Manager

This position will be accountable for three areas of responsibility:-

- . Investment Promotion
- . Industrial Estate development
- . Finance and Administration

The Manager will also be responsible for the Corporation Secretary as well as the performance of the public relations function.

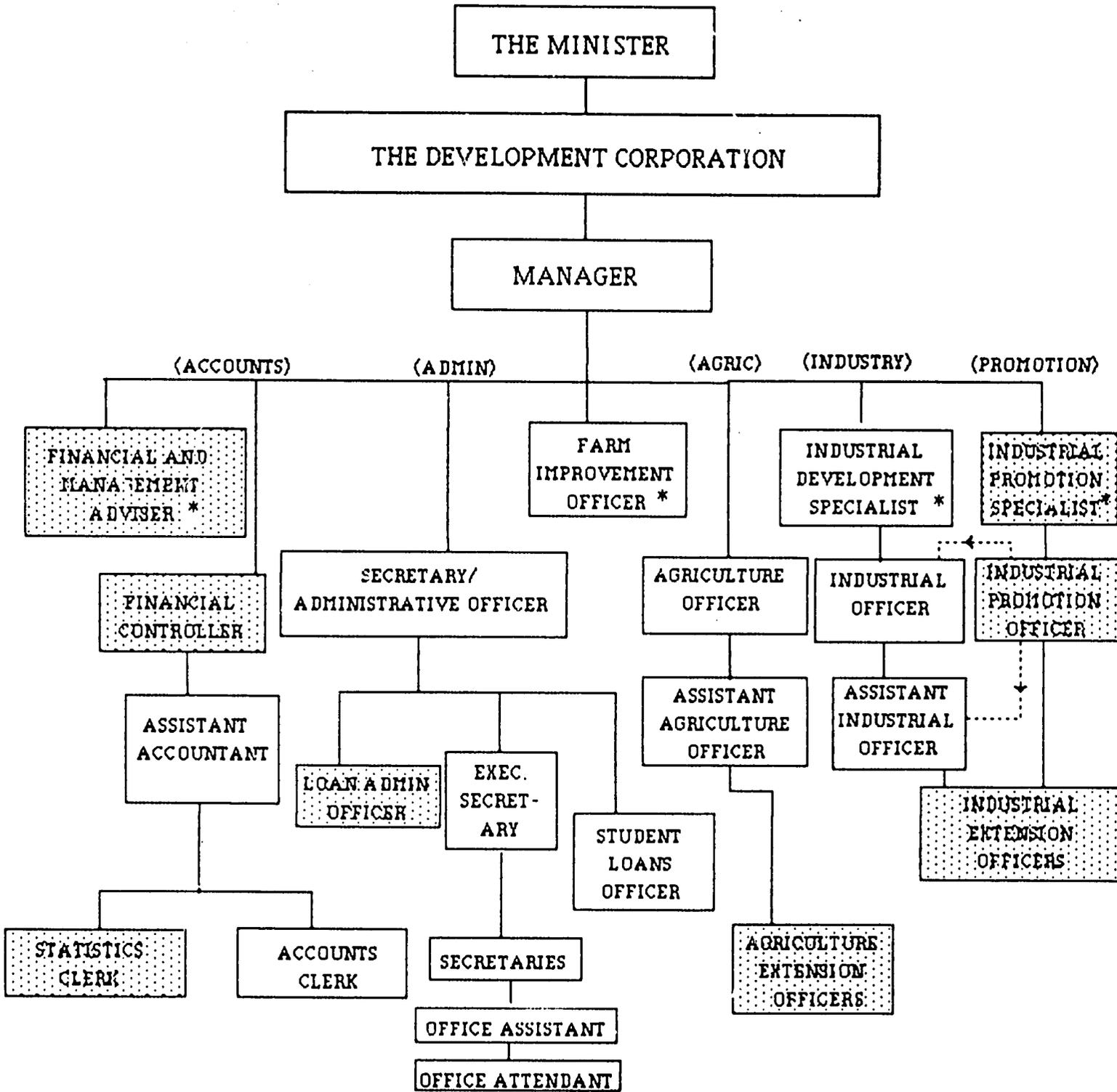
Responsibilities of the Manager:

The main responsibilities for this position would be as follows:-

- policy formulation and implementation
- execution of the functions of management including:
 - planning; directing; co-ordinating and controlling
- public affairs
- organisational development including:
 - human resource management development and the improvement of organisational morale and productivity
- liaison with external agencies and organisations

DIAGRAM I

CURRENT ORGANIZATIONAL CHART

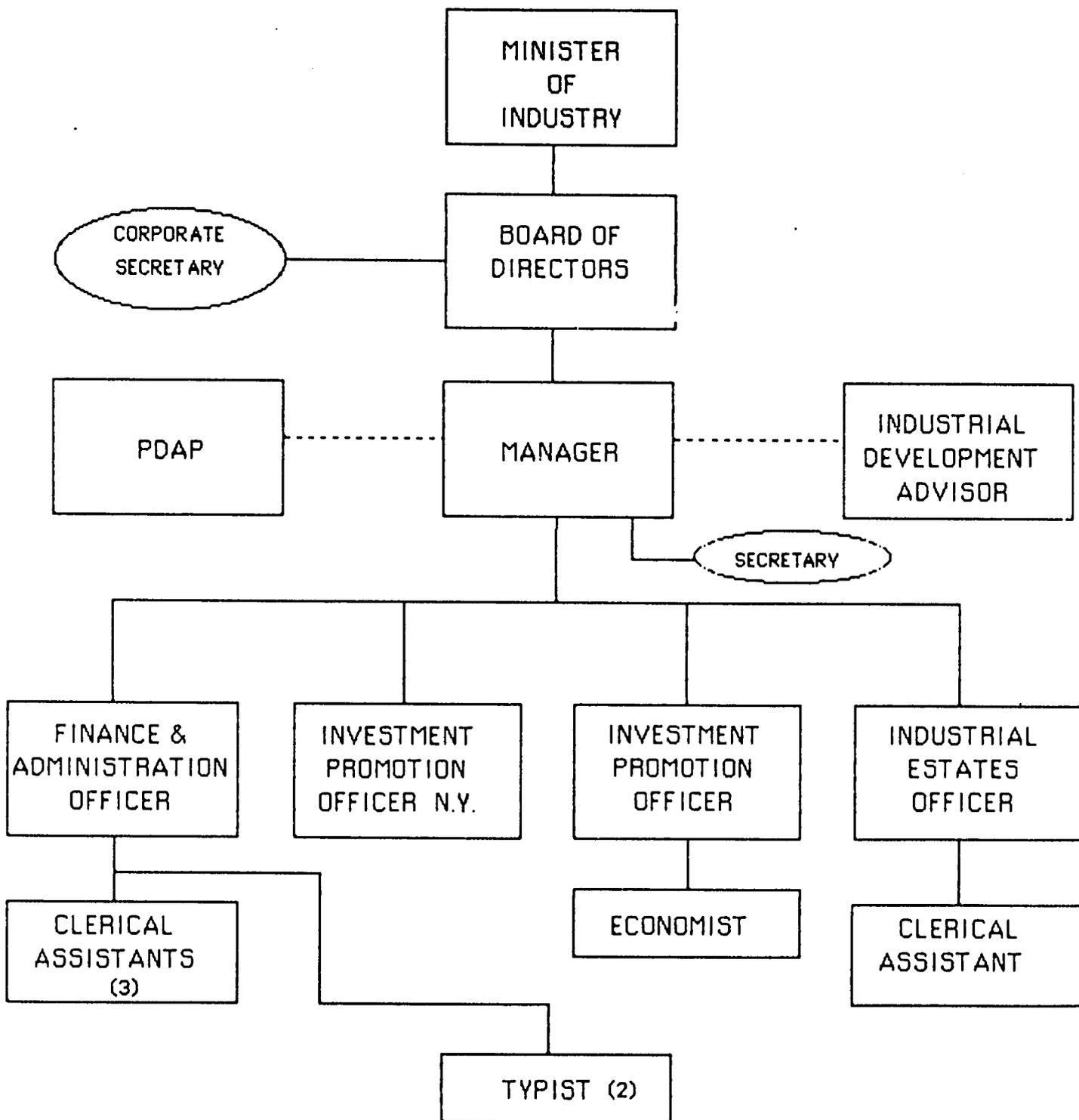


* Technical Assistance Staff

 Positions Vacant

DIAGRAM II

Proposed Devco Organization Chart



The Manager will also provide leadership and direction for the investment promotion activity and co-ordinate the overseas promotion effort.

o Industrial Development Advisor

It is proposed that the Development Corporation be assisted by an Industrial Development Advisor (during the initial months of restructuring). The advisor should be sought in the form of technical assistance, possibly through USAID/PDAP.

The Advisor's role would be to provide on-the-spot guidance and assistance to the Corporation as well as conduct seminars and on-the-job training for professional staff members.

o Corporate Secretary

The scope of responsibilities for this position should include legal statutory and other provisions governing or affecting the running of the Corporation.

o Industrial Estate Officer

The Manager of Estates will be responsible for the allocation of all factory space in the industrial parks. Allocations should be consistent with the Corporation's priorities and objectives. The Manager of Estates will liaise with the consulting engineers to ensure that space is available in the correct configurations to meet effective demand. He will be responsible for ensuring that factories are adequately maintained and will liaise with established clients on matters related to their factory accommodation.

It should be noted that the actual responsibility for tender negotiation and factory construction will reside with consulting engineers retained by the Corporation.

o Investment Promotion Officer (New York)

The New York based investment promotion officer will be responsible for the administration and coordination of investment promotion activities in North America. He will seek to encourage US and Canadian industrialists to invest in St Vincent and the Grenadines by creating opportunities for investors to become exposed to investment possibilities, the business environment and the political climate. This will be achieved through the conduct of seminars in various cities, through direct mail, advertising, telephone and by personal contact.

o Investment Promotion Officer (Local)

The Investment Promotion Officer will report to and work with the Manager to ensure the development of new business as well as the execution of the research and planning function of the Corporation. The Investment Promotion Officer will also be responsible for the day to day needs of established clients both local and foreign. He would provide a back-up and reinforcing service to the overseas promotion activity by receiving clients from overseas and facilitating their business activities whilst in St Vincent.

o Finance & Administration Officer

The finance and administration officer will be accountable for the financial management and planning of the Corporation's finances. He will also supervise and co-ordinate the office management of the Corporation and assist the manager in the formulation of overall policies and procedures. The Department will be responsible for providing file registry services to the Corporation.

o The Economist

This position requires a person possessing skills in economic analysis and economic surveys. The Economist will also be responsible for evaluating proposals seeking fiscal incentives and for making recommendations on such proposals.

Ministerial Reporting

5.3 Currently the Corporation reports directly to the Prime Minister. While this is indicative of the critical impact which the Corporation can have on the country it does give rise to ambiguity in the day to day relationship between the Corporation and the Ministry of Trade, Industry and Agriculture.

5.4 A choice has to be made between the two following options:-

- (a) maintaining the current reporting relationship but with the Ministry of Industry having no formal role in investment promotion;
- (b) allowing the Development Corporation to report directly to the Minister of Trade, Industry and Agriculture.

In the latter case the Minister would serve as a vital link between Cabinet and the Corporation, providing guidance on Government policy and overall leadership to the Corporation's Board of Directors. He would also represent the Corporation at Cabinet level.

5.5 The logic of the situation argues persuasively for the second option since the Minister in any event is currently responsible for administering policy on industry. The second option thus strengthens the operational links between the Corporation and the Minister while preserving the really important feature of the first option which is contact with the Prime Minister. The Prime Minister will continue to have formal and informal access to the Corporation via the Minister and the board respectively and will, therefore, be able both to influence the Corporation as he thinks fit and draw on its expertise as and when necessary.

VI BUDGET ESTIMATES

6.1 Budget estimates of current expenditure for the Development Corporation structured along the lines recommended in Diagram II, are projected under the following categories:-

- (a) Salaries and Employer's Contributions
- (b) Allowances
- (c) Overseas Travel
- (d) Office Equipment and Supplies
- (e) Telephone and Telex, Electricity
- (f) Promotional Literature
- (g) Directors' Emoluments and Expenses
- (h) Loan Repayments

(a)	Salaries + Contributions	Cost EC\$
	Manager	50,150
	Investment Promotion Officer (New York)	21,150
	Investment Promotion Officer	20,150
	Finance & Administration Officer	20,150
	Industrial Estates Officer	20,150
	Corporate Secretary	20,150
	Manager's Secretary	10,150
	Economist	18,150
	Clerical Assistants (4)	28,600
	Typists (2)	14,300
	Maid	5,250
		<hr/>
		228,350
		<hr/>

(b) Allowances

	<u>Entertainment + Travel</u>	<u>Cost EC\$</u>
Manager*	-	= -
Investment Promotion Officer** (New York)	6,000	= 6,000
Investment Promotion Officer	1,200 + 1,200	= 2,400
Finance & Admin. Officer	1,200 + 1,200	= 2,400
Industrial Estates Officer	1,200 + 1,200	= 2,400
Economist	1,200	= 1,200
		<u>14,400</u>

(c) Overseas Travel

Four one-week missions for 2 persons to USA		
Per diem @ \$270	x 2 x 4	= 15,120
Air Fares @ \$1,200	x 2 x 4	= 9,600
Entertainment & Misc. @ \$500	x 2 x 4	= 4,000
		<u>29,000</u>

(d) Office Equipment & Supplies

Printing, Stationery, Postage, etc.	16,000	= <u>16,000</u>
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(e) Telephone, Telex, Electricity

Telephone		= 8,000
Telex		= 5,000
Electricity		= <u>14,000</u>
		<u>27,000</u>

(f) Promotional Literature

Brochures, forms, documents		= <u>15,000</u>
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* salary tax-free - receives no additional allowances.

** receives composite overseas allowance

(g)	<u>Directors' Emoluments & Expenses</u>	10,000	=	<u>10,000</u>
(h)	<u>Loan Repayments</u>			
	CDB Interest		=	136,692
	CDB Principal		=	140,600
	Other Interest		=	81,109
	Other Principal		=	137,500
				<hr/>
				495,901
				<hr/>

Summary of Current Expenditure

	<u>EC\$</u>
Salaries, etc.	228,350
Allowances	14,400
Overseas Travel	29,000
Office Equipment & Supplies	16,000
Telephone, Telex and Electricity	27,000
Promotional Literature	15,000
Directors Emoluments & Expenses	10,000
Loan Repayments	495,901
	<hr/>
Approximate Annual Expenditure	835,651
	<hr/>

6.2 The Development Corporation is expected to earn revenues of approximately EC\$ 700,000 from the rental of factory space.

Budget Summary

6.3 The budget estimates projected above demonstrate the sensitivity of the Corporation's finances to its rent collection performance. It will be a matter of the utmost importance that the Corporation pay close attention to the management of its receivables.

6.4 The estimates indicate that the Development Corporation will have a current expenditure of approximately EC\$ 835,650 with corresponding revenues of EC\$ 700,000. There will thus be a deficit of approximately EC\$ 135,650 which will have to be financed.

VII THE BOARD OF DIRECTORS

7.1 It is proposed that the appropriate role for the Board of Directors is to:-

- . Approve
 - budgets
 - strategy
 - organisation structure
 - large commitments
- . Share predictions of future developments
- . Evaluate results and ask discerning questions
- . Provide advice

7.2 While the Board of Directors will bring independent judgement and objectivity, it cannot be expected to devote more than a few hours a month to the execution of its responsibilities. With major commitments in their principal line of activity, Board members lack the time to become fully informed and, therefore, should not be involved in short-run problems. Board members are not full-time members of the organisation and cannot be expected to provide the initiative and creative drive expected of general management.

7.3 The Corporation should provide its staff with opportunities, challenges and guidance. This can be done by giving staff extra responsibilities and ensuring that they receive the coaching and encouragement they need. The role of the Board is thus seen as follows:-

- . Approving major changes in strategy, organisation structure and large commitments based on carefully prepared recommendations by management. Even if the Board approves a large majority of the recommendations made, the need to develop a thoughtful justification for a proposal would create the opportunity for management to think through such changes from all angles and thus contribute to the management development process.
- . Sharing predictions for future development, crucial factors and responses to possible actions. This type of counsel can be provided without unrealistic demands on Board members' time.
- . Evaluating results and ask discerning questions. The Board should be responsible for the appraisal of operating results and for prudent control.
- . Provide advice informally.

Composition of the Board

7.4 Consistent with the re-organization and streamlining of the Development Corporation's activities, it is our opinion that the Corporation's Board of Directors should not exceed seven persons. Boards that grow much beyond this size frequently prove to be unwieldy and effective decision-making becomes problematic.

It is recommended that the membership be drawn from:-

- The Chamber of Commerce
- The Trade Union Movement
- The Permanent Secretary, Ministry of Industry
- The Director of Finance & Planning
- The Manager - Devco
- Two other persons, e.g. lawyer, accountant, businessman

VIII Alternative Arrangements

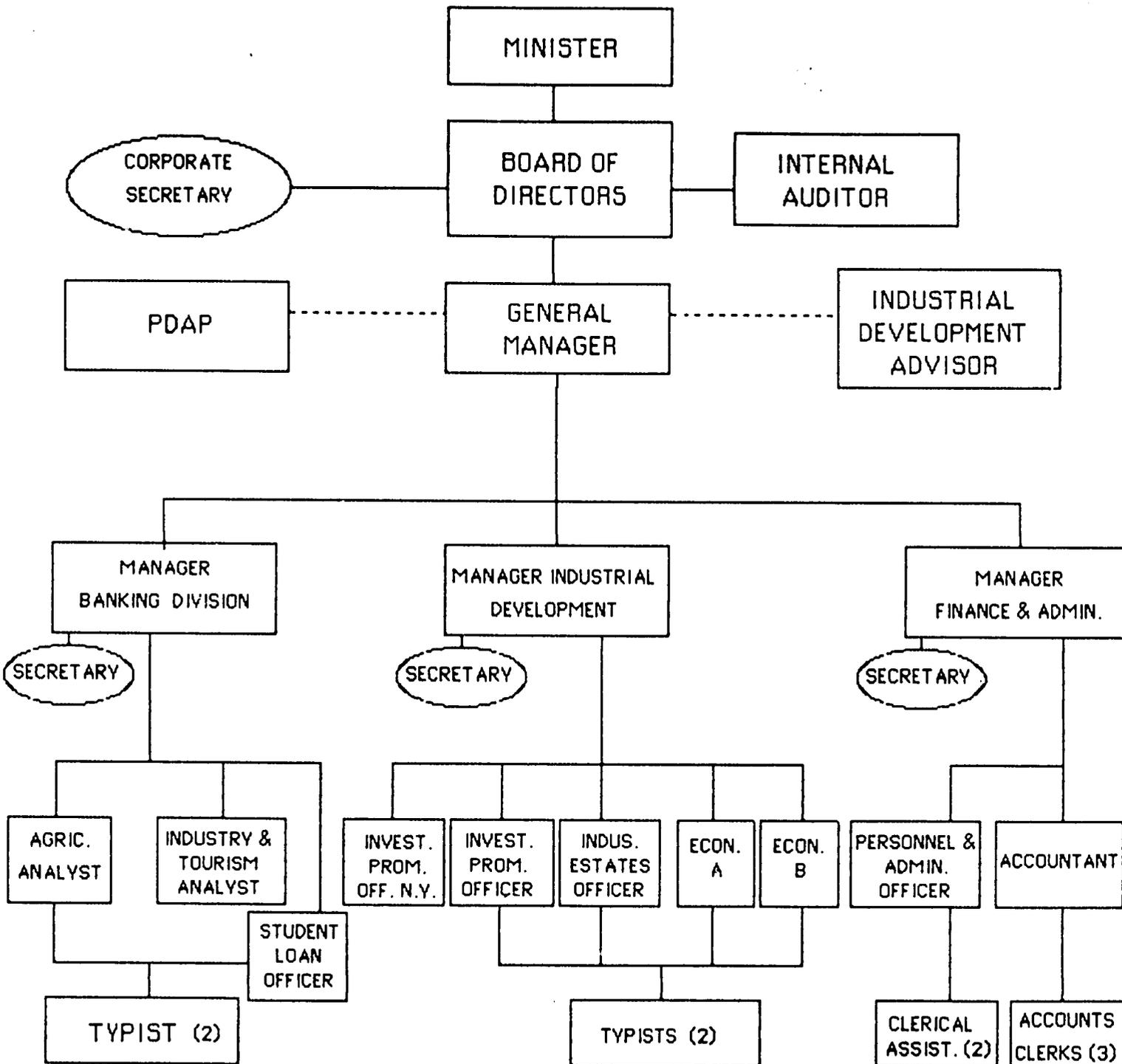
8.1 The proposals described in the previous sections would involve changes in function not only for the Development Corporation but also for other parts of the public sector, most notably the National Commercial Bank. The desirability of effecting these changes is indicated both by the arguments presented earlier and by practical feasibility and cost. The feasibility and cost of the NCB option have not yet been assessed in detail. However, it is still necessary to determine the implications of retaining the banking functions within the Corporation not only to provide a point of reference for any subsequent analysis of the NCB option, but also to draw out clearly the consequence of not effecting the changes proposed. It cannot be stressed enough that if the ultimate aim is to create an efficient and effective Development Corporation, the alternative to the proposed restructuring of responsibilities and staff is not maintenance of the status quo with some minor amendments. To do so would be to repeat the mistake of failing to provide the Corporation with the resources commensurate with its responsibilities so perpetuating the conditions which have plagued the Corporation in the past with the consequent effect on performance and personnel.

Alternative Structure

8.2 The retention of banking functions by the Development Corporation will necessitate an organisational structure more complex than that proposed in Chapter 5. In Diagram III we illustrate what we consider to be the structure and the minimum staffing levels necessary to accommodate investment promotion, management of the industrial estates and the supervision and management of the banking portfolio.

8.3 It can be readily seen that the alternative organisation proposed will require a greater amount of professional staff than required for an organisation which focuses primarily on investment promotion. The Corporation may be constrained by the limited availability of skilled personnel resources in St Vincent and the Grenadines and may contribute to a wasteful duplication of personnel resources between itself and the NCB.

DIAGRAM III
ALTERNATIVE ORGANISATIONAL CHART



8.4 The Budget Estimates presented at the end of this chapter suggest that the alternative organisation will incur current expenditure in the region of EC\$ 1,156,950 annually. Current revenue is projected to be EC\$ 1,009,000. A current deficit of EC\$ 147,950 is envisaged.

8.5 These are in contrast to the relevant figures for the investment promotion organisation proposed in Diagram II which features current expenditure of EC\$ 835,650 and current revenue of EC\$ 700,000 leaving a budget deficit of EC\$ 135,650. It should be noted that the equity contribution of EC\$250,000 received from government is unlikely to be a recurring item.

8.6 While a structure for an alternative organisation has been identified it should be noted that our experience within the Caribbean region and internationally suggests that the functions of investment promotion and development banking are best kept separate. The two functions require different objectives and strategies and do not naturally mesh with each other. The Development Corporation should attempt to maintain them together only if, in the final analysis, it proves impossible to devolve the banking functions.

ALTERNATIVE STRUCTURE - BUDGET ESTIMATES

Expenditure

(a) <u>Salaries and Contributions</u>	<u>EC\$</u>
General Manager	50,150
Internal Auditor	30,150
Manager, Banking	30,150
Manager, Industrial Development	30,150
Manager, Finance & Administration	30,150
Agricultural Analyst	20,150
Industrial & Tourism Analyst	20,150
Student Loans Officer	18,150
Economists (2)	40,300
Investment Promotion Officer (New York)	21,150
Investment Promotion Officer	20,150
Industrial Estates Officer	20,150
Personnel & Administration Officer	20,150
Corporate Secretary	20,150
Accountant	20,150
General Manager's Secretary	10,150
Manager's Secretaries (3)	24,450
Typists (4)	28,600
Clerical Assistants (5)	<u>35,750</u>
	<u>490,350</u>

(b) Allowances

Entertainment + Travel = Cost EC\$

General Manager*	-	-	=	-
Internal Auditor	1,200	+ 1,200	=	2,400
Manager, Banking	1,200	+ 1,200	=	2,400
Manager Industrial Development	1,200	+ 1,200	=	2,400
Manager Finance and Administration	1,200	+ 1,200	=	2,400
Agricultural Analyst	-	1,200	=	1,200
Industrial & Tourism Analyst	-	1,200	=	1,200
Economist (2)	-	1,200	=	2,400
Investment Promotion Officer (New York)		6,000**	=	6,000
Investment Promotion Officer	1,200 +	1,200	=	2,400
Industrial Estates Officer	-	1,200	=	1,200
Personnel and Admin. Officer	-	1,200	=	1,200
Corporate Secretary	-	1,200	=	1,200
Accountant	-	1,200	=	<u>1,200</u>
				<u>27,600</u>

(c) Overseas Travel

Same as Investment Promotion 29,000

(d) Office Equipment and Supplies

Printing, stationery, postage, etc. 32,000

(e) Promotional Literature

Brochures, forms, etc. 20,000

* Salary tax-free receives no additional allowances.

** Receives composite overseas allowance.

	<u>EC\$</u>
(f) <u>Directors Emoluments and Expenses</u>	<u>15,000</u>
(g) <u>Debt Collection Expenses</u>	<u>10,000</u>
(h) <u>Loan Repayments</u>	
CDB	385,000
Other	<u>148,000</u>
	<u>533,000</u>
<u>Summary of Current Expenditure</u>	
Salaries, etc.	490,350
Allowances	27,600
Overseas travel	29,000
Office equipment and supplies	32,000
Promotional literature	20,000
Director's emoluments	15,000
Debt collection expenses	10,000
Loan repayments	<u>533,000</u>
TOTAL	<u>1,156,950</u>

Revenue

8.10 Revenue estimates for the Development Corporation with the alternative organization structure are projected under the following categories:-

- (a) Interest
- (b) Rental Income
- (c) Miscellaneous

(a) <u>Interest Income</u>	
SIC/CDB	143,000
SIC/Local	7,000
Student/CDB	50,000
Student/Local	9,000
Agri/CDB	22,000
Agri/Local	17,000
Sugar	38,000
Consol. Line Agri-31 SFR	18,000
Fixed Deposits	1,600
Savings at bank	400
	<u>306,000</u>
(b) <u>Rental Income</u>	
Factory Rentals	700,000
(c) <u>Miscellaneous</u>	<u>3,000</u>
Total Revenue	<u><u>1,009,000</u></u>

8.11 The above budget estimates for the alternative organisation structure are composed of current expenditure totalling EC\$ 1,156,950 and revenue totalling EC\$ 1,009,000. A current budget deficit of EC\$ 147,950 is therefore envisaged.

LX IMPLEMENTATION

9.1 If the Development Corporation is to derive the benefits that are available through the proposed re-organisation, then it is important that close attention be paid to managing the organisational changes that will occur during the process of implementation.

9.2 The Chief Executive of the Development Corporation will be expected to play a critical role in implementing the proposed changes at the Corporation. This position should thus be filled as a matter of the highest priority.

Implementation Task Force

9.3 The implementation of our recommendations must be carefully planned and should take place on a phased basis over a period of nine (9) to twelve (12) months. A task force should be appointed to expedite the organisational change in a controlled manner.

9.4 The task force, which should comprise representatives from the Development Corporation, the Ministry of Trade & Industry, the Ministry of Finance and the National Commercial Bank (NCB), would be responsible for the development and execution of a detailed implementation plan. Among other things, the task force would determine the feasible options for transferring the banking functions to the NCB and the manpower and training required to effect the transfer successfully.

9.5 The first requirement of the implementation task force is to be aware of potential resistance to change. The task force will be required, at the outset, to outline the recommended structure and discuss this with members of staff. Good communication is at the root of effective implementation.

The Development Corporation Act No.7 - 1970

9.6 Our recommendations may require some minor changes to the Development Corporation Act. No.7 of 1970. We therefore recommend that the task force in consultation with the Corporation's legal advisors, review the legislation and develop recommendations for the Board of Directors. The Board of Directors would in turn forward their recommendations to the Attorney-General.

X SUMMARY AND CONCLUSION

10.1 The broad purpose of this study was to review the organization structure and responsibilities of the Development Corporation so as to identify its strengths and areas for improvements with a view to determining whether or not the current structure can serve the Corporation's future needs and, if not, make positive recommendations for change.

10.2 The report recommends that the Corporation should assign the highest priority to the tasks of promoting economic development and alleviating unemployment in St Vincent and the Grenadines by pursuing a strategy of industrialization. This requires, in essence, that the Development Corporation become an investment promotion organization.

10.3 The report argues that since investment promotion is a specialized activity it should be performed by a specialized organization. It therefore urges that the Development Corporation divest itself of the functions unrelated to investment promotion and retain only its investment promotion/estate management functions. A particularly strong case is made for the re-assignment, to another institution, of the Corporation's present banking functions.

10.4 It is also proposed that the Development Corporation, as an investment promotion organization, should report to the Minister responsible for industry.

10.5 A task force approach to implementing the recommendations, contained in this report, is suggested since this is felt to be the most effective way of dealing with the implementation related issues.

10.6 Appendix I contains a suggested analytical framework for granting fiscal incentives. This is also presented in the form of a flow-chart. A re-designed fiscal incentives application form is presented in Appendix II, while Appendix III contains a worksheet for the computation of local value added. Job descriptions are presented in Appendix IV.

NOTE ON A FRAMEWORK FOR GRANTING FISCAL INCENTIVES

A. INTRODUCTION

A major responsibility of the re-organized Development Corporation will be the processing of requests for fiscal incentives submitted by prospective domestic and foreign investors in St Vincent & the Grenadines. The objective of this note is to suggest a framework for use of future Devco's staff in evaluating such requests.

B. THE FISCAL INCENTIVES ACT NO.5 OF 1982

The Fiscal Incentives Act No.5 of 1982 derives from a CARICOM agreement which directs all Member States to harmonize their fiscal incentives. The Act was drafted with manufacturing enterprise (including agro-industry) primarily in mind.

Provisions of the Act

Under the Act enterprises producing for (1) domestic sale, (2) export sale or (3) some combination thereof, can qualify for incentives. A range of fiscal incentives are specified, namely relief from -

- . company income tax payments
- . personal income tax payments on dividends or other distributions out of profits
- . "withholding tax" payments on repatriated profits, dividends, royalties, management fees and other payments to non-CARICOM residents
- . payment of customs duties and related charges on imported capital goods, including machinery, equipment and vehicles
- . payment of customs duties and related charges on imported raw materials, spare parts or components thereof
- . payment of a portion of company income tax arising from profits on export sales (applicable after expiration of the initial tax holiday period).

To benefit from these incentives, an investor's project must be designated by the appropriate Minister of Government as an "approved enterprise" and its output an "approved product". For approved enterprises selling entirely within CARICOM or combining CARICOM and export sale, the duration of tax relief -- the "tax holiday period" -- is based on the proportion of local value-added in an approved product. Local value-added is computed as the difference between revenue realized from the sale of an approved product, and the cost of all non-CARICOM inputs it incorporates, among them raw materials, components and services; wages and salaries or profits and dividends paid to non-CARICOM nationals; interest, management charges and other similar payments to non-CARICOM persons or companies; and depreciation of the imported share of plant and equipment. The computation of the local value-added is weighted in favour of labour.

Depending upon the proportion of local value-added in their approved products, the Act specifies that companies producing for sale within CARICOM or for a combination of CARICOM and export sale will be classified as Group I, II or III enterprises. Companies producing approved products for sale entirely outside CARICOM are classified as "enclave" enterprises, and receive tax relief on that basis alone. Within this classification, the maximum tax holiday periods allowable under the Act are as follows:

Classification of Approved Enterprises

<u>Category</u>	<u>Proportion Local Value-Added</u>	<u>Maximum Tax Holiday</u>
Group I	50% and over	15 years
Group II	25% to 50%	12 years
Group III	10% to 25%	10 years
Enclave Enterprise	-	15 years

Typically, applications for fiscal incentives are submitted before the enterprise in question is actually in operation. As a result, tax holidays permitted by the Act will be granted based on projections of local value-added, rather than on historical cost and sales data. The Act therefore provides for bi-annual review of an approved enterprise's performance beginning three years after start-up of operations, in order to confirm or revise that enterprise's classification and associated benefits.

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The Development Corporation's Role in Applying the Act

The future Devco role in handling fiscal incentives within the parameters of the 1982 Act can be envisioned as a set of four inter-related activities:

- * Analyze a prospective investment's eligibility for "approved product" and "approved enterprise" status;
- * Project the proportional local value-added to be generated by the proposed investment;
- * Make recommendations on the granting of fiscal incentives;
- * Monitor and appraise the actual performance of approved enterprises to ensure that fiscal incentives received continue to be justified.

The Development Corporation's technical staff can be expected to undertake tasks 1 and 2, and prepare technical recommendations under task 3. The Devco Board of Directors will develop final recommendations under task 3 for submission to and final approval by the Minister of Government responsible for Industry. Finally, Devco's economist might undertake the monitoring and enterprise reappraisal function.

C. GENERAL POLICY FOR FISCAL INCENTIVES

While the 1982 Act provides the broad legal basis for establishment of fiscal incentives, its application will call for Development Corporation judgement at two levels: First, in selection of the individual industries and enterprises which warrant fiscal incentives, and, second, in specification of the particular incentives (type and duration of tax concessions) to be granted. Detailed criteria to guide the Corporation's judgement in these issues will be proposed in the next section. However, these criteria should derive from a general policy toward fiscal incentives.

Policy Considerations

Several considerations should influence the Corporation's fiscal incentive policy. Major among these considerations are.

(1) Devco will operate as an agency for industry promotion, not industry control, and its use of fiscal incentives should reflect this positive orientation. While Devco's first concern will of course be to ensure that the investments it promotes contribute to public welfare and reflect national economic goals, its basic function must not be that of a control agency, regulating the flow of industrial expansion or desirable domestic and foreign investment in St Vincent & the Grenadines. The offer of a generous package of fiscal incentives should be part of the Corporation's encouragement effort.

(2) Fiscal incentive grants should address the State's basic economic goals and development needs. At least in the foreseeable future, Devco's biggest priority in promoting investment will likely be employment generation. With St Vincent & the Grenadines' unemployment presently estimated at between 20% and 40%, job creation is the nation's most pressing task, and the key to establishing a foundation for the long-term social stability and economic growth. Accordingly, Devco will promote most aggressively those investment projects which promise direct employment impacts and/or are based on processing of local raw materials, and thus likely to represent indirectly job creation.^{1/} Additionally, given St Vincent & the Grenadines' balance of payments situation a secondary Devco promotion priority will be to encourage those investments which promise increased foreign exchange earnings or savings. Fiscal incentive criteria, both in terms of basic eligibility and relative liberality of tax concessions, should be shaped by these priorities.

(3) Devco will emphasize expansion of foreign investment in the State; fiscal incentives must therefore in particular serve the requirements of foreign investment promotion. To significantly increase employment and accelerate economic development, foreign investment must play a major role in St Vincent & the Grenadines. On the one hand, St Vincent's domestic business community is unlikely to be able to provide the volume of investment capital needed to rapidly expand employment opportunities. On the other, foreign capital is available: one of the major financial developments of the 1970's and early 1980's has been the increased willingness of industrial enterprises in North America, Asia and Europe to undertake overseas investment. As a result, the principal thrust of Devco's promotion activity, and its fiscal incentive program, will be to attract foreign private investment to St Vincent & the Grenadines.

Of course the benefits of the fiscal incentive program will also be equally available to local investors. Moreover, in keeping with the Corporation's positive promotional role, special efforts should be made to inform the local business community of the availability of fiscal incentives, and to assist local investors in applying for appropriate concessions.

(4) Fiscal incentives cannot be designed for St Vincent in isolation, but as a key competitive factor in its foreign investment promotion strategy. To seriously seek foreign investment, Devco must recognize that it is entering a fierce competition which pits St Vincent not only against the other island-nations of the Eastern Caribbean and against other CARICOM nations, but also against Central and South American nations, against nations of South and Southeast Asia, even against the less developed regions of the industrialised countries. Devco's success in this competition will turn on its ability to demonstrate St Vincent's comparative advantage for investors.

1/ For St Vincent & the Grenadines, local raw material-based investments will feature agro-industrial enterprises, which even if relatively unimportant in direct employment terms, will expand outlets for local agricultural production and, hence, indirectly create new employment opportunities in the agricultural sector.

Broadly speaking, comparative advantage is the sum of a range of physical factors, plus an assessment of a nation's qualitative "climate for investment". On a physical basis, St Vincent & the Grenadines has no distinct edge over its competitors: its labour force is not dramatically low-cost and is relatively inexperienced; its raw materials are limited and its location and market access are matched by other competitors, at least in the Caribbean. Even its prospective infrastructure base is not enough to establish a clear overall advantage.

Consequently, St Vincent's competition for foreign investment will be waged through the relative attractiveness of its investment climate. Some of the elements of this climate are outside Devco's control - notably general political stability - so that fiscal incentives will become a central instrument in Devco's investment promotion efforts. Simply put, to compete effectively, Devco must be prepared to extend tax and import duty concessions at least as liberal as those of other nations in the Caribbean basin. Equally important, it must do better than its competitors in the quality of service it provides to potential investors in applying the fiscal incentives legislation.^{2/}

(5) The mechanics of implementing fiscal incentive policy are an important part of investment promotion. As intimated above, for investors, fiscal incentive policy has a "quality-of-service" dimension in addition to its qualitative financial effects. The quality dimension is an important variable in investment promotion, with competitive implications: where on paper the investment promotion packages of two alternative locations are equal, the relative efficiency with which one or the other can be put in place will surely be the deciding factor for a potential investor. Among quality of service elements are.

- * timeliness, in terms of Devco's response to investor inquiries and processing of applications;
- * simplicity, in forms, procedures and information requirements to handle fiscal incentive requests; and
- * objectivity and clarity of decision criteria, so that granting of fiscal incentives becomes a predictable process, thereby reducing risk for potential investors, enhancing investment project planning and establishing St Vincent as an efficient environment for business.

^{2/} While no full comparative analysis of fiscal incentive policy in the Caribbean Basin is available, anecdotal evidence suggests that St Vincent faces vigorous competition. Antigua and St. Lucia, for example, are reported to offer the maximum fiscal incentives under CARICOM for recent projects as a matter of policy, and to approve the incentive requests of potential investors in one day.

Attention to quality of service detail in implementing fiscal incentive policy should be a major concern of the Corporation.

Summary of Proposed Policy Guidelines

The above considerations can be summarised into a set of four proposed policy guidelines for fiscal incentive decision-making:

- (1) Fiscal incentives should be granted to all industrial projects consistent with the State's economic and social development goals. The structure of available incentives should favour employment generation investments, as St Vincent's most pressing development need.
- (2) Reflecting St Vincent's competitive posture in investment promotion, all qualified investment projects in industry should receive the maximum tax holidays allowable by CARICOM commitments. Additionally, these tax concessions should provide relief from all major investment-related taxes, not explicitly covered by the Fiscal Incentives Act No.5 of 1982.
- (3) The application process for fiscal incentives should be clear and non-burdensome for investors, both in terms of time and information required.
- (4) The outcome of the process should be non-arbitrary: requests for fiscal incentives should be measured against straightforward, publicly available and objective criteria which guarantee predictable results.

D. DETAILED EVALUATION CRITERIA

Reflecting the parameters of the Fiscal Incentives Act and the policy guidelines proposed above, detailed criteria can be formulated for the evaluation of fiscal incentive requests. Two sets of criteria are required. First, to establish the eligibility of investment projects for fiscal incentive treatment, and second, to determine the appropriate terms of the incentives to be granted.

Project Eligibility Criteria

At the first stage of evaluation, all projects requesting fiscal - incentives should be tested against a basic standard of acceptability, established to ensure that a proposed investment is consistent with the State's fundamental social and economic goals and needs. The outcome of this evaluation will be a yes/no recommendation to confer "approved enterprise" and "approved product" status on a prospective enterprise, as required by Sections 5 and 6 of the Fiscal Incentives Act. A total of seven decision criteria are proposed.

(1) Character of Project Principals

- * Are all sponsors of a proposed project identified and their respective ownership shares specified?
- * Have project sponsors provided sound business references?
- * Have project sponsors provided sound financial references?
 - establishing financial capability for proposed equity contribution
 - establishing source of proposed debt-financing.

(This criterion is designed to establish whether potential investors - individuals and companies - are of reliable business reputation and possess the financial capability to undertake the proposed project. For local investors, the Corporation can check business reputation and financial resources locally. For overseas investors, the Corporation can work through its embassies, Coopers & Lybrand/PDAP or the UNIDO-New York Caribbean Investment Promotion Service to check references, communicating by telex to speed the process.)

(2) Social Impact of Project

- * Will the project produce a socially acceptable product?

(3) Employment of Local Resources

- * Will the project use local labour or local natural resources?
- * Will all unskilled, semi-skilled, skilled and clerical workers be recruited in St Vincent & the Grenadines?
- * Will Vincentians participate in some technical and management positions of the proposed project?

(This criterion is designed to ensure that a proposed project will make use of resources available in St Vincent & the Grenadines. Application of a later criterion - the CARICOM value added formula discussed further below - establishes a minimum standard for the value of this local input to qualify a project for minimum fiscal incentives. Note that for the present criterion, the specification of the employment requirement for skilled labour, management and technical manpower, etc., should be based on an analysis of the local workforce, and revised periodically to reflect changes in the labour market.)

(4) Project Financing from Foreign Sources

* Where a proposed project combines local and foreign ownership, will foreign owners contribute cash equity at least proportional to their ownership shares?

* Where a proposed project is entirely foreign-owned, or combines local and foreign ownership, will all medium and long-term debt financing be provided from foreign sources?

(This criterion is designed to ensure that, given the limitations of the local capital market, foreign financing will accompany foreign ownership in a proposed investment.)

(5) Foreign Exchange Impact

* At capacity operation, will the proposed project generate no net loss in foreign exchange for St Vincent & the Grenadines?

(This criterion is designed to ensure that approved projects will not further strain St Vincent's balance of payments. It assumes that all proposed investments should be either export-producing or import-substituting. The criterion would be applied using the data submitted by a prospective investor to compute local value-added, by first estimating the net foreign exchange impact of revenue and expense flows for an enterprise at capacity operation, and second, as appropriate, incorporating a Devco estimate of annual foreign exchange savings from import substitution. Over time, a more sophisticated analysis of foreign exchange impacts - e.g. Bruno domestic resource cost method - might be employed to apply this criterion, but for the moment the simple approach above should suffice.)

(6) Environmental and Health Effects

* Will the proposed project have unacceptable environmental impacts?

* Will the proposed project have unacceptable health and safety risks for its workers?

(This criterion is designed to ensure that proposed projects will meet at least prevailing standards of environmental protection and worker health and safety in St Vincent. It is proposed that the Ministry of Health and Ministry of Labour prepare guidelines for Devco's use in applying this criterion.)

(7) Impact on Existing Enterprises

* Will the proposed project undermine the viability of enterprises already established or about to be established in the same industry?

(This criterion is designed to reflect the concern of Section 6(2) (a) of the Fiscal Incentives Act, which calls for the Minister to take into account the "number of enterprises already manufacturing or about to manufacture an approved product". Of all the proposed criteria, this one is admittedly the least objective. However, in the near to medium term it is also no doubt the least important of the criteria, for considerable latitude presently exists for additional investment in manufacturing industry. In any event, in keeping with Devco's role as an industry-promoting rather than industry-regulating agency, the analysis of impact on viability should be measured against guidelines provided from outside the organization, perhaps resulting from a joint Ministry of Planning, Chamber of Commerce effort.

Each of the seven eligibility criteria proposed above will call for some analysis on the part of Devco. With the notable exception of estimates of import substitution-related foreign exchange savings, these analyses will be based on data provided by the prospective investors' application form for fiscal incentives. The Devco analyses will lead to a yes/no response to the questions posed under each criterion. A single 'no' answer would be sufficient to disqualify a proposed project from further consideration for fiscal incentives. A set of universally 'yes' answers would lead to a recommendation for "approved enterprise" and "approved product" status for a proposed project, and thus to eligibility for tax concessions.

Incentive-Determining Criteria

Once a project proposal has been accorded approved enterprise/approved product status, additional criteria will be applied to determine the length of the tax holiday to be granted. These criteria will be drawn from the Fiscal Incentives Act, Sections 2 and 3.

(1) "Local Value-Added" Criterion: First, a project's percentage of local value-added will be estimated, based on data representing twelve months' production of "approved products", assuming the approved enterprise's "mature" output level. Mature output will represent the enterprise's annual production volume after the project start-up period.

Proportion of local value-added will be computed as follows:

$$V = \frac{S - (R + W + P + I + D)}{S} \times 100$$

where

V = proportional annual local value-added of a proposed enterprise's approved products.

S = total annual sales of approved products by the proposed enterprise, value ex-factory, considered to be the delivered wholesale price, excluding cost of shipping, handling and distribution.

R = total annual value of imported raw materials, imported content of components and parts, fuels and services used in producing approved products.

W = total annual value of wages and salaries paid to non-nationals in the proposed enterprise.

P = total annual profits paid to non-nations (persons or companies) from the proposed enterprise.

I = total annual interest, management charges and other similar income payments to non-nationals (persons or companies) from the proposed enterprise.

D = total annual depreciation on value of imported components of plant, equipment and machinery.

"Non-national" in this computation is understood to mean a person or company which is non-resident in the CARICOM region, other than local branches of non-resident banks.

(2) Labour-weighted Local Value-Added Criterion. Next, the above local value-added result will be adjusted by a factor reflecting the value of the local wage and salary component of the proposed project:

$$V_{adj} = \frac{V(100 + W_p)}{100}$$

where

V_{adj} = labour-weighted proportional annual local value-added generated by the "approved products" of a proposed enterprise.

W_{adj} = total annual value of wages and salaries paid to nationals in the proposed enterprise, expressed as a percentage of S, as defined.

For all enterprises producing for the local market or for some combination of the local market and export, the value V_{adj} will be used to propose Group I, II and III status under the Fiscal Incentives Act. A proposed enterprise whose V_{adj} turns out to be less than 10 percent will receive no fiscal incentives. All other enterprises will be granted the maximum allowable tax holidays for their respective Groups (Schedule II of the Fiscal Incentives Act). Enclave industries recommended for approved enterprise status will receive the legal maximum of 15 years' tax holiday.

Note that use of this "local value-added" criterion for determining approximate fiscal incentives is consistent with St Vincent's economic need for job creation. First, in practice, for nearly every manufacturing industry (including agro-processing enterprise) that would appear potentially feasible in St Vincent, local labour inputs are likely to account for the greatest share of local value added. Second, application of an explicitly labour-weighted adjustment procedure further emphasizes the importance of employment generating impacts of proposed projects in determining an enterprise's tax concessions.

E. TRAINING AND TECHNOLOGY TRANSFER

It will be noted that in granting fiscal incentives, the proposed criteria make no special allowances for training and technology transfer characteristics of investments. These reasons underlie this omission. First, almost all investments will have some training and technology transfer effects, at least informally. These effects will occur in the natural organization, start-up and operation of a new project. Second, and more to the point, it appears impractical to try to develop an objective scale by which to (a) evaluate the training and technology transfer impacts of proposed projects and (b) tie such impacts in differential fiscal incentives.

Finally, and most important, seeking to encourage training and technology transfer through the fiscal incentive structure may work counter to Devco's basic competitive strategy for industrial promotion.

Realistically, the foreign investment promotion market in which the Corporation is likely to compete with greatest success will initially feature unskilled, low technology projects which nevertheless provide employment benefits. Given St Vincent's comparative advantage for investors, high technology investments with significant formal training components are less likely to be serious targets of promotion efforts, at least in the near term. The basic fiscal incentive scale should be designed to give the Corporation maximum leverage in its normal competitive activity.

A legitimate question remains, however, as to how to "reward" or encourage those exceptional investment projects arising over the next few years which incorporate important training and technology transfer effects. Even if it is not practical to promote these investments through the basic scale of industrial tax concessions, other means of doing so might still be available. Possible approaches might include a reduction of factory rental rates for Devco's factory shells, or publicly-funded subsidies for wages of employees during a specified training period, or publicly subsidized utility charges, or some combination of these three. All such measures would, however, call for explicit public outlays as opposed to the more hidden tax expenditures of fiscal incentives. Nevertheless, since projects requiring such special financial inducements would be exceptions within the Corporation's promotion program, appropriate special incentives could be negotiated on a case by case basis after specified detailed analysis of benefits and costs.

F. MONITORING FISCAL INCENTIVES

As mentioned earlier, the Fiscal Incentives Act (Section 19) requires a subsequent periodic monitoring of the actual performance of approved enterprises after tax concessions have been granted. Where warranted, the results of this monitoring will lead to the reclassification of an enterprise.

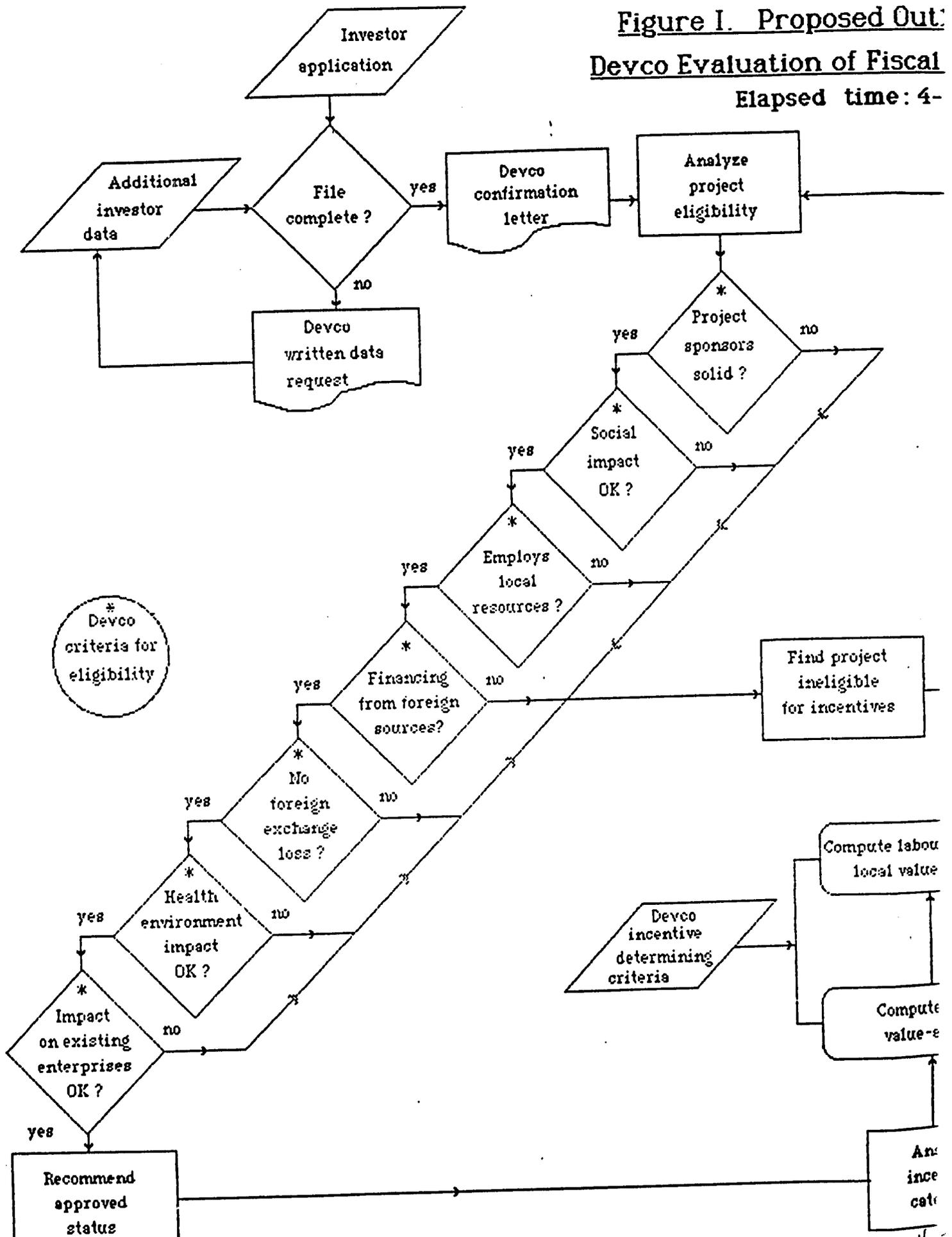
To perform the monitoring function, Devco would simply apply the fiscal incentive criteria proposed above, but use an enterprise's actual operating data rather than the projected figures underlying its initial grant of tax concessions. Both the project acceptability and fiscal incentive-determining criteria would be employed, and an enterprise's approved status and/or allowable tax holiday period would be revised by the Corporation as necessary.

G. FORMS AND PROCEDURES

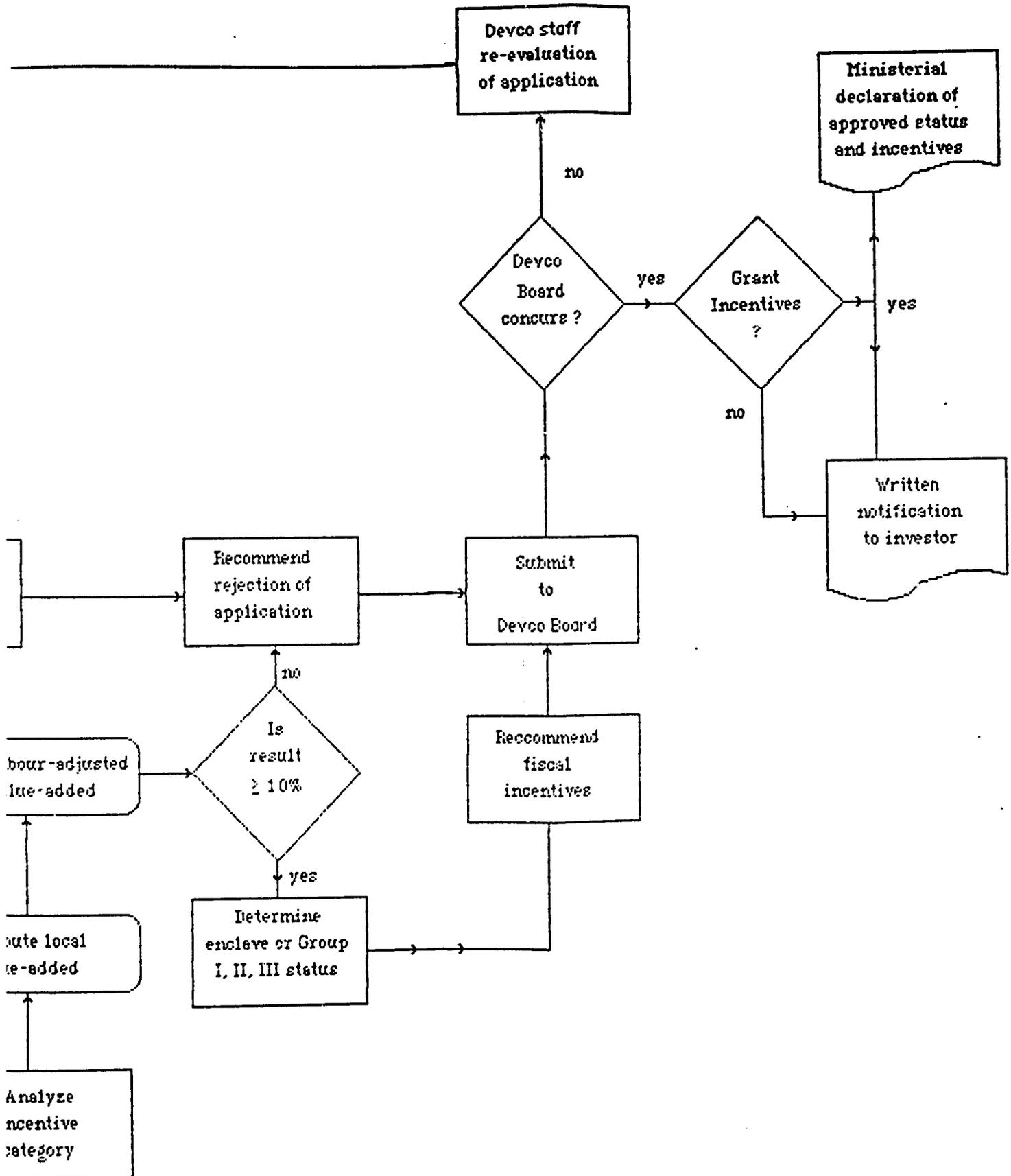
The application form which investors will submit to the Corporation will be one key to successfully implementing the framework for granting fiscal incentives proposed above. A draft of a possible version of the fiscal incentives application form is attached to this Note. Based on this form a proposed worksheet for computing local value added is also attached.

Additionally, to present a clearer picture of the proposed approach to evaluating fiscal incentive applications, a diagram of the procedure has been developed. This diagram is attached as Figure I.

**Figure I. Proposed Out:
Devco Evaluation of Fiscal
Elapsed time: 4-**



Outline of Procedure for
Local Incentive Applications.
 4-6 weeks



APPENDIX 2

ST VINCENT AND THE GRENADINES

APPLICATION FOR FISCAL INCENTIVES UNDER

FISCAL INCENTIVES ACT NO. 5 OF 1982

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Instructions

1. Only companies incorporated and registered in St Vincent and Grenadines may be granted approved status. If the company has not yet been registered, give particulars of the proposed company.
2. All values to be expressed in Eastern Caribbean dollars (EC\$) except otherwise stated (US\$1.00 = EC\$2.70).
3. This application must be accompanied by project feasibility studies relating to projected profit and loss or income, cost of goods manufactured and cash flow for each of the first two (2) years of the proposed approved enterprise, plus the projected operations at an annual capacity level of output. If the enterprise is already in operation, audited balance sheets and profit and loss statements for the past two (2) years should also be submitted.

A market survey or similar assessment outlining the basis of the applicant's sales projections is required for each product.
4. Provide complete answers to all questions; use separate sheets where necessary.
5. The performance of approved enterprise other than enclave enterprises will be appraised at the expiration of two (2) years from the date of production and thereafter at intervals of one (1) year until cessation of benefits under the Act in order to determine the proper classification of the enterprise for the purposes of the Act. (Section 19 of the Fiscal Incentives Act, 1982).
6. The applicant is required to authorise his bankers to provide written certification that funds in the amounts specified in questions V2 and V4 herein are available for financing this venture.

I THE APPLICANT COMPANY

1. Name of applicant company.
2. Applicant company's registered address in St Vincent and the Grenadines.
3. Date of company's registration in St Vincent and the Grenadines.
4. Location of applicant company's operations (if different than registered address).
5. Legal status of applicant company (check one)
 - (a) sole proprietor _____
 - (b) co-operative _____
 - (c) partnership _____
 - (d) private liability company _____
 - (e) public limited liability company _____
 - (f) public corporation _____
6. Names, nationalities and countries of residence of chairman, managing director, other directors and company secretary.
7. Is the company a subsidiary of or successor to another company? If so, give name and registration of parent company or former company.

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8. Is the company presently operating in St Vincent and the Grenadines? If so, give the nature of the business or businesses conducted by the company.

9. Has the company ever received fiscal or investment incentives in St Vincent and the Grenadines at any time prior to this application? If so specify dates and nature of incentives.

10. Have any persons associated with this application been involved with any similar project in the CARICOM region? Outside the CARICOM region? If so, give the particulars.

11. Please provide business references for the applicant company, such a present or former clients or trade or business organizations familiar with the company's principal officers and the company's operations.

12. Please provide business references for the applicant company, including bank references, and audited financial statements (for companies already in operation).

II THE PROPOSED PROJECT

1. Briefly describe the proposed investment project.

 2. Where will facilities of the proposed project be situated in St Vincent and the Grenadines? Specify location and approximate area in square feet.

 3. Will facilities for the proposed project be rented or constructed by the applicant company? If the former, specify from whom the facilities will be leased.

 4. If facilities are to be constructed, specify approximate date when construction will begin.

 5. Specify approximate date when production will begin in the proposed facility.

 6. Has a feasibility study been performed for the proposed project? If yes, attach a copy to this application.
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III THE PRODUCT(S) AND THE MARKET

1. Briefly describe the product or products for which approved status is sought.

2. Specify the ex-factory price projected for each of the proposed approved products (for this application The Corporation considers "ex-factory price" to be the wholesale market price minus all costs of domestic or international shipping, handling and distribution).

<u>Product</u>	<u>Ex-factory price (EC\$)</u>
1.	
2.	
3.	
4.	
5.	

3. State total annual output for each proposed product (total units and total value in EC\$ based on ex-factory price). Capacity is normal production in volume after start-up period.

<u>Product</u>	<u>Year 1</u> units value	<u>Year 2</u> units value	<u>Capacity</u> units value
1.			
2.			
3.			
4.			
5.			

4. State total annual output, by market destination, for each proposed product (total units and total value in EC\$, based on ex-factory prices). Note that figures in tables 4(a)- 4(d) should sum to totals in question III-3 above.

(a) Production for sales in St Vincent and the Grenadines

	<u>Product</u>	<u>Year 1</u> units value	<u>Year 2</u> units value	<u>Capacity</u> units value
1.				
2.				
3.				
4.				
5.				

(b) Production for sales in other Caricom nations

	<u>Product</u>	<u>Year 1</u> units value	<u>Year 2</u> units value	<u>Capacity</u> units value
1.				
2.				
3.				
4.				
5.				

(c) Production for sales in the U.S.

	<u>Product</u>	<u>Year 1</u> units value	<u>Year 2</u> units value	<u>Capacity</u> units value
1.				
2.				
3.				
4.				
5.				

d) Production for sales in other non-CARICOM countries (Specify)

	<u>Product</u>	<u>Year 1</u> units value	<u>Year 2</u> units value	<u>Capacity</u> units value
1.				
2.				
3.				
4.				
5.				

5. Indicate principal customers and marketing arrangements

- a) St Vincent and the Grenadines
- b) Other CARICOM
- c) USA
- d) Canada
- e) Other non-CARICOM

6. Indicate any particular standards, specifications or quality regulations to which your product must conform.

7. Have market studies been performed for the marketing of the proposed approved products? If yes, attach copies to application.

IV TOTAL INVESTMENT COST

1. Amount of capital investment or to be invested in the proposed approved enterprise, by purpose (all values in EC\$).

<u>Purpose</u>	<u>By End Of</u>			
	<u>Pre-operations</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Land				
Buildings or leasehold improvements				
Machinery and equipment				
Vehicles				
Other fixed assets (specify)				
Net working capital	_____	_____	_____	_____
Total investment				

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2. Specify company's share capital (all values in EC\$. documentary evidence of availability of share capital should be attached to application).

	<u>Pre-operations</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
(a) Authorised				
(b) Issued or to be issued				
(c) Country in which issued				
	_____	_____	_____	_____

Total

3. Details of ownership:

<u>Names of shareholders</u>	<u>Check off director</u>	<u>Nationality</u>	<u>Proportion of issued shares (Percent)</u>	<u>Address</u>
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4. Specify company's loan capital (documentary evidence of availability loan funds should be attached to application):

<u>Lending institution Name/address</u>	<u>Amount EC\$</u>	<u>Loan Conditions Term (years) interest</u>	<u>To be borrowed in (pre-operations or year)</u>
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VI PRODUCTION INPUTS AND COSTS

1. Summarize annual production expenses (except shipping, handling and distribution expenses incurred outside proposed facilities; all values in EC\$).

<u>Item</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Capacity</u>
Raw materials			
Other materials, including components and parts			
Labour			
NIS			
Utilities			
o water			
o power			
Fuel			
Management contract			
Rent			
Repair and maintenance			
Insurance			
Travel and transport			
Telephone and telex			
Royalties			
Licences			
Professional services			
Depreciation			
Interest			
Other (specify)			
Total			

2. List country of origin, quantity and value of each type of raw materials or other material (including components, parts, etc.) to be used in production of the proposed approved product(s). Where a type of raw material or other material will be obtained from two or more countries of origin, list quantities and values for each country of origin (all values in EC\$).

<u>Description</u>	<u>Country of origin</u>	<u>Year 1 qty. val.</u>	<u>Year 2 qty. val.</u>	<u>Capacity qty. val.</u>
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Raw materials

- 1.
- 2.
- 3.
- 4.
- 5.

Total

Other materials, etc.

- 1.
- 2.
- 3.
- 4.
- 5.

Total

3. Specify the number and type of employees to be engaged in production of the proposed approved product(s) and the total annual wages and salaries to be paid in each labour category (all values in EC\$).

<u>Labour Category</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Capacity</u>
	Number wages & salaries	Number wages & salaries	Number wages & salaries
Management			
o Non-CARICOM			
o CARICOM			
Technical			
o Non-CARICOM			
o CARICOM			
Skilled <u>a/</u>			
Semi-skilled <u>a/</u>			
Unskilled <u>a/</u>			
Clerical <u>a/</u>			
Other (specify) <u>a/</u>			
Total			

a/ Note. It is assumed all skilled, semi-skilled, unskilled, clerical and other positions (except managerial and technical) will be filled by nationals of CARICOM member states.

4. Describe each of the managerial and/or technical positions to be filled by a non-CARICOM national. Description should include nature of responsibilities and length of assignment in St Vincent and the Grenadines.

3. What are the annual requirements for the following inputs and what special arrangements (if any) will the proposed enterprise undertake to provide these inputs (e.g. purchase of generators)?

- o Water
- o Electricity
- o Telephone/telex

I certify that to the best of my knowledge the particulars given in this application and in the attached financial statements, feasibility studies and market surveys are correct, and that the projections are realistic in the light of information currently available.

Name of person submitting application on behalf of the company:

Signature: _____

Address: _____

Telephone: _____

Date: _____

DEVELOPMENT CORPORATION OF ST VINCENT AND THE GRENADINESWORKSHEET FOR COMPUTATION OF LOCAL VALUE-ADDEDUNDER THE FISCAL INCENTIVES ACT, 1982

TOTAL EX-FACTORY SALES OF APPROVED PRODUCT(S)	Year 1		Year 2		Capacity	(1)
	Total Payments	Non-CARICOM Payments	Total Payments	Non-CARICOM Payments	Total Payments	Non-CARICOM Payments
PA YMENTS FOR:-						
Cost of raw materials, fuels, components <u>a/</u>						
Salaries and wages <u>b/</u>						
Dividends and un-distributed profits <u>c/</u>						
Interest <u>d/</u>						
Management charges <u>e/</u>						
Royalties <u>e/</u>						
Licences <u>e/</u>						
Professional services <u>e/</u>						
Other payments <u>e/</u> (specify)						
TOTAL PAYMENTS						(2)
DEPRECIATION OF PLANT, <u>f/</u> MACHINERY, EQUIPMENT AND SPARE PARTS						(3)
TOTAL DEDUCTION (2) + (3)						(4)
EXCESS (1) - (4)						(5)
ESTIMATED LOCAL VALUE ADDED (5) + (1) x (100)						(6)
LABOUR WEIGHTING FACTOR $\frac{\text{Local Wages} \times 100}{(1)}$						(7)
ESTIMATED LABOR-WEIGHTED LOCAL VALUE ADDED $\frac{(6) \times (100 + (7))}{100}$						

Appendix 3(2)

- (a) Include the imported raw material content of regionally produced components.
- (b) Include payments to all non-CARICOM residents whether national or not.
- (c) Include payments to non-CARICOM residents whether national or non-national.
- (d) Do not include interest paid to a resident branch or agency of a Bank not resident in a CARICOM country.
- (e) Include amounts actually paid or accruing to persons (including companies) not resident in a CARICOM country.
- (f) To be applied at rates normally allowed under the Income Tax Act.

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APPENDIX 4

DEVELOPMENT CORPORATION OF ST VINCENT & THE GRENADINES

JOB DESCRIPTIONS

JOB DESCRIPTION

Department: General Management
Post: Manager
Responsible to: Chairman and Members of the Board

PURPOSE:

As Chief Executive of the Development Corporation, the Manager is responsible for:

1. Planning, organizing, directing, monitoring, co-ordinating, implementing and maintaining an effective system for the promotion of industrial development and the creation of investment opportunities.
2. The general management of the investment promotion and estate management functions.
3. The position also has general management responsibility for the Corporate Secretary as well as maintenance of a good public image of the Corporation.

MAIN DUTIES:

1. Oversees development, formulation, and implementation of business strategies, policies and procedures for ensuring the effective co-ordination and administration of each functional activity within the Corporation.
2. Establishes the Corporation's overall policies, strategies and programs in consultation with managers, guides and directs the execution of those strategies and programs.
3. Accountable for the executive development of the professional personnel.
4. Monitors the effectiveness of the Corporation in the development of new manufacturing industries and the creation of new jobs.
5. Monitors the effectiveness of the Corporation's management functions, including organization structure and manpower planning.

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Appendix 4(2)

6. Oversees the effective management of the Corporation's financial resources and assets.
7. Represents and promotes the Corporation and keeps informed of recent trends and developments in industrial development of Third World countries.
8. Ensures effective liaison with business organizations and government agencies.
9. Performs any other duties or undertakes any other responsibilities that may be assigned by the Board from time to time.

PERFORMANCE CRITERIA:

1. Effective management and administration of the Corporation's financial and human resources.
2. Ability to utilise the human and physical resources of the Corporation for the effective performance of the organization.
3. Ability to motivate and maximise potential of personnel for attaining the organization's objectives.
4. The degree of success with which the Corporation's objectives, strategies, policies and programs are achieved.
5. Persuasiveness and ability to maintain morale and productivity.
6. The extent and appropriateness of the profile and image of the organization within the community.

JOB DESCRIPTION

Department: General Management
Post: Corporate Secretary
Responsible to: Manager

PURPOSE:

1. To ensure that the legal, statutory and other provisions governing or affecting the running of the Corporation are observed.
2. To act as a representative of the Corporation.

MAIN DUTIES;

1. To arrange Board meetings and meetings of any committee holding powers delegated by the Board.
2. To draw up and circulate agendas and ensure that reports, documents and questions requiring Board or committee action are presented at appropriate meetings.
3. To attend meetings and record or arrange for the recording of Minutes.
4. To advise Chairman, Board and committee members as necessary on questions of company law and practice.
5. To ensure that Minutes are signed, circulated, agreed and retained for future reference.
6. To communicate Board decisions to those who will be required to implement them.
7. To sign documents and correspondence requiring signature on behalf of the Corporation.
8. To receive at the Corporation's registered office, documents, correspondence, etc., addressed to the company as a legal entity.
9. To organize and control the work of the Corporation's registered office and ensure that the Corporation's Articles of Association and Memorandum of Association are adhered to at all times.
10. To perform any other duties that may be assigned by the Manager or the Board from time to time.

PERFORMANCE CRITERIA:

1. Effective and timely preparation and presentation of information.
2. Effective handling of the Corporation's legal affairs.

JOB DESCRIPTION

Department: General Management
Post: Investment Promotion Officer (New York)
Responsible to: Manager

PURPOSE:

1. To administer and coordinate the activities of Investment Promotion in North America.
2. To create opportunities for investors to become exposed to investment possibilities in St Vincent and the Grenadines.

MAIN DUTIES:

1. Accountable for the planning and overall performance of investment promotion activity in North America.
2. Services enquiries by way of correspondence on telephone.
3. Provides counsel for investors and conducting interviews with them.
4. Travels as necessary to conduct meetings with clients.
5. Prepares and submits quarterly reports on the operations of the North America office.
6. Participates in annual reviews and planning meetings at head-quarters.
7. Performs any other tasks that may be assigned by the Manager.

PERFORMANCE CRITERIA:

1. Number of applications for fiscal incentives received from North American companies.
2. Number of potential clients who visit St Vincent and the Grenadines to survey opportunities for establishing new business.
3. Establishment of manufacturing enterprise and joint ventures of significant economic benefit to St Vincent and the Grenadines.
4. Prompt and timely reporting to head office.

JOB DESCRIPTION

Department: Investment Promotion
Post: Investment Promotion Officer
Responsible to: Manager

PURPOSE:

1. To promote industrial development and new business by providing assistance to investors to establish.
2. To promote the expansion and diversification of business and facilitate the transfer of technology.

MAIN DUTIES:

1. To implement approved plans and strategies for ensuring the effective promotion of new business and investment opportunities in the manufacturing sector.
2. To meet with prospective business representatives from overseas and locally to provide information about services of the Corporation, the industrial climate of the country, the legal and fiscal conditions, and physical and human resources available on the island.
3. To ensure that clients and potential clients are provided with the necessary assistance required in completing the required application forms for factory space and/or fiscal incentives.
4. To ensure the effective establishment and maintenance of relationships with the private and public sectors which will affect the process of installation of new companies or the continuing success of established ones.
5. To ensure effective servicing of clients and the implementation of programs for the identification of areas of low productivity, their causes and to recommend solutions.
6. To ensure the effective nurturing of linkages within the industrial economy and subcontract opportunities.
7. To handle daily correspondence including mail and telephone contacts pertaining to requests from potential and/or existing clients for information.
8. To prepare monthly reports.

9. To undertake any duties that may be assigned from time to time.

PERFORMANCE CRITERIA:

1. Ability to effectively organize work schedules.
2. Effective implementation of investment promotion strategies and plans.
3. Effective handling of potential investors and timely provision of information.
4. Success negotiation with, and persuasion of investors to set up business in St Vincent & the Grenadines.

JOB DESCRIPTION

Department: Finance & Administration
Post: Finance & Administration Officer
Responsible to: Manager

PURPOSE:

1. Planning, organizing, directing, monitoring, co-ordinating, implementing, and maintaining financial control systems.
2. Co-ordinate the office management of the Corporation and advise the manager on, and assist in the formulation of overall policies and procedures for the effective management of the Corporation.

MAIN DUTIES:

1. Accountable for the leadership, planning, general supervision and overall performance of the Finance and Administration function.
2. To develop, formulate, document and implement policies, procedures and systems for ensuring the effective financial management and control of the Corporation's funds.
3. To prepare monthly and annual financial statements, budget and variance analysis, periodic financial forecasts and other reports.
4. To co-ordinate the preparation of annual budgets for the Corporation.
5. To control and manage the Corporation's financial assets, including petty cash, bank deposits, term deposits and other investments.
6. To supervise billings, and collection of amounts due to the Corporation.
7. The effective management of the Corporation's offices.
8. To supervise the clerical support and secretarial staff.
9. To undertake any other duties that may be assigned by the Manager from time to time.

PERFORMANCE CRITERIA:

1. Effective management of the Corporation's Finance and Administration function.
2. Ability to motivate and maximize the potential of personnel to achieve the organization's objectives.
3. Timely preparation and presentation of financial statements.
4. The establishment of effective office management systems.
5. Effective liaison with other departments to ensure that their office administration needs are satisfied.
6. Effective development and implementation of policies.

JOB DESCRIPTION

Department: Estate Management
Post: Industrial Estates Officer
Responsible to: Manager

PURPOSE:

1. To ensure the effective planning, allocation and maintenance of factory space.
2. Responsibility for the execution of leases with the Corporation's clients.

MAIN DUTIES:

1. To prepare annual budget estimates for maintenance operations.
2. To authorise budgeted expenditures for approved maintenance operations.
3. To prepare reports on the maintenance program and submit to the Corporation.
4. To advise the Corporation's clients on factory availability and maintenance of Corporation factories and estates.
5. To ensure the effective implementation and upkeep of a system of programming, progressing and status reporting on estate management.
6. To establish priorities, schedules and work programs for each functional area of responsibility and review performance of employees under portfolio.
7. To advise on the development of appropriate property management policies and procedures.
8. To ensure that factory space requirements for potential investors are met.

PERFORMANCE CRITERIA:

1. Effective management and co-ordination of the estate management function.
2. Effective liaison with other departments and external consultants in obtaining and providing information.

JOB DESCRIPTION

Department: Investment Promotion
Post: Economist
Responsible to: Investment Promotion Officer

PURPOSE:

1. To aid the investment promotion effort and promotion of new business by initiating the development and maintenance of the research and planning function with an information storage and retrieval capability.
2. Processing of applications received under the Fiscal Incentives Act.

MAIN DUTIES:

1. To ensure the development and implementation of research and planning systems to enhance the effectiveness of the Corporation's industrial development efforts.
2. To establish priorities, work schedules and programs.
3. To co-ordinate the activities of the research function and ensure that the Corporation's priorities are effectively reviewed.
4. To ensure that applications received under the Fiscal Incentives Act are effectively processed, and to recommend to the Corporation and the other levels of authority the approval or rejection of applicants.
5. To provide direction for the execution of research projects.
6. To ensure the effective documentation of data relating to fiscal incentives:
 - applications received
 - applications approved
 - performance of approved companies.
7. To provide leadership for the Corporation's planning function.
8. To ensure the development, documentation and dissemination of plans for industrial development.

Appendix 4(12)

9. To carry out ongoing research to identify products which could be produced in St Vincent & the Grenadines.
10. To undertake any other duties that may be assigned by the Investment Promotion Officer.

PERFORMANCE CRITERIA:

1. Effective implementation of research and planning systems.
2. Timely production of statistical data for use by departments and other organizations.
3. Effective planning and assistance to other departments by way of information and undertaking projects.
4. Ability to communicate effectively with the public especially applicants seeking assistance under the Fiscal Incentives Act.