

**OECS Countries Sustainable Financing and Management  
of Eastern Caribbean Marine Ecosystem -  
Social Assessment Report**

**Introduction**

The OECS sustainable financing and management of Eastern Caribbean marine ecosystems project seeks to address the region's marine and coastal resource degradation threats and management challenges, especially the lack of sustainable conservation funding. The project would:

- (i) establish a system of long-term financing mechanisms to sustainably fund PAs in the participating countries
- (ii) expansion, consolidation and strengthening of Eastern Caribbean (EC) MPA Networks
- (iii) deployment of a monitoring and regional information system network
- (iv) project management and coordination.

The project represents a significant first step in fostering a number of critical common elements, which over time could evolve into an integrated regional system. The programmatic approach has the additional advantage of providing the goal, context and the roadmap leading to goal achievement that will guide interventions over the next few years in the participating countries of the OECS; Antigua and Barbuda, Grenada, St. Kitts - Nevis, St. Lucia, and St. Vincent and the Grenadines.

**Regional Context**

The OECS is a grouping of nine states of the Eastern Caribbean established in 1981 of which five are participating in this project: Antigua and Barbuda, Grenada, St. Kitts - Nevis, St. Lucia, and St. Vincent and the Grenadines. The economies of the region (with the exception of Montserrat and Anguilla) have been experiencing downward trends during the 1990's characterized by annual growth rates averaging 4.5 percent. The vulnerability of the OECS economies is characterized by issues such as: the decline in agriculture and agricultural exports, changes in commodity agreements for agricultural exports, problems in attaining greater diversification in OECS exports, transportation problems, and human resource development. The economies of sub-region are in transition and there are special challenges posed by liberalization and current trading arrangements.

Unemployment is a major challenge facing the OECS countries. Although the importance of agriculture since 1996 has steadily declined, the sector remains a significant employer (23%) in the Windward Islands. The OECS economies have been restructured away from agriculture and manufacturing towards the provision of services. Tourism is of great importance throughout the region (contributing between a third to a half of GDP in most of the OECS states). It is a priority sector targeted for further

development throughout the region often with significant reliance and effects on natural resources. Poverty levels in the OECS persist at unacceptably high rates coupled with on-going structural inequalities in the areas of education, health, and employment opportunities.

In addition to above mentioned structural issues, the size of the Eastern Caribbean Islands and their related ecosystems create substantial risks for local habitats and the species they feed and shelter. The biological resources of the region are under great pressure from a diversity of development-related activities. The lack of integrated planning mechanisms is the region has been identified as a major cause for the “one-sided” approach to national development. This lack of connectivity between economy and environment, the ecological fragility of the islands, and the vulnerability to natural disasters requires the OECS states to maximize sustainable development initiatives and investment opportunities in order to maintain their natural resource base. Another issue facing the OECS states is that of inadequate legislation covering conservation and dispersed institutional and administrative arrangements for coordinating environmental activities.

Vulnerable populations including the poor are prone to using available land and marine areas for sustenance. In many cases this leads to environmental degradation because of poor or inappropriate practices particularly in protected areas.

## **Brief Country Profiles**

### Antigua and Barbuda

Antigua and Barbuda is a constitutional monarchy with a parliamentary system based on the English model. The country is composed of three islands, Antigua, Barbuda and Redonda, and has a total area of 442 km<sup>2</sup>. World Bank data gives the country a population of approximately 81,000 in 2005, which is 5.2% higher than in 2000. According to ECLAC, 38.4% of the nation’s inhabitants live in urban areas. Information from the 2001 census shows that 28.3% of the population is between the ages of 0 and 14, 33.4% is between 15 and 34, 21.5% is between 35 and 49, 9.8% is between 50 and 64, and 6.9% is over the age of 65.

In 1998, 12% of the population of Antigua and Barbuda was living in poverty. The country was ranked 59th in the high group of the Human Development Index. The 1997 Gini Coefficient was 0.573. In 2000, the unemployment rate was 8.1%. Data show that in 1999, 88% of those over the age of 15 were literate. In 2005 the country’s GDP was US\$885 million, up by 41.14% since 2000. Per capita GDP also rose to US\$10,920, or 34.4% more than in 2000.

### Grenada

Grenada has a surface area of 344 square km and is situated in the Windward Islands. The administration of the islands of the Grenadines group (the Grenada Bank) is divided between Saint Vincent and the Grenadines and Grenada. Grenada has a population of 90,739 broken down into the following age categories: 0-14 years: 32%, 15-64 years 65.2%, 65 years and over 2.8%. Grenada has experienced a population growth rate in 2009 of 0.468% and according to the CIA website statistics for the island of 2009, the birth rate was 21.32 births/1,000 population and the death rate was 6.09 deaths/1,000 population.

Grenada relies on tourism as its main source of foreign exchange especially since the construction of an international airport in 1985. Hurricanes Ivan (2004) and Emily (2005) severely damaged the agricultural sector - particularly nutmeg and cocoa cultivation - which had been a key driver of economic growth. Grenada has rebounded from the devastating effects of the hurricanes but is now saddled with the debt burden from the rebuilding process. Public debt-to-GDP is nearly 110%, leaving the Government limited room to engage in public investments and social spending. Strong performances in construction and manufacturing, together with the development of tourism and an offshore financial industry have contributed to growth in national output; however, economic growth will likely be stagnant in 2010 after a sizeable contraction in 2009, because of the global economic slowdown's effects on tourism and remittances.

### St. Kitts and Nevis

Saint Kitts and Nevis is situated in the northern part of the Leeward Islands chain: Saint Kitts has a surface area of 176.2 km<sup>2</sup> and Nevis spans 93 km<sup>2</sup>. The twin-island nation is an independent Commonwealth Caribbean country, having assumed full sovereignty from Great Britain in 1983.

The economy of Saint Kitts and Nevis has achieved moderate levels of growth in recent years. Real economic growth averaged 4.4% during the 1992–1995 period, whereas the annual average real growth between 1988 and 1991 was 6.4%. Thus, the Government acknowledges that one of the country's major challenges is economic revitalization and attaining higher rates of real growth.

The leading contributors to the gross domestic product (GDP) have been government services, wholesale and retail trade, construction, and communications. Tourism also has emerged as one of the stronger economic sectors. Unemployment in Saint Kitts and Nevis is among the lowest in the Caribbean. According to the 1991 Population and Housing Census Report, only 4.9% of the population was unemployed at that time.

The Planning Unit in the Ministry of Development and Planning estimated the mid-year population of Saint Kitts and Nevis at 43,530 in 1995, with an almost equal distribution of males and females. Just over 30% of the population was under the age of 15 years, while about 11.9% were in the age group 60 years old and older. In 1995, a total of

35,510 persons (81.6%) live on Saint Kitts, and 8,020 (18.4%) live on the sister island of Nevis.

### St. Lucia

St. Lucia is a 238 square mile (616 square km) island in the Eastern Caribbean, with a reported population in 2007 of 160,267: 0-14 (24.4%), 16-64 (66.4%), 65 years and older (9.2%). There has been a population growth of 0.416%, the birth rate is 15.1/1,000 and the death rate is 6.8%. The unemployment rate for the island in 2003 was 20% and the total labour force in 2007 was calculated to be 79,700.

The island nation has been able to attract foreign business and investment, especially in its offshore banking and tourism industries, with a surge in foreign direct investment in 2006, attributed to the construction of several tourism projects. Although crops such as bananas, mangos, and avocados continue to be grown for export, tourism provides Saint Lucia's main source of income and the industry is the island's biggest employer. Tourism is the main source of foreign exchange, although tourism sector revenues declined with the global economic downturn as US and European travel dropped in 2009. The manufacturing sector is the most diverse in the Eastern Caribbean, and the government is trying to revitalize the banana industry, although recent hurricanes have caused exports to contract. Saint Lucia is vulnerable to a variety of external shocks including volatile tourism receipts, natural disasters, and dependence on foreign oil. The public debt-to-GDP ratio is about 70% and high debt servicing obligations constrain the Government's ability to respond to adverse external shocks. Economic fundamentals remain solid, even though unemployment needs to be reduced.

### St. Vincent and the Grenadines

St Vincent and the Grenadines (SVG) is a group of 32 islands and islets located in the Eastern Caribbean at 13o 15 N, 61o 12 W. St. Vincent, the mainland, is 133 sq. miles, while the Grenadine islands that make up the country run for forty miles to its southwest are in total 17 sq. miles. The Grenadines consist of a number of privately and state-owned islands with Bequia, Mustique, Canouan, Mayreau, Union and Palm Islands and Petit St. Vincent being inhabited. Four uninhabited islands make up the Tobago Cays Marine Park.

The population of SVG was estimated at around 111,000 in 2001, with most of the inhabitants found on the mainland. Approximately 90% of the population is of African descent, while the other 10% is made up of East Indian, European and indigenous descent. The majority of the population (approx. 67%) is under the age of 30 years. The average life expectancy for males and females is 69 and 72 years respectively. The sex ratio is 1 and dependency ratio is approximately 77%; while crude birth and death rates are 7.3/1000 and 0.7/1000 respectively. Infant mortality rates in SVG have been significantly reduced over the past 20 years from 60 per 1000 live births in the 1980s to

19.2 per 1000 live births in 2001. The population growth rate is estimated at 0.8% per annum with a fertility rate of 2.8. SVG is reported to have the highest population density in the OECS at 293 per km.

SVG is highly dependent on agriculture (mainly bananas) as a main source of income. However, growth in tourism has made that industry the current highest income generator in the country. In 2002, revenue from visitor expenditure amounted to approximately E.C. \$219.46 million, while that from banana export amount to EC \$38.92 million. Agro-processing and manufacturing have also contributed significantly to the growth of the economy. Manufacturing, which consists of packaging, and metal and plastic products, accounts for about 10% of the Gross Domestic Product (GDP)?

### **Consultative process**

Following the consultations at the first regional workshop held February 1-5 2010 in Antigua. In country consultations were held with stakeholders in the five participating countries during the months of April and May 2010. Local in-country consultants assisted with the conduct of the meetings and worked to ensure that the stakeholders invited were from a wide cross section from Government agencies, non-government agencies and private sector groups that were relevant to the design of the project. A second regional workshop was held in Grenada September 12-17, 2010 which discussed, among other matters, and agreed to the draft Process Framework.

The in-country consultations allowed the consultant to collect information from each country on the social issues and considerations in protected areas development and management from each participating country. In particular, screenings were carried out with respect to Indigenous Peoples, and information was collected on affected livelihoods and strategies used to minimize social negative impact, and the countries experiences with involuntary resettlement.

During the consultative process between November 2009 and October 2010, a comprehensive matrix of critical stakeholders representing local, national and regional protected area interests was developed which served to guide subsequent consultations. These included among others, for example: (i) regional and international agencies such as the OECS-ESDU, the Caribbean Development Bank, United Nations Environment Program- Regional Coordination Unit (UNEP-RCU) and the German Development Bank; (ii) national Permanent Secretaries, Ministers and relevant agencies in each of the countries; NGOs; and (iii) fishermen, dive operators, tour operators, local associations and others. Regional consultations had about 40 - 50 persons and national consultations had about 20 – 30 persons in attendance.

The participatory processes have been thoroughly integrated into the project design. In particular in Component 2, Strengthening and phased expansion of Marine Protected Areas Networks, the activities to be supported by the project and the design and

development of the demonstration sites will be decided through a participatory process involving consultations with key stakeholders in St. Lucia and Grenada. Also, the development process of declaring a new protected area for each participating country will benefit from national consultations with key stakeholders during the preparatory work. It is intended that the design of PAs in the participating countries would involve methods that would include stakeholder analysis and social assessments to be carried out to prepare new PA sites to be developed under the project; development of local action plans for each PA to help determine local priorities for activities that could include among others, opportunities for support for alternative livelihood subprojects, technical assistance, training opportunities and involvement in PA co-management plans.

### **Social issues and considerations**

This social assessment is an overview. An in-depth detailed social impact assessment cannot be carried out at this time because: although the demonstration sites are now known the specific activities at each site will be decided upon through a participatory approach with consultations being held with key stakeholders in St. Lucia and Grenada; and it is the prerogative of the NPATFs Board of Directors as to which future PAs will be financed with funds coming out of the CBF and the NPATFs. Seeing that these institutions are yet to be created it is not known at this time which PAs would receive funding. As such, more detailed social assessments and participatory processes are included in the design of the project to be carried out during implementation. Guidelines for these will be reflected in the operational manual, and are also included in the project's Process Framework.

The baseline social conditions, national stakeholder issues and the lessons learned for OECS protected areas are similar and are presented here in a general context as issues and considerations that would need to be further addressed during their design and development.

#### *Baseline Social Conditions*

The populations that are or would be potentially affected by the project reside around the inland and coastline communities. Permanent human population within the PAs is negligible. The communities generally have access to schools, hospitals and health centers and a significant number of households already have piped water. While these communities are located outside the limits of the protected areas included in the National Protected Areas System Plans, natural resource uses are many and competing including timber harvesting for charcoal production, fishing, crab hunting, sea moss cultivation, community based tourism, agricultural production, and recreational activities. The major natural resource users in the region are: charcoal producers; fishermen, watersports users (e.g. scuba divers, snorklers, water taxis); farmers; craft persons and vendors, and restaurateurs.

#### *National Stakeholder Issues*

A broad cross-section of national stakeholders consulted indicated that their main concerns highlighted by the social assessment included the need to: (i) protect the reefs from damage (such as from anchors, divers, snorkelers and fish pots); (ii) implement marine protected areas sustainably (including, among others, demarcation buoys, new signage, employment of a park warden, better law enforcement and establishing user fees); (iii) ensuring local involvement in co-management of proposed protected areas. There were also interests expressed in alternative livelihood options, development of ecotourism, specialized training, and recreational uses. These concerns have been incorporated into the design of the project's Process Framework.

### *Lessons Learned*

The environmental organizations in each participating country, through the implementation of projects like OPAAL and others, have recognized the importance of community involvement and have supported public awareness efforts along with the importance of strong involvement of national resource management agencies. There are clear needs for the creation and implementation of sustainable financing mechanisms for PAs, creation or updating management plans, and greater involvement of local populations and NGOs in PA management. There is agreement on the need to protect natural resources through sustained management while enabling tangible potential benefits of local stakeholders. These lessons are incorporated into the Project's Process Framework.

### *Involuntary Resettlement*

During project implementation there will be no involuntary physical displacement or resettlement of persons from the selected protected areas being supported under the project. No involuntary physical resettlement is expected for conservation areas to be financed from the long-term sustainable financing mechanism.

### *Indigenous peoples*

There are no Indigenous Peoples that are expected to be affected by project implementation.

### *Affected livelihoods*

Overall the project is expected to contribute to positive social outcomes relating, for example, to improved natural resource and environmental conditions and potential economic benefits to local populations from improved tourism, local involvement in PA management as well as expected additional or improved opportunities from park management and nature-related tourism, and other economic opportunities.

However, some livelihood activities could potentially be adversely impacted in marine protected areas such as limiting the fishing areas through zoning, limiting fishing catches,

banning certain techniques or restricting certain types of fishing. In addition for marine areas, tourism operators and vendors, and resource extractors and harvesters (e.g. corals, sand, cockles), among others, may be negatively affected. For terrestrial protected areas, livelihoods that could potentially be adversely impacted include tourism operators and vendors, farmers, hunters, and resource extractors (e.g. timber, firewood, plants), among others. It should be noted that some restrictions may already currently exist in potential PAs but are sometimes not regularly enforced due to capacity issues.

As such OP 4.12 Involuntary Resettlement is triggered and a Process framework was developed and presented to the key stakeholders at the second Regional Workshop in Grenada, September 13 – 17, 2010 and agreed to be used to determine social safeguards undertaken by the project.