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**The enabling environment for sustainable  
enterprises in Barbados**

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Small  
Enterprise  
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Job Creation  
and Enterprise  
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## Preface

The primary goal of the ILO is to contribute, with member States, to achieve full and productive employment and decent work for all, including women and young people, a goal embedded in the ILO Declaration 2008 on *Social Justice for a Fair Globalization, and*<sup>1</sup> which has now been widely adopted by the international community.

In order to support member States and the social partners to reach the goal, the ILO pursues a Decent Work Agenda which comprises four interrelated areas: Respect for fundamental worker's rights and international labour standards, employment promotion, social protection and social dialogue. Explanations of this integrated approach and related challenges are contained in a number of key documents: in those explaining and elaborating the concept of decent work<sup>2</sup>, in the Employment Policy Convention, 1964 (No. 122), and in the Global Employment Agenda.

The Global Employment Agenda was developed by the ILO through tripartite consensus of its Governing Body's Employment and Social Policy Committee. Since its adoption in 2003 it has been further articulated and made more operational and today it constitutes the basic framework through which the ILO pursues the objective of placing employment at the centre of economic and social policies.<sup>3</sup>

The Employment Sector is fully engaged in the implementation of the Global Employment Agenda, and is doing so through a large range of technical support and capacity building activities, advisory services and policy research. As part of its research and publications programme, the Employment Sector promotes knowledge-generation around key policy issues and topics conforming to the core elements of the Global Employment Agenda and the Decent Work Agenda. The Sector's publications consist of books, monographs, working papers, employment reports and policy briefs.<sup>4</sup>

The *Employment Working Papers* series is designed to disseminate the main findings of research initiatives undertaken by the various departments and programmes of the Sector. The working papers are intended to encourage exchange of ideas and to stimulate debate. The views expressed are the responsibility of the author(s) and do not necessarily represent those of the ILO.

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<sup>1</sup> See [http://www.ilo.org/public/english/bureau/dgo/download/dg\\_announce\\_en.pdf](http://www.ilo.org/public/english/bureau/dgo/download/dg_announce_en.pdf)

<sup>2</sup> See the successive Reports of the Director-General to the International Labour Conference: *Decent work* (1999); *Reducing the decent work deficit: A global challenge* (2001); *Working out of poverty* (2003).

<sup>3</sup> See <http://www.ilo.org/gea>. And in particular: *Implementing the Global Employment Agenda: Employment strategies in support of decent work*, "Vision" document, ILO, 2006.

<sup>4</sup> See <http://www.ilo.org/employment>.

## Foreword

In June 2007, the International Labour Conference (ILC) discussed the promotion of sustainable enterprises. The conclusions of this discussion provided an important contribution agreed by the ILO's tripartite constituency of governments, employers' and workers' organizations on how to promote enterprise development in a manner that aligns enterprise growth with sustainable development objectives and the creation of productive employment and decent work. The conclusions called for the strengthening of the institutions and governance systems which nurture enterprises. Strong and efficient markets need strong and effective institutions. Promoting sustainable enterprises is also about ensuring that human, financial and natural resources are combined equitably and efficiently in order to achieve innovation and enhanced productivity.

The conclusions reached at the 2007 ILC discussion on the promotion of sustainable enterprises identified 17 pillars for an environment conducive to the promotion of sustainable enterprises. This report analyses how Barbados performs with respect to each pillar, with the aim of assessing the relative strengths and weaknesses of the enabling environment for sustainable enterprises and employment in the country. The report incorporates the results of a national opinion or perceptions survey conducted by representatives of workers and employers in the country in November 2011.

The report is designed to stimulate debate and to provide an evidence base for policy reforms for an environment more conducive to the promotion of sustainable enterprises in Barbados. In particular, the report has been used to identify priority areas of policy reform to support the dialogue, advocacy and public policy work of the social partners in the country. A complementary action plan based on the findings of this report will ensure the implementation of specific measures aimed to improve the enabling environment for sustainable enterprises in Barbados.

The present report has greatly benefited from inputs from tripartite participants to two national workshops held in September 2011 and January 2012 respectively, and in particular from the ad hoc committee composed of the following workers' and employers' representatives: Ms Gillian Alleyne, Mr Takaidza Chafota, Mr Grantley Greene, Ms Sheena Mayers, and Ms. Mona Robinson to whom special appreciation is due. The Barbados Workers' Union (BWU) ought to be thanked for helping to facilitate the implementation of activities since their inception. The contributions of Ms. Paula Robinson and Mr. Kelvin Sergeant – who are respectively workers' activities and enterprise specialists at the ILO Port of Spain Office – during the entire implementation process of the assessment of an enabling environment for sustainable enterprises in Barbados is very much appreciated. Special appreciation is also due to Mr. Matthew Pavitt for his invaluable research assistance, editing and formatting work for the completion of this report.

The views expressed in the report are the sole responsibility of the principal authors and do not represent those of the ILO or the social partners in Barbados. Similarly, any errors or omissions are the sole responsibility of the two authors.

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## Contents

Preface.....	iii
Foreword .....	v
Abbreviations and acronyms .....	ix
Executive summary .....	xi
1. Introduction .....	1
2. Political elements .....	2
2.1. Peace and political stability .....	2
2.2. Good governance .....	3
2.3. Social dialogue.....	8
2.4. Respect for universal human rights and international labour standards .....	11
3. Economic elements .....	16
3.1. Sound and stable macroeconomic policy and good management of the economy .....	16
3.2. Trade and sustainable economic integration.....	24
3.3. Enabling legal and regulatory environment.....	27
3.4. Rule of law and secure property rights .....	31
3.5. Fair competition.....	33
3.6. Information and communication technologies.....	37
3.7. Access to financial services .....	41
3.8. Physical infrastructure .....	46
4. Social elements .....	49
4.1. Entrepreneurial culture .....	49
4.2. Education, training and lifelong learning.....	53
4.3. Social justice and social inclusion .....	57
4.4. Adequate social protection.....	62
5. Environmental element .....	65
5.1. Responsible stewardship of the environment .....	65
6. Assessment results and ways forward.....	70
Bibliography.....	73
References .....	77

## **Abbreviations and Acronyms**

BDS	Business Development Services
BEC	Barbados Employers' Confederation
BIDC	Barbados Investment and Development Corporation
BIF	Barbados Investment Fund
BLP	Barbados Labour Party
BWU	Barbados Workers' Union
CARICOM	Caribbean Community
CTUSAB	Congress of Trade Unions and Staff Associations of Barbados
DLP	Democratic Labour Party
ECIG	Export Credit Insurance and Guarantees
GEF	Global Environmental Fund
IACAC	Inter-American Convention against Corruption
ICF	Industrial Credit Fund
ICT	Information and Communication Technology
IMF	International Monetary Fund
ILO	International Labour Organization
KAB	Know About your Business
MFN	Most Favoured Nation
OECD	Organisation for Economic Co-operation and Development
SME	Small and Medium Enterprises
TVET	Technical Vocational Education and Training
UN	United Nations

## **Executive summary**

In June 2007, the International Labour Conference (ILC) discussed the promotion of sustainable enterprises. This calls for the strengthening of the institutions and governance systems which nurture enterprises. Strong and efficient markets need strong and effective institutions. Promoting sustainable enterprises is also about ensuring that human, financial and natural resources are combined equitably and efficiently in order to achieve innovation and enhanced productivity.

The conclusions reached at the 2007 ILC discussion identified 17 pillars for an environment conducive to the promotion of sustainable enterprises. This report is based on these conclusions. It analyses how the country performs with respect to each pillar, with the aim of assessing the relative strengths and weaknesses of the enabling environment for sustainable enterprises and employment in Barbados. This report incorporates the results of an opinion or perceptions survey conducted in Barbados by a tripartite research team in late 2011 and which was also based on the 17 pillars.

The 17 pillars are grouped into political, economic, social and environmental elements.

### **Political elements**

The assessment of the enabling environment in Barbados has highlighted that the country enjoys a peaceful and politically stable environment with favourable social dialogue processes and institutions which are conducive to the creation and development of sustainable enterprises. In general, Barbados performs well compared to its neighbour countries Bahamas, Jamaica and Trinidad and Tobago, even if in the area of good governance, the National Survey 2011 reveals that over 50 per cent of interviewees think that the Government is only partially committed to fighting corruption. The situation is positive also concerning the respect of universal human rights and international labour standards. Barbados has ratified 6 of the 9 main human rights conventions, and the process for the ratification of the Convention on the Rights of Persons with Disabilities has begun. Barbados has ratified all 8 ILO core conventions on freedom of association and collective bargaining, the abolition of child labour, forced labour and all forms of discrimination. However, the National Survey 2011 indicates that the youth (aged 34 and under) feel that fundamental principles and rights at work are not very well understood in the country.

### **Economic elements**

Barbados has a liberal and open economy. At present, a key priority for the Barbadian Government is to pursue fiscal consolidation in order to reduce the country's deficit. The weak GDP growth recorded over the recent past (0.2 per cent in 2010) may make this objective a very difficult one to achieve. The labour force participation rate has been higher than that of neighbour countries and stable at about 80.5 per cent between 2005 and 2009.

About 90 per cent of respondents to the National Survey 2011 believe that sound economic management is relevant in creating more and better jobs and in stimulating productive investment. The survey also reveals that tax rates are an issue more for respondents from larger enterprises than from smaller ones.

The Barbadian economy largely depends on trade. Currently the country is experiencing difficulties mainly due to lower tourism flows linked to the poor economic conditions of other countries, particularly the U.S. and the U.K.

Scarce secondary data is available on the enabling regulatory and legal environment for business creation and growth, especially because Barbados is not included in the World Bank Doing Business Report. However, the National Survey 2011 indicates that costs to register a small enterprise to some extent encourage businesses to remain informal. In addition, a large share of respondents thinks that small firms ignore most labour law provisions. The regulatory environment is often perceived as being sometimes a hindrance in running a small business, and certainly as being more favourable to running large companies.

The situation of Barbados in terms of rule of law and secure property rights is good, also compared to other neighbour countries. Nonetheless, the National Survey 2011 reveals that intellectual property rights are perceived as not being well protected. Some issues emerge on fair competition both from secondary data and from the national survey. First of all, there seems to be a weak culture of fair competition in the country. Moreover, despite an overall positive perception about the effectiveness of competition policy and legislation, 11.5 per cent of the respondents of the national survey believe that competition policy and legislation are non-existent.

In the area of information and communication technologies, Barbados presents a better situation compared to its neighbour countries. However, interviewees who are young, from new and smaller-sized enterprises find that ICT laws tend to be underdeveloped.

Considering Credit to Private Sector as a percentage of GDP, it appears that Barbados has performed better than Bahamas, Jamaica and Trinidad and Tobago, as well as the whole region over the past few years. Credit to Private Sector in Barbados was 92.49 per cent of GDP in 2005 and reached 102.92 per cent in 2009. Despite this and other positive secondary data and the numerous financial schemes which are available in the country, the National Survey 2011 clearly indicates that it is difficult for small entrepreneurs with innovative but risky projects to obtain venture capital. In addition, compared to large enterprises, it is hard for small entrepreneurs to get credit. Last but not least, it is difficult for a small business to obtain a bank loan with a good business plan only, namely without capital or collateral.

Both secondary and primary data on physical infrastructure is encouraging. Considering the quality and quantity of physical infrastructure, the Quality of Overall Infrastructure Index reveals that Barbados is performing well and better than Jamaica, Trinidad and Tobago and the Latin American and Caribbean region. As a matter of fact, Barbados scored 5.5 in 2008 and 5.8 in 2011, in a range of values from 1 to 7 with the latter value indicating better performance. However, although the National Survey 2011 does confirm this positive picture, whereas specific parts of infrastructure are deemed to be good or very good by interviewees, the assessment of the quality of overall infrastructure is good in 41.5 per cent of cases and satisfactory in 33 per cent.

## **Social elements**

Promoting an entrepreneurial culture is key to increase people's awareness of the potential of business as an alternative to waged employment in government or the private sector. Not much information is available on entrepreneurial culture in Barbados. It however seems that there are presently several initiatives for entrepreneurship promotion in the country (Barbados Entrepreneurship Foundation,



The Youth Entrepreneurship Scheme, etc.). The National Survey 2011 reveals that younger groups of respondents think that the youth have a more positive attitude towards entrepreneurship than older groups of interviewees. In addition, over one third of interviewees believe that the attitude of young men and young women toward entrepreneurship is similar, but an almost equal proportion feel that young women have a much more positive or slightly more positive attitude than young men.

The Barbadian economy benefits from a well-educated workforce with a literacy rate of 99.8 per cent. School attendance is compulsory up to the age of 16 years. The labour force in Barbados has a high educational attainment as almost 70 per cent have attended secondary level education. It appears that there exist income-earning gaps in the country, with women earning less than men despite their higher educational level. Another issue which emerges from secondary data is that the distribution of income in Barbados could be made more equal.

In comparison with other Caribbean countries, social protection levels in Barbados are relatively high. Historically, both legislation and collective bargaining have been used to regulate the safety and health environment in Barbados. The issue of occupational safety and health has been assuming increasing importance. Certain employers have embarked on programmes to improve the safety and health standards of their work places. In other cases, workers and trade unions have been in the forefront of the movement for better safety and health in the workplace both in the private and in the public sector.

## **Environmental elements**

Sustainable enterprise development entails responsible stewardship of the environment. Protocol VI of the Social Partnership 2011-2013 contains a section on environmental issues. The social partners fully subscribe to the objective of having Barbados become the most environmentally advanced country in Latin America and the Caribbean. However, data on environmental indicators for Barbados are essentially non-existent, which raises questions on how the environmental impact of the country can be measured, monitored and improved by national institutions and stakeholders. The National Survey 2011 reveals that almost half of interviewees believe that environmental protection legislation exists but is poorly implemented. In addition, the majority of respondents think that environmental issues are a concern for the business community in Barbados, but are either partly addressed (mainly opinion of owners and managers) or not adequately addressed (mainly opinion of workers and supervisors).

## **Assessment results and ways forward**

Looking at the assessment of all the 17 conditions for the promotion of sustainable enterprises as identified in the 2007 ILC conclusions, there are areas that require some attention in 13 of the conditions. The areas of concern are in all the four key elements, but economic issues are more prominent.

In order to determine the priority measures for the 13 conditions that required some attention, tripartite participants to the validation workshop on the preliminary findings of the assessment of the enabling environment for sustainable enterprises in Barbados identified five conditions for priority measures:

- enabling legal and regulatory environment;
- entrepreneurial culture;

- education, training and lifelong learning;
- respect for universal human rights and international labour standards; and
- responsible stewardship of the environment.

In order to plan precise and effective measures, the first 3 of the 5 conditions listed above were chosen as priority areas for improvement. Interestingly, the very same areas have been identified as priorities in Protocol VI of the Social Partners. An action plan including specific measures and key actors will be adopted at a high-level conference to be held in April 2012.

# 1. Introduction

The important role that the private sector plays in social and economic development led the International Labour Conference to discuss the concept of sustainable enterprises in June 2007. The promotion of sustainable enterprises ensures that human, financial and natural resources are combined equitably. An environment conducive to the creation and growth of enterprises on a sustainable basis must take into account the three dimensions of sustainable development – economic, social and environmental – as interdependent and mutually reinforcing pillars.

The 2007 International Labour Conference adopted conclusions for the promotion of sustainable enterprises and identified 17 conditions for an enabling environment. An environment conducive to the creation and growth of sustainable enterprises combines the legitimate quest for profit with the need for development that respects human dignity, environmental sustainability and decent work.

The very same conclusions invite the ILO to focus its interventions on practical responses, including tools, methodologies and knowledge sharing that are relevant to the social partners in their activities. This is why the ILO has developed a methodology to assess the degree to which the 17 conditions for an enabling environment for sustainable enterprises are met in different countries. This report describes the implementation of such an assessment in Barbados and is part of a series of country reports on the same topic.

The enabling environment for sustainable enterprises in Barbados was assessed through a careful consideration of secondary data, findings from a national opinion survey of workers and employers and supplementary information from published and unpublished materials. The opinion survey was conducted in November 2011 by an ad hoc tripartite research committee.

Respondents were 234, 44.8 per cent women and 28.2 per cent men.<sup>5</sup> Some 107 interviewees belonged to a trade union including the Barbados Employers' Confederation and 86 were non-unionized individuals. Of all respondents, 114 were regular workers, 56 were in management positions, 33 were supervisors and 26 were company owners. Data were also disaggregated by size and age of the businesses where respondents were working. Some 20.1 per cent of interviewees worked in small enterprises employing 11-25 people, 19.7 per cent in large enterprises with over 100 employees, 15.4 per cent in medium-sized enterprises employing 26-100 people, and 13.7 per cent in micro-enterprises with 10 employees or less. In addition, 49.6 per cent of respondents worked in established firms which have been in existence for 10 years or more, 10.7 per cent in young companies aged 5 to 10 years, and 9.4 per cent in new enterprises which were set up no more than 5 years ago.

This report also benefited from inputs and detailed comments received at two technical tripartite workshops (inception and validation workshops respectively) held in September 2011 and January 2012 in Bridgetown.

<sup>5</sup> 63 respondents (27 per cent) did not answer the question concerning their gender.

## 2. Political elements

### 2.1. Peace and political stability

Peace and political stability are key conditions for the creation and development of sustainable enterprises. Barbados is in general a peaceful and politically stable country, characterized by a British-style representative system. Barbados obtained independence from Great Britain in 1966.

Queen Elizabeth II is represented by a governor-general who appoints the head of the largest political party in Parliament as prime minister. The governor-general forms a cabinet on the advice of the prime minister. At present, the Democratic Labour Party (DLP) holds a large majority in Parliament. The Barbados Labour Party (BLP) is the main opposition party. The DLP and the BLP have similar social democratic ideologies. Elections are due in January 2013.<sup>6</sup> Barbados' political system is based on consensus more than on confrontation.<sup>7</sup>

The peaceful and politically stable situation enjoyed by Barbados is supported by the data which refer to the World Bank's Political Stability and Absence of Violence/Terrorism Index. Barbados not only scores better than its neighbouring island countries, Bahamas, Jamaica and Trinidad and Tobago, but has also improved over time, rising from 0.93 in 2006 to 1.07 in 2010, in a range of values varying from -2.5 to 2.5 with high values indicating a higher degree of political stability. Barbados also scores above the Caribbean Community (CARICOM)<sup>8</sup> average in this regard.

The large majority (87.6 per cent) of the respondents of the survey conducted by the Barbados Research Team think that peace and political stability are basic necessities for the formation and growth of sustainable enterprises in Barbados. Some 55.5 per cent of them strongly agree with this idea.

<sup>6</sup> Economist Intelligence Unit (EIU). 2011. Country report September 2011: Barbados (London). Accessed 28 September, available at: [http://country.eiu.com/FileHandler.ashx?issue\\_id=158449800&mode=pdf](http://country.eiu.com/FileHandler.ashx?issue_id=158449800&mode=pdf)

<sup>7</sup> Barbados Research Team. 2012. Report on a national survey on an enabling environment for sustainable enterprises. Commissioned by the ILO Small Enterprise Programme (unpublished).

<sup>8</sup> CARICOM member states include Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

## Key Indicator

Political Stability and Absence of Violence/Terrorism		2006	2007	2008	2009	2010
The likelihood that the government will be destabilized by unconstitutional or violent means, including domestic violence and terrorism. <small>Source: World Bank, Governance Matters database<sup>9</sup></small>	<b>Barbados</b>	0.93	1.05	1.08	1.06	1.07
	<b>Bahamas</b>	0.87	0.72	0.80	0.87	0.97
	<b>Jamaica</b>	-0.30	-0.21	-0.28	-0.35	-0.40
	<b>Trinidad &amp; Tobago</b>	-0.24	-0.16	-0.10	-0.13	-0.04
Estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance.						

## 2.2. Good governance

Good governance, the absence of corruption and efficient institutions foster entrepreneurship and promote private-sector growth and development. Barbados is a signatory to the Inter-American Convention against Corruption (IACAC) which entered into force in 1997. The IACAC obliges State Parties to implement a series of measures regarding their judicial systems and public policies. These measures aim to promote the development of the mechanisms necessary to prevent, detect, prosecute, and eradicate corruption. Barbados is also a signatory to the United Nations Convention Against Corruption. However, there is no anti-corruption legislation in the country. A Prevention of Corruption Bill is under preparation and is to be discussed in Parliament.<sup>10</sup>

Barbados ranks 17th out of 178 countries in Transparency International's Corruption Perceptions Index for 2010.<sup>11</sup> The country has been improving its score from 6.7 in 2006 to 7.8 in 2011, in a range of values from 0 to 10 where 10 corresponds to highly clean. Barbados clearly performs better than both Jamaica and Trinidad and Tobago in this regard. The data on the World Bank's Control of Corruption Index confirm the positive situation which Barbados enjoys compared to other neighbouring islands. The country scores similar to Bahamas, but much better than Jamaica and Trinidad and Tobago. It has slightly improved over time, from 1.29 in 2006 to 1.43 in 2010, in a range of values between -2.5 and 2.5 with higher values corresponding to better governance. It also records a better performance in this regard than the average in the Caribbean region.

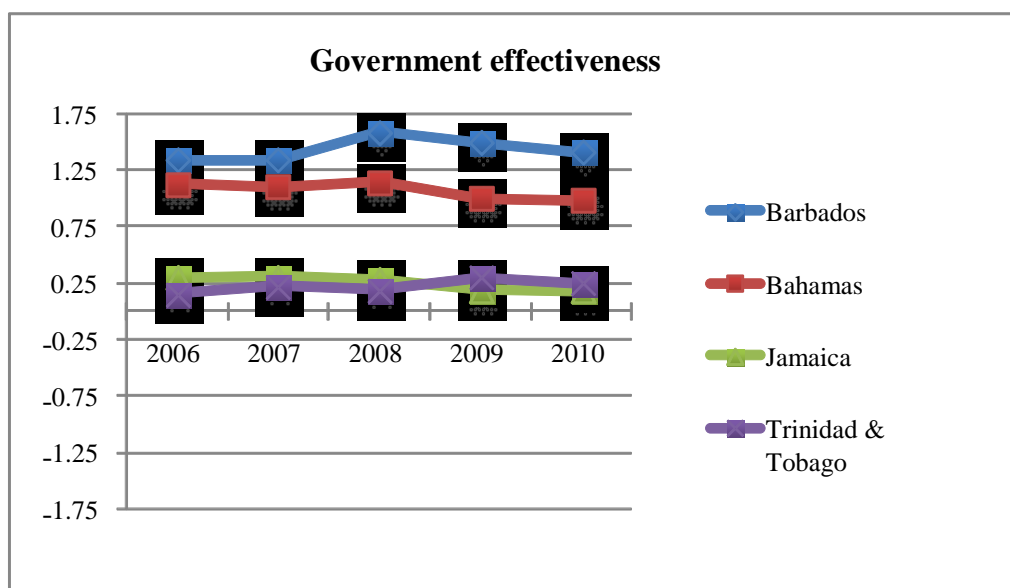
The World Bank's Government Effectiveness Index reveals that the quality of Barbadian public services and the capacity of the civil service are good. Barbados performs better than Bahamas, Jamaica and Trinidad and Tobago. In addition, it scores higher than the Caribbean region in this respect. The country has improved its performance in this area moving from 1.34 in 2006 to 1.41 in 2010 in a range of values between -2.5 and 2.5 with higher values indicating better governance. Even in the area of "Voice and Accountability" indicating citizens' ability to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media, Barbados scores better than

<sup>9</sup> <http://info.worldbank.org/governance/wgi/>

<sup>10</sup> Barbados Research Team, 2012.

<sup>11</sup> [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi](http://www.transparency.org/policy_research/surveys_indices/cpi)

Bahamas, Jamaica and Trinidad and Tobago. It has maintained a rather stable level, which was 1.14 in 2006 and 1.21 in 2010 in a range of values from -2.5 and 2.5 with higher values corresponding to better governance.



Source: World Bank, Governance Matters database.

In Barbados, newspapers are privately owned, including the two daily ones. There is no restriction to the use of Internet.<sup>12</sup>

## Key Indicators

Control of corruption		2006	2007	2008	2009	2010
The extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests. <u>Source:</u> World Bank, Governance Matters database <sup>13</sup> .	<b>Barbados</b>	1.29	1.34	1.31	1.33	1.43
	<b>Bahamas</b>	1.38	1.37	1.39	1.37	1.35
	<b>Jamaica</b>	-0.38	-0.48	-0.49	-0.43	-0.37
	<b>Trinidad &amp; Tobago</b>	-0.31	-0.25	-0.27	-0.20	-0.35
Estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance.						

<sup>12</sup> Barbados Research Team, 2012.

<sup>13</sup> <http://info.worldbank.org/governance/wgi/>

<b>Corruption Perception Index (CPI)</b>		<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
The Transparency International CPI measures the perceived levels of public-sector corruption as seen by business people and country analysts in a given country and is a composite index, drawing on different expert and business surveys. <u>Source:</u> Transparency International. <sup>14</sup>	<b>Barbados</b>	6.7	6.9	7.0	7.4	7.8	7.8
	<b>Bahamas</b>	..	..	..	..	..	7.3
	<b>Jamaica</b>	3.7	3.3	3.1	3.0	3.3	3.3
	<b>Trinidad &amp; Tobago</b>	3.2	3.4	3.6	3.6	3.6	3.2
The scores are on a scale from zero (highly corrupt) to ten (highly clean).							
<b>Government effectiveness</b>		<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
The quality of public services, the capacity of the civil service and its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. <u>Source:</u> World Bank, Governance Matters database. <sup>15</sup>	<b>Barbados</b>	1.34	1.34	1.59	1.50	1.41	
	<b>Bahamas</b>	1.13	1.10	1.15	1.00	0.98	
	<b>Jamaica</b>	0.30	0.31	0.28	0.19	0.18	
	<b>Trinidad &amp; Tobago</b>	0.16	0.22	0.19	0.30	0.25	
Estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance.							
<b>Voice and accountability</b>		<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
The extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. <u>Source:</u> World Bank, Governance Matters database. <sup>16</sup>	<b>Barbados</b>	1.14	1.14	1.07	1.20	1.21	
	<b>Bahamas</b>	1.05	1.13	1.10	1.02	1.00	
	<b>Jamaica</b>	0.60	0.63	0.55	0.57	0.44	
	<b>Trinidad &amp; Tobago</b>	0.58	0.61	0.50	0.53	0.52	
Estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance.							

## Other Useful Indicators

<b>Political Rights Index</b>		<b>2009</b>	<b>2010</b>	<b>2011</b>
The Political Rights index measures the degree of freedom in the electoral process, political pluralism and participation, and functioning of government. <u>Source:</u> Freedom House, The Freedom in the World Survey. <sup>17</sup>	<b>Barbados</b>	1	1	1
	<b>Bahamas</b>	1	1	1
	<b>Jamaica</b>	2	2	2
	<b>Trinidad &amp; Tobago</b>	2	2	2
Freedom House rates political rights on a scale of 1 to 7, with 1 representing the most free and 7 representing the least free.				

<sup>14</sup> [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi](http://www.transparency.org/policy_research/surveys_indices/cpi)

<sup>15</sup> <http://info.worldbank.org/governance/wgi/>

<sup>16</sup> Ibid.

<sup>17</sup> <http://www.freedomhouse.org/>

<b>Civil Liberties Index</b>		<b>2009</b>	<b>2010</b>	<b>2011</b>
The Civil Liberties index measures freedom of expression, assembly, association, and religion. <u>Source:</u> Freedom House, The Freedom in the World Survey. <sup>18</sup>	<b>Barbados</b>	1	1	1
	<b>Bahamas</b>	1	1	1
	<b>Jamaica</b>	3	3	3
	<b>Trinidad &amp; Tobago</b>	2	2	2
Freedom House rates civil liberties on a scale of 1 to 7, with 1 representing the most free and 7 representing the least free				

The National Survey 2011 conducted by the Barbados Research Team reveals that about 75 per cent of interviewees feel positively about the right to create or join a political organization in Barbados. It is considered that citizens have and enjoy the freedom to create or join political organizations to a high (41.6 per cent) and very high (33.3 per cent) degree.

When asked about bribery and corruption in Barbados, opinions differ. The highest proportion of respondents (40.3 per cent) think that bribery and corruption negatively affect the Barbadian society or economy to a limited extent. However, for a significant share of interviewees (19 per cent), their negative impact is strong, and for others (14.6 per cent), bribery and corruption negatively affect society or the economy hardly at all. The difference between the positive results from secondary data and the less encouraging ones from survey data can be explained considering that the definitions of bribery and corruption used may differ. Interviewees may have their own ideas about what can be defined as corruption and bribery in the country. Corruption may include nepotism and favouritism in access to jobs, specific services, etc. In addition, small bribery cases do seem to occur in Barbados, but only few instances are actually recorded.<sup>19</sup>

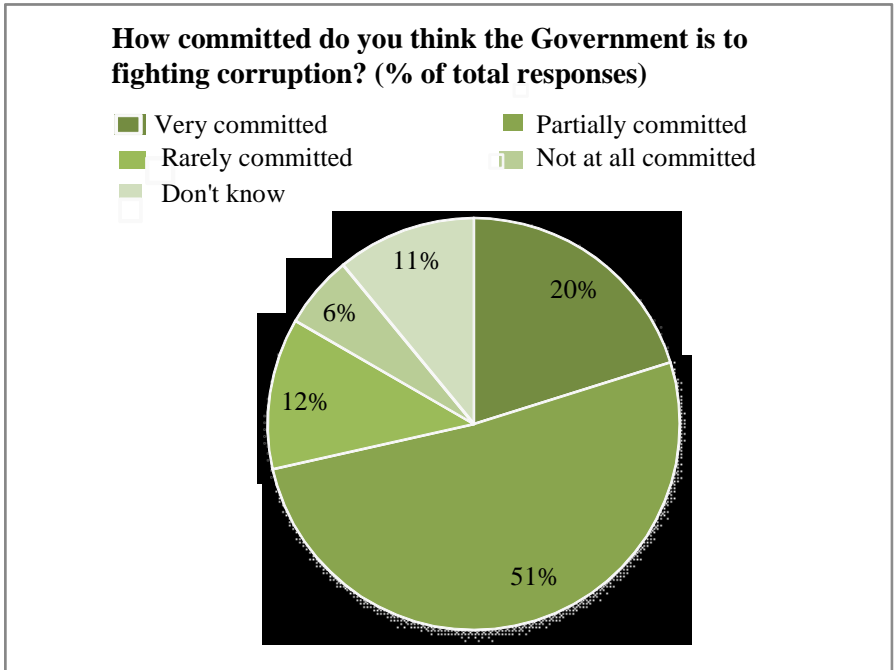
As the following chart shows, slightly over half of interviewees (51.3 per cent) believe that the Government is partially committed to fighting corruption, while one-fifth of the respondents (20.3 per cent) feel that it is very committed.

During the validation workshop, participants discussed the differences shown by the secondary data – indicating a more positive picture on corruption – and the opinions of the respondents. It was pointed out that the respondents’ perceptions on bribery and corruption were probably dependent on the local environment and personal experiences in the preceding period prior to the survey.

<sup>18</sup> <http://www.freedomhouse.org/>

<sup>19</sup> Opinions expressed at the tripartite validation workshop held in January 2012 to discuss preliminary findings of the assessment of an enabling environment for sustainable enterprises in Barbados.

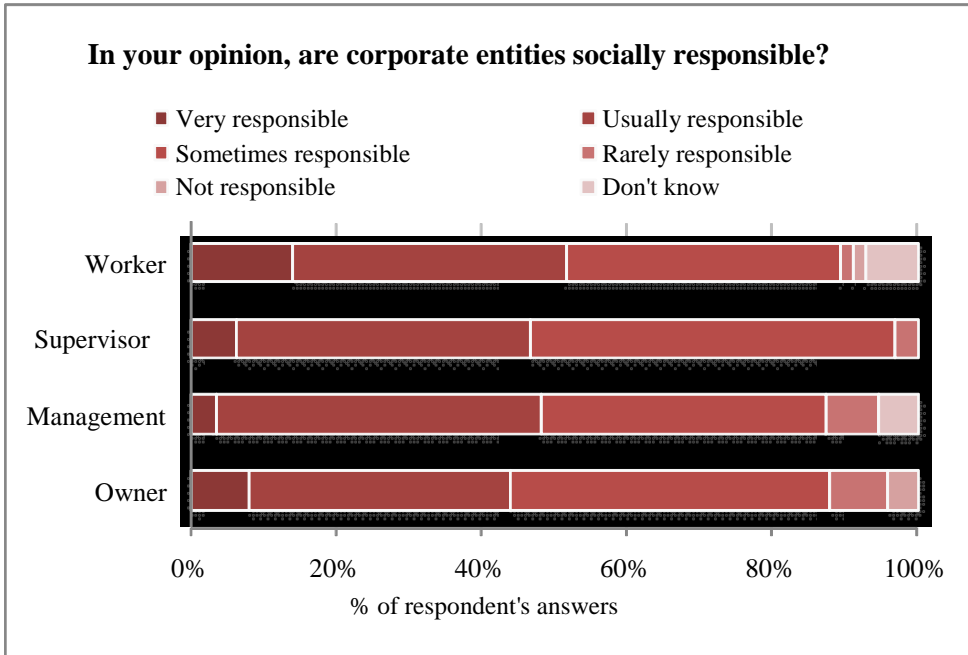




Source: National Survey Data.

When asked whether government policy and legislation are effective drivers of market performance, the highest proportion of respondents grouped by occupation (43.4 per cent) think that they are sometimes effective and another significant share (31.1per cent) believe that they are usually effective. Interestingly, managers opt more for this latter option than other job categories.

Interviewees grouped by occupation find that corporate entities are sometimes socially responsible and usually socially responsible in similar shares (40.4 per cent and 39.5 per cent, respectively). As the following chart indicates, owners and supervisors opted for “sometimes socially responsible” more than other job categories.



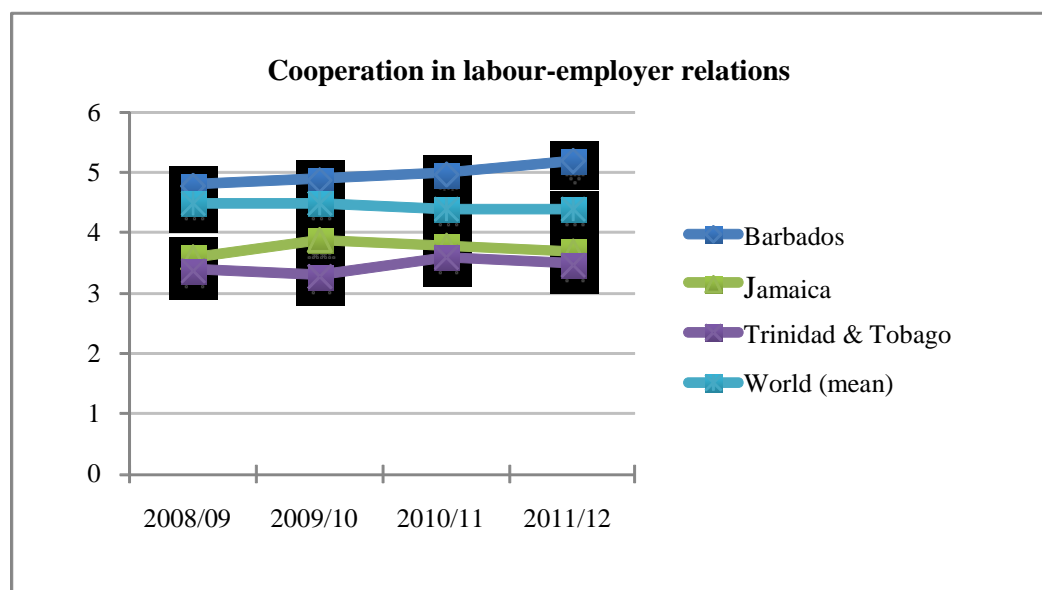
Source: National Survey Data.

### 2.3. Social dialogue

Social dialogue with freedom of association and the right to collective bargaining is fundamental for the achievement of effective, equitable and mutually beneficial outcomes for ILO constituents and society at large. Unfortunately, secondary data on social dialogue in Barbados tends to be sparse.

The Union Density Rate measures the number of trade union members as a percentage of the non-agricultural labour force. Information on union density in Barbados and its neighbouring islands is very scarce. It refers to 1996, when it was equal to 20 per cent in the country, and higher in Bahamas, Jamaica and Trinidad and Tobago. A different source indicates that in 2001 the union density rate in Barbados was 36 per cent.<sup>20</sup> Data on “Enterprises Belonging to Employer Organization Rate” is equally scarce and refers only to 1997. It is possible to determine then that in 1997, enterprises which belonged to employer organizations numbered 254 in Barbados and 230 in Trinidad and Tobago. A more updated source reveals that in 2010 the Barbados Employers’ Confederation had 261 members.<sup>21</sup>

No information is available on the Collective Wage Bargaining Coverage Rate. The Cooperation between Labour-Employer Relations Index reveals whether labour-employer relations are more confrontational or cooperative on a scale from 1 to 7, with higher values indicating more cooperation. Since 2007 the degree of cooperation between workers and employers in Barbados seems to have improved and reached a level of 5.2 in 2011. Jamaica and Trinidad and Tobago have recorded lower scores over the same period.



Source: World Economic Forum Executive Opinion Survey.

The National Survey 2011 carried out by the Barbados Research Team reveals that the majority of respondents considered by occupation group think that the Government plays a positive role in promoting tripartite social dialogue and utilizing the process in policy decision-making. A good proportion of them (26.3 per cent) believe that the Government is

<sup>20</sup> Fashoyin, T. 2001. Barbados: fostering economic development through social partnership. ILO (Geneva).

<sup>21</sup> [http://www.barbadosemployers.com/cms/index.php?option=com\\_remository&Itemid=14&func=st\\_artdown&id=38](http://www.barbadosemployers.com/cms/index.php?option=com_remository&Itemid=14&func=st_artdown&id=38)

active in this respect, and another non negligible share (15.8 per cent) finds that it is very active. However, a considerable proportion of respondents (28.9 per cent) perceive the role of the Government in this regard as simply adequate. Workers and managers fall under this latter group more than the other occupation groups. Non-unionized respondents are also less positive than unionized ones and feel that the Government promotes social dialogue and uses it just adequately more than actively or very actively.

Almost half of interviewees grouped by occupation think that the existing institutions and regulations in the country are only sometimes effective in dealing with conflicts and dispute resolution between employers and workers (42.5 per cent). Non-unionized respondents tend to have a more negative view than unionized ones, with the latter defining institutions and regulations mainly as effective and the former just as sometimes effective.

When asked to what extent workers have the right to membership of a trade union and collective bargaining in practice, respondents grouped by occupation largely express the view that it is generally easy to become a trade union member and participate in collective bargaining (47.8 per cent). However, a non-negligible share of them (27 per cent) find that it is sometimes difficult. A similar trend emerges also when interviewees are classified as unionized and non-unionized. Trade union membership is deemed to be beneficial to workers (54.75 per cent) by respondents grouped by occupation. Workers find it very beneficial in a higher proportion (33.6 per cent) than other occupation groups. Unionized interviewees also find trade union membership to be very beneficial to workers in a higher share than non-unionized respondents. For owners and managers, membership to employer organizations is mainly beneficial.

Section 21 of the Constitution of Barbados confers the right to freedom of assembly and association and in particular to form or belong to political parties or to form or belong to trade unions or other associations for the protection of one's own interests. Exceptions to this are where the right compromises defense, public safety, public order, public morality or public health, other peoples' freedoms, or where the disciplined forces, namely, the naval, military or air force, police force, prison service or fire service are involved.<sup>22</sup>

Traditionally, the Barbadian industrial relations system is characterized by 'Voluntarism'. As a matter of fact, there is relatively little regulation and government intervention in relations between workers and employers. The industrial relations environment is and has been relatively stable with a very low level of industrial conflict. There exists a tradition of collective bargaining which takes place primarily at the enterprise level although there are collective agreements covering a whole branch of economic activity.<sup>23</sup> In 1993, social dialogue was formalized through an arrangement defining a tripartite social partnership.<sup>24</sup> Over the past two decades, the social partners have adopted a series of resolutions which have taken the form of protocols. The latest one has been signed in May 2011 and is Protocol VI.<sup>25</sup>

<sup>22</sup> Barbados Research Team, 2012.

<sup>23</sup> International Labour Organization (ILO). 1999. Employment policy in a small-island economy: Barbados. Caribbean Office (Port of Spain).

<sup>24</sup> The three parties involved in this partnership were the Congress of Trade Union and Staff Associations of Barbados (CTUSAB), the Barbados Private Sector Association, and the Government of Barbados.

<sup>25</sup> Barbados Research Team, 2012.

Several trade unions have existed in Barbados since 1939 when the Trade Union Act was enacted. The Barbados Workers' Union (BWU) is the largest one. In 1991 trade unions were grouped under the Congress of Trade Unions and Staff Associations of Barbados (CTUSAB).<sup>26</sup> In practice, a trade union must represent at least 50 per cent +1 of workers in an enterprise in order to be recognized.<sup>27</sup> The Barbados Employers' Confederation was registered in 1961.<sup>28</sup>

## Key Indicators

<b>Union density rate</b>		<b>1996</b>
Union density rate measures the number of trade union members as a percentage of the non-agricultural labour force. Source: ILO <sup>29</sup>	<b>Barbados</b>	20
	<b>Bahamas</b>	25
	<b>Jamaica</b>	15-25
	<b>Trinidad &amp; Tobago</b>	20-28
	Measured as a percentage of the non-agricultural labour force.	
<b>Enterprises belonging to employer organization rate</b>		<b>1997</b>
It measures the number of enterprises belonging to employer organizations. Source: ILO <sup>30</sup>	<b>Barbados</b>	254
	<b>Bahamas</b>	..
	<b>Jamaica</b>	..
	<b>Trinidad &amp; Tobago</b>	230
	Number of enterprises belonging to employer organizations (number of enterprises covered). The index is being developed.	

<sup>26</sup> ILO, 1999.

<sup>27</sup> Barbados Research Team, 2012.

<sup>28</sup> ILO, 1999.

<sup>29</sup> [http://www.ilocarib.org.tt/Promalco\\_tool/productivity-tools/manual09/m9\\_3.htm](http://www.ilocarib.org.tt/Promalco_tool/productivity-tools/manual09/m9_3.htm)

<sup>30</sup> <http://www.ilo.org/public/english/dialogue/ifpdial/publ/wlr97/annex/tab2.htm>

## Other Useful Indicators

Cooperation in labour employer relations		2009/10	2010/11	2011/12
The World Economic Forum (WEF) Survey asked business leaders to provide their expert opinions on the following: "Labour-employer relations in your country are". <u>Source:</u> World Economic Forum Executive Opinion Survey. <sup>31</sup>	<b>Barbados</b>	4.9	5.0	5.2
	<b>Bahamas</b>	..	..	..
	<b>Jamaica</b>	3.9	3.8	3.7
	<b>Trinidad &amp; Tobago</b>	3.3	3.6	3.5
	<b>World (mean)</b>	4.5	4.4	4.4
	1 = generally confrontational, 7 = generally cooperative.			

## 2.4. Respect for universal human rights and international labour standards

Societies that have successfully integrated sustainability and decent work respect human rights and international labour standards.

Barbados has ratified 6 of the 9 main human rights conventions.<sup>32</sup> It has not yet ratified the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, the International Convention for the Protection of All Persons from Enforced Disappearance, and the Convention on the Rights of Persons with Disabilities which was adopted only in 2006. The process for the ratification of this latter convention has however begun.<sup>33</sup> Of the countries considered for comparison, only Jamaica has ratified this convention.

As with its neighbouring islands – Bahamas, Jamaica and Trinidad and Tobago – Barbados has also ratified all 8 ILO core conventions on freedom of association and collective bargaining, the abolition of child labour, forced labour and all forms of discrimination. In addition, Barbados has ratified three of the four Governance conventions.<sup>34</sup>

<sup>31</sup> <http://www.weforum.org/issues/global-competitiveness>

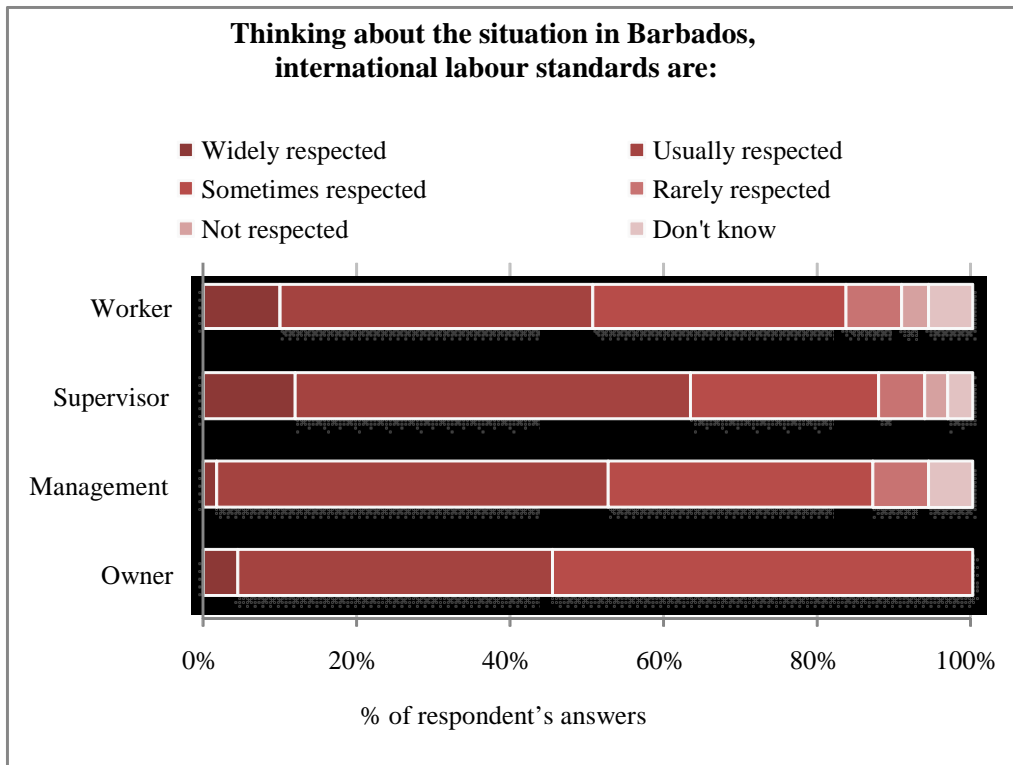
<sup>32</sup> These are the International Convention on the Elimination of All Forms of Racial Discrimination, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, The Convention on the Elimination of All Forms of Discrimination against Women, The Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, the Convention on the Rights of the Child, the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, the International Convention for the Protection of All Persons from Enforced Disappearance, and the Convention on the Rights of Persons with Disabilities.

<sup>33</sup> Ministry of Finance and Economic Affairs. 2011. Barbados economic and social report 2010. Accessed on 01 October 2011, available at: <http://www.economicaffairs.gov.bb/>

<sup>34</sup> The ILO's Governing Body designated four conventions as "priority" instruments, thereby encouraging member states to ratify them because of their importance for the functioning of the international labour standards system. These conventions relate to labour inspection, employment policy and tripartite consultation.

The positive situation which the country enjoys in the area of human rights is confirmed by other findings. The Freedom House's Political Rights Index measures the degree of freedom in the electoral process, political pluralism and participation, and functioning of the Government. On a scale from 1 to 7 where 1 is the most free, Barbados has scored 1 in 2011 and the preceding few years, similar to Bahamas and outperforming Jamaica and Trinidad and Tobago. Freedom of expression, assembly, association, and religion can be assessed through the Civil Liberties Index. In 2011 and going back a few years, Barbados records a score of 1, similar to Bahamas and better than Jamaica and Trinidad and Tobago also in this area.

The National Survey 2011 conducted by the Barbados Research Team indicates that almost half of respondents (47.8 per cent) think that human rights are usually respected in Barbados. A significant share of interviewees (26.1 per cent) believe that they are only sometimes respected and a smaller proportion (22.6 per cent) find that they are widely respected. When it comes to international labour standards, respondents grouped by occupation consider that they are generally understood (36.1 per cent) or understood (28.6 per cent). Almost half of them (45 per cent) are of the opinion that international labour standards are usually respected, but a significant share (34.1 per cent) think that they are only sometimes respected. Contrary to the other occupation groups, owners feel they are sometimes respected more often than usually respected.

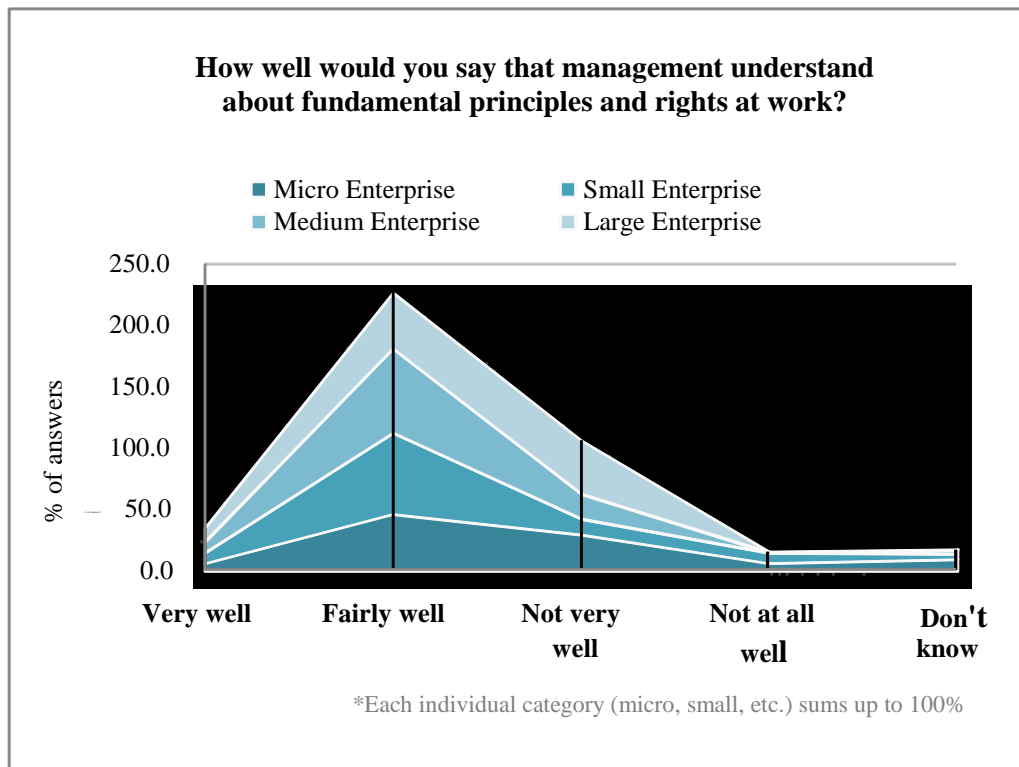


Source: National Survey Data.

Respondents find that the Government promotes international labour standards fairly well (55.3 per cent). However, a non-negligible share of interviewees believe that it does not promote them very well (29.2 per cent). In general, management is considered to understand about fundamental principles and rights at work fairly well (55.8 per cent). When taking into account the size of enterprises, though, in large companies management is considered not to understand about fundamental principles and rights at work very well to a higher degree than in other firms.

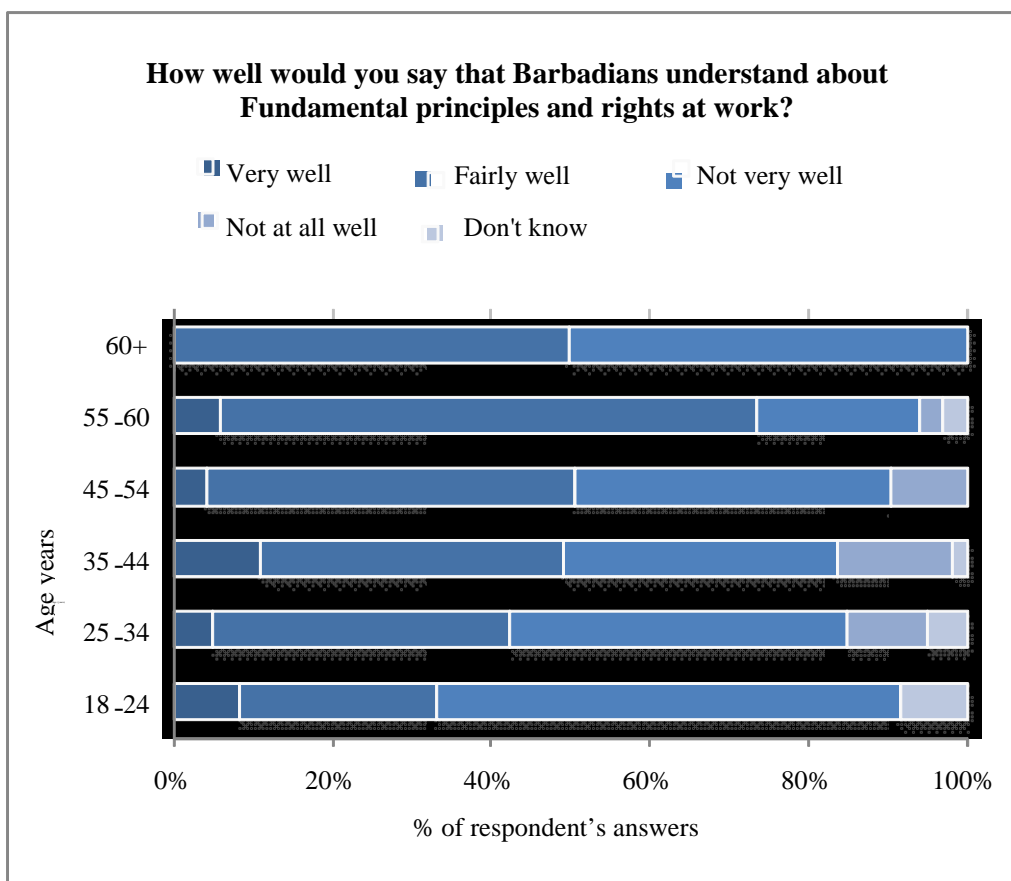
In general, respondents believe that in Barbados fundamental principles and rights at work are fairly understood (44 per cent). However, considering interviewees by age it is

clear that the younger cohort (aged 34 and under) think that they are not very well understood compared to the older respondents. This finding could be interpreted as a sign of discontent of the youth in a moment of economic downturn where they probably experience unemployment and poor working conditions more than other groups of the population. Another explanation could be that this is an indication of the poor knowledge of fundamental principles and rights at work of the youth.<sup>35</sup>



Source: National Survey Data.

<sup>35</sup> This view was expressed and discussed at the tripartite validation workshop on the preliminary findings of the assessment of an enabling environment for sustainable enterprises in Barbados.



Source: National Survey Data.

## Key Indicators

<b>Ratification of Human Rights Conventions</b>	<b>as of 4 August 2010</b>	
It shows the status of human rights referring to ratification of following 7 conventions: Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment; Convention on the Rights of the Child; International Convention on the Elimination of All Forms of Discrimination Against Women; International Convention on the Elimination of All Forms of Racial Discrimination; International Convention on the Prevention and Punishment of the Crime of Genocide; International Covenant on Civil and Political Rights; International Covenant on Economic, Social and Cultural Rights; International Convention for the Protection of All Persons from Enforced Disappearance; Convention on the Rights of Persons with Disabilities.	<b>Barbados</b>	6
	<b>Bahamas</b>	6
	<b>Jamaica</b>	7
	<b>Trinidad &amp; Tobago</b>	6
	Number of Conventions ratified out of 9.	
<small>Source: Geneva Academy of International Humanitarian Law and Human Rights (ADH Genève).<sup>36</sup></small>		

<sup>36</sup> <http://www.adh-geneva.ch/>



<b>Ratification of fundamental ILO Conventions</b>		<b>as of 01 September 2011</b>
<p>It shows the status of labour rights conventions. It refers to ratification of following 8 conventions: Freedom of association and collective bargaining (C.87, C.98), Elimination of forced and compulsory labour (C.29, C.105), Elimination of discrimination in respect of employment and occupation (C.100, C.111), Abolition of child labour (C.138, C.182).</p> <p>Source: ILO<sup>37</sup></p>	<b>Barbados</b>	8
	<b>Bahamas</b>	8
	<b>Jamaica</b>	8
	<b>Trinidad &amp; Tobago</b>	8
		Number of Conventions ratified out of 8.

## Other Useful Indicators

<b>Political Rights Index</b>		<b>2009</b>	<b>2010</b>	<b>2011</b>
<p>The Political Rights index measures the degree of freedom in the electoral process, political pluralism and participation, and functioning of government.</p> <p>Source: Freedom House, The Freedom in the World Survey.<sup>38</sup></p>	<b>Barbados</b>	1	1	1
	<b>Bahamas</b>	1	1	1
	<b>Jamaica</b>	2	2	2
	<b>Trinidad &amp; Tobago</b>	2	2	2
		Freedom House rates political rights on a scale of 1 to 7, with 1 representing the most free and 7 representing the least free.		

<b>Civil Liberties Index</b>		<b>2009</b>	<b>2010</b>	<b>2011</b>
<p>The Civil Liberties index measures freedom of expression, assembly, association, and religion</p> <p>Source: Freedom House, The Freedom in the World Survey<sup>39</sup>.</p>	<b>Barbados</b>	1	1	1
	<b>Bahamas</b>	1	1	1
	<b>Jamaica</b>	3	3	3
	<b>Trinidad &amp; Tobago</b>	2	2	2
		Freedom House rates civil liberties on a scale of 1 to 7, with 1 representing the most free and 7 representing the least free.		

<sup>37</sup> <http://www.ilo.org/ilolex/english/docs/declworld.htm>

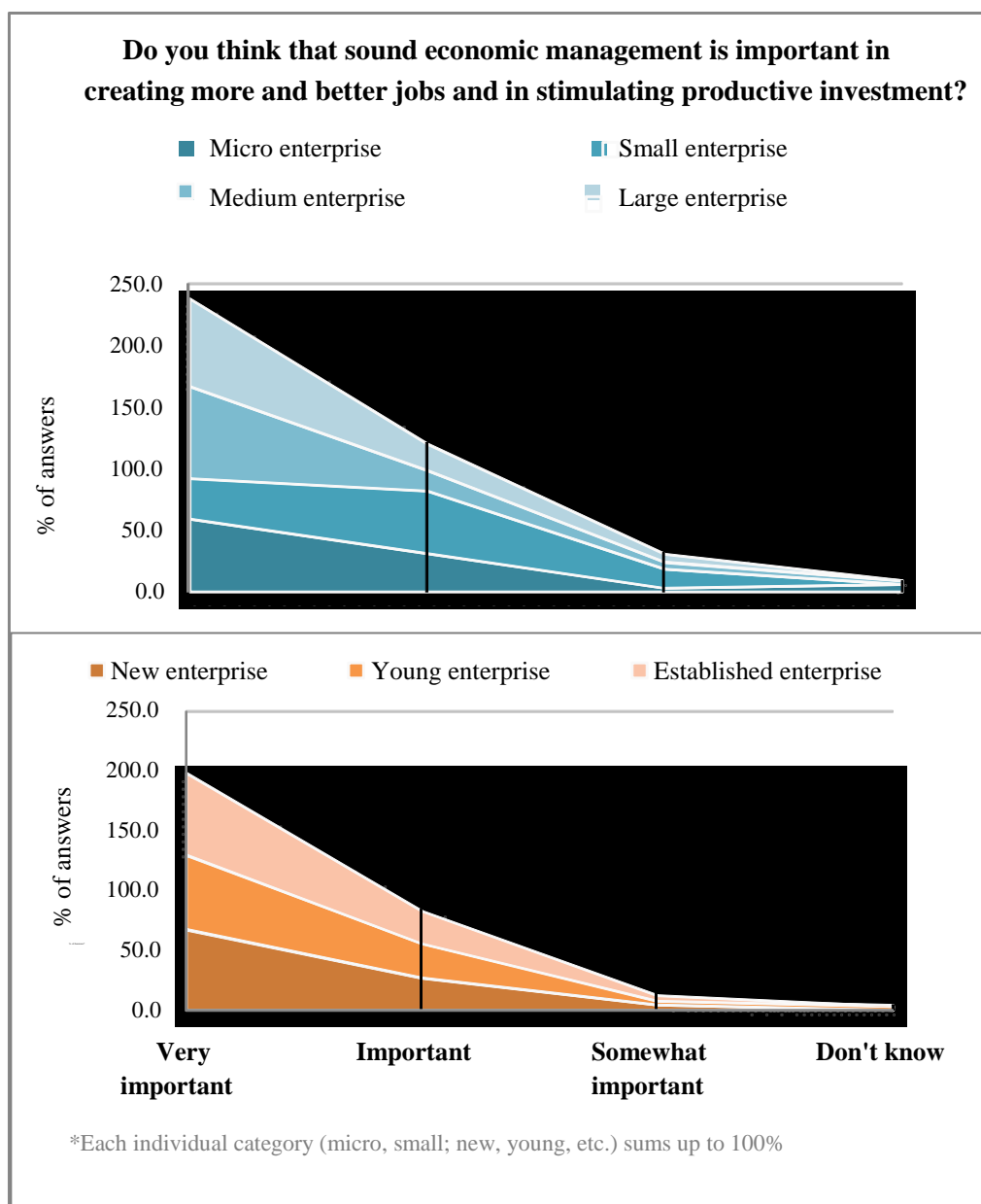
<sup>38</sup> <http://www.freedomhouse.org/>

<sup>39</sup> Ibid.

### 3. Economic elements

#### 3.1. Sound and stable macroeconomic policy and good management of the economy

Macroeconomic policies should guarantee stable and predictable economic conditions. Sound economic management should combine the objectives of creating more and better jobs, combating inflation, and implementing policies and regulations that stimulate long-term productive investment. Aggregate demand should be increased as a source of economic growth in line with the level of national development and the specific country situation.



Source: National Survey Data.

Of all respondents of the National Survey 2011, 89.9 per cent believe that sound economic management is relevant in creating more and better jobs and in stimulating productive investment. Some 61.2 per cent of them think it is very important, whereas 28.6

per cent find it to be simply important. Some interesting differences emerge in opinions by occupation group, with owners recording the highest share of those who find it “important” (57.7 per cent) and supervisors registering the highest proportion of “very important” (78.8 per cent). As the charts above show, sound economic management seems to be more relevant for larger firms and for new ones.

Barbados has a liberal and open economy. At present, a key priority for the Barbadian Government is to pursue fiscal consolidation in order to reduce the country’s deficit. The weak GDP growth recorded over the recent past may make this objective a very difficult one to achieve, unless other, more drastic measures are adopted.<sup>40</sup> Available data on Barbados’ Government finance indicate that there has been a deficit situation over the past years. Total public sector debt was 91 per cent of GDP in 2009 and rose to 117 per cent in 2011.<sup>41</sup> Despite the negative government finance and the objective of financial consolidation, no new taxes have been announced for 2012.<sup>42</sup> There should be a decrease in public expenditure instead.<sup>43</sup> Value Added Tax (VAT) rates were increased in 2010 from 15 per cent to 17.5 per cent.<sup>44</sup>

Over one-third of respondents of the National Survey 2011 (36.8 per cent) do not know what impact company tax rates have on business growth in Barbados. However, 27.9 per cent of them think that they discourage enterprise development in the country. Interestingly, the majority of owners (64.2 per cent) believe that tax rates have little impact, whereas the majority of managers, supervisors and workers feel that they discourage business growth. Tax rates seem to be an issue much more for larger enterprises than for smaller ones.

Similar findings emerge on VAT rates for the different variables considered, where their impact on business development is perceived as overall negative. Interestingly, for small enterprises VAT rates mostly have little impact on business growth. Concerning Pay As You Earn (PAYE) rates, all occupation groups feel that they mainly have little impact (38.1 per cent of total respondents).

<sup>40</sup> EIU. 2011.

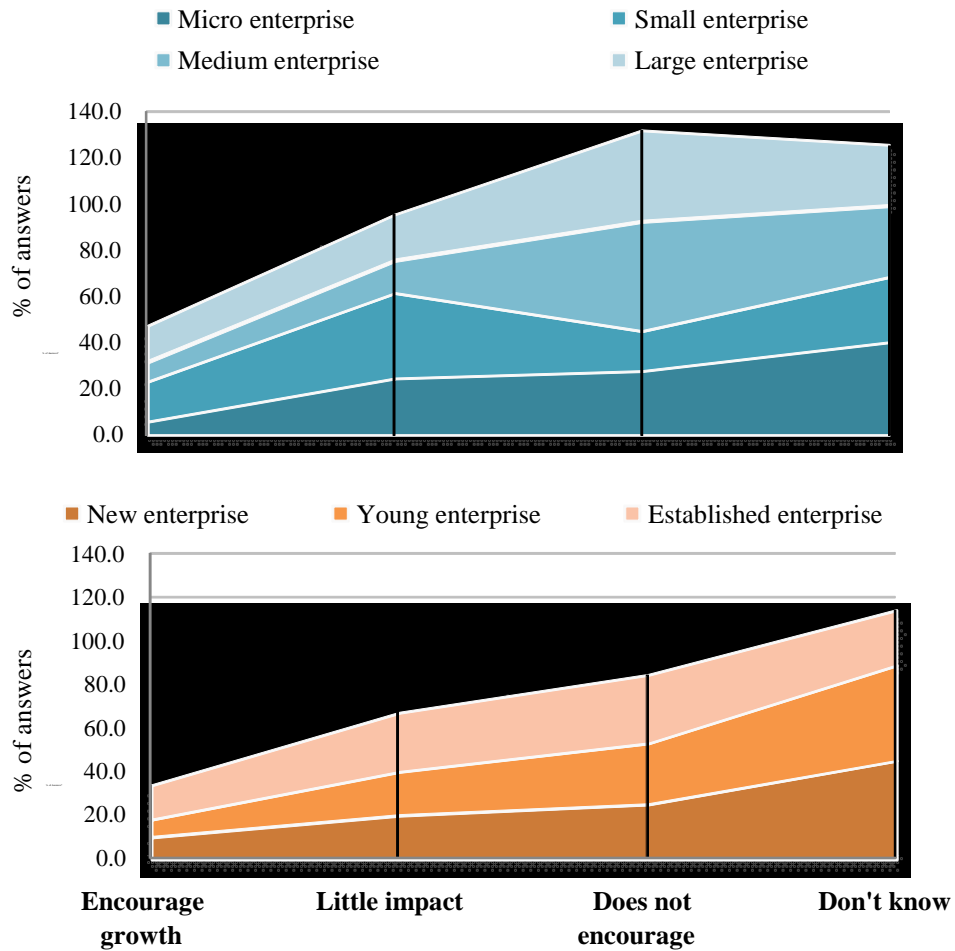
<sup>41</sup> IMF. 2011. Barbados: 2011 article IV consultation. IMF Country Report No. 12/7 (Washington D.C.).

<sup>42</sup> Government of Barbados. 2011. Financial statement and budgetary proposals 2011. Accessed 17 September 2011, available at: <http://www.barbadosparliament.com/>

<sup>43</sup> EIU. 2011.

<sup>44</sup> Barbados Research Team, 2012.

### What impact do you think that company tax rates have on business growth in Barbados?

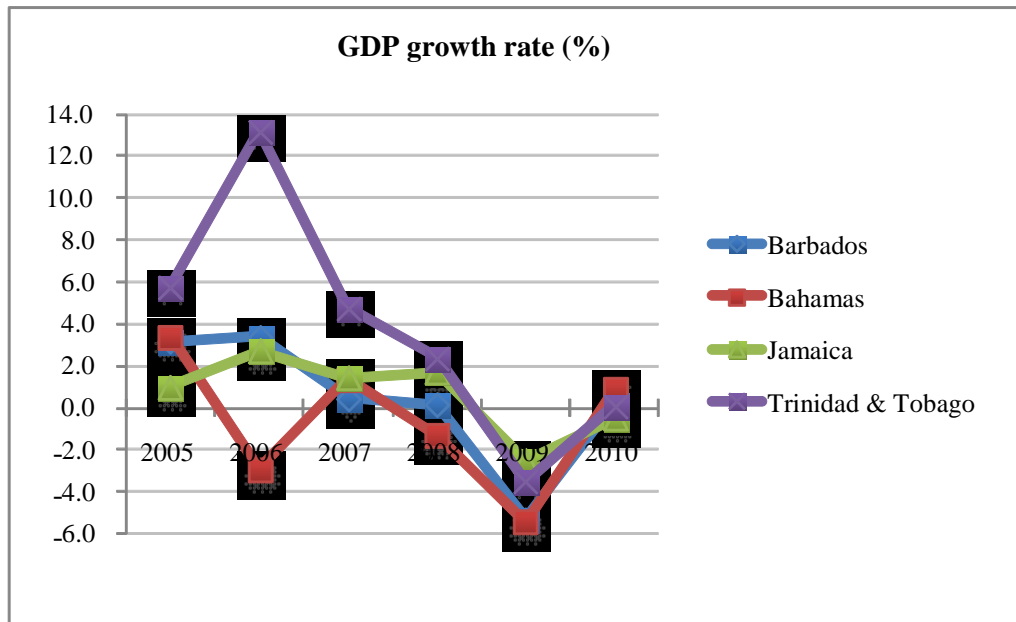


\*Each individual category (Micro, small; new, young, etc.) sums up to 100%

Source: National Survey Data.

In Barbados GDP growth was negative, at -5.3 per cent in 2009, but has recovered marginally reaching 0.2 per cent in 2010. A similar trend has been recorded in Bahamas, whose economy is very similar to the Barbadian one, and led by tourism mainly from the United States. The primary driver of growth in 2010 has been the non-traded sector. The mining and quarrying sub-sector recorded a 10.5 per cent growth. Tourism also contributed significantly to the recovery with growth of 2.9 per cent.<sup>45</sup>

<sup>45</sup> Ministry of Finance and Economic Affairs of Barbados. 2011.



Source: WB national accounts data (World Development Indicators Online) & Central Bank of Barbados.

The Barbadian economy depends largely on external economic conditions, particularly in the United States and the United Kingdom. A slowdown in the economic growth of those two countries is reflected in the Barbadian economy and significantly amplified. With reference to the latest economic downturn, the rebound in Barbados is expected to be slower and more prolonged than in other past crisis situations.<sup>46</sup>

Boosting domestic demand presents numerous challenges, and unemployment is expected to remain high, at about 11 per cent,<sup>47</sup> compared to levels reached before 2010.<sup>48</sup> An example of the serious situation which the country is experiencing is that of the only cement company in Barbados which had to temporarily lay off half of its employees at the beginning of 2010 due to low demand in the construction sector. However, thanks to the social partners' arrangements, enterprises are encouraged to keep their employees as long as possible while reducing working hours.<sup>49</sup> Labour force participation in the country is higher than in neighbouring islands, mainly due to the small population of Barbados and its limited labour supply.<sup>50</sup> Labour force participation has maintained stable levels between 2005 and 2009, at about 80.5 per cent.

Tourism is the most important economic sector in the country and will continue to be so, aided by government support. If considered broadly, it accounts for over 50 per cent of foreign exchange earnings, and 40 per cent of GDP. Despite the weakening of demand from

<sup>46</sup> IMF. 2010. Barbados: 2010 article IV consultation - selected issues. IMF Country Report No. 10/364 (Washington D.C.).

<sup>47</sup> Brancker. N. 2011. Credibility of unemployment figures questioned. Barbados Advocate. 13 October. Accessed 16 November 2011, available at: <http://www.barbadosadvocate.com/>

<sup>48</sup> EIU. 2011.

<sup>49</sup> Government of Barbados. 2011; IMF. 2010.

<sup>50</sup> ILO. 1999.

the traditional U.S. and U.K. markets, tourist flows from other emerging markets are being encouraged. These include Brazil and East Asia. Specific measures like weekly flight connections with São Paulo are being adopted.<sup>51</sup>

In the medium to long term, it is believed that output could be increased through diversification of the economy. Diversification of economic activity is expected in areas such as the provision of business and financial services. The contribution of the financial sector to GDP has constantly increased from about 20 per cent in the early 2000s to 31 per cent in 2010. The recent economic crisis has nonetheless determined a significant slowdown of growth.<sup>52</sup>

The Central Bank of Barbados has maintained a fixed exchange rate with the US dollar since the 1990s. The real effective exchange rate seems to be close to its equilibrium value, although it is slightly overvalued.<sup>53</sup> Inflation has risen since the beginning of 2011, due to oil and international commodity prices.<sup>54</sup>

The current account balance has been negative over the past decade. It was -5.11 per cent of GDP in 2009. Current account deficits have been largely financed by capital inflows, and reserves have remained above 3 months of imports over the same period. Inflows have contributed to an increase in international reserves since 2005. Recently, Barbadian authorities have issued external bonds to keep reserves above 4 months of imports. Barbados' reserves have maintained an average level of 20 per cent of GDP since 2000. They appear adequate, though further reserve accumulation is desirable.<sup>55</sup>

A high level of gross capital formation or investment is conducive to economic growth. Barbados' capital accumulation has been vigorously increasing over the past 20 years. Capital formation typically slows down in moments of downturn and this has occurred during the current economic recession, with severe cuts on capital projects (27.7 per cent in 2010 in the case of Barbados).<sup>56</sup> Gross domestic savings is another significant factor for economic growth, if it is largely used for investments through financial institutions. Unlike other neighbouring islands in the region, Barbados' gross domestic savings has followed a constantly increasing path up to 2009 (year of the latest available data).

<sup>51</sup> IMF. 2010.

<sup>52</sup> Ministry of Finance and Economic Affairs of Barbados. 2011; Economist Intelligence Unit. 2011; IMF. 2010.

<sup>53</sup> IMF. 2010.

<sup>54</sup> Government of Barbados. 2011.

<sup>55</sup> IMF. 2010.

<sup>56</sup> IMF. 2010; Ministry of Finance and Economic Affairs of Barbados. 2011.

## Key Indicators

<b>GDP growth rate (%)</b>		<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<p>Annual percentage growth rate of Gross Domestic Product (GDP) at market prices based on constant local currency. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.</p> <p>Source: World Bank national accounts data (World Development Indicators Online). [*Central Bank of Barbados]<sup>57</sup></p>	<b>Barbados</b>	0.48	0.18	-5.30	*0.20
	<b>Bahamas</b>	1.40	-1.30	-5.40	0.90
	<b>Jamaica</b>	1.43	1.70	-2.50	-0.50
	<b>Trinidad &amp; Tobago</b>	4.80	2.40	-3.50	0.10
	Annual percentage growth rate of GDP.				
<b>Labour force participation rate</b>		<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<p>The labour force participation rate is the proportion of the population ages 15-64 that is economically active: all people who supply labour for the production of goods and services during a specified period. The labour force participation rate is calculated by expressing the number of persons in the labour force as a percentage of the working-age population. The labour force is the sum of the number of persons employed and the number of unemployed. The working-age population is the population above a certain age, prescribed for the measurement of economic characteristics.</p> <p>Source: ILO KILM<sup>58</sup></p>	<b>Barbados</b>	80.58	80.63	80.66	80.59
	<b>Bahamas</b>	78.22	78.36	78.47	78.40
	<b>Jamaica</b>	70.31	70.21	70.10	69.41
	<b>Trinidad &amp; Tobago</b>	70.35	70.30	70.43	71.52
	The labour force participation rate is calculated by expressing the number of persons in the labour force as a percentage of the working-age population.				

<sup>57</sup> <http://data.worldbank.org/> & <http://www.centralbank.org.bb/>

<sup>58</sup> <http://kilm.ilo.org/>

## Other Useful Indicators

Current account balance (% of GDP)		2006	2007	2008	2009	Average 1997-2008
<p>Current account balance (also called 'current account surplus/deficit') is the sum of net exports of goods and services, net income, and net current transfers. It is a record of a country's transactions with the rest of the world. It shows whether a country is 'living within its means'. If a country is spending more abroad than it earns from the rest of the world then corrective action will be necessary, e.g. to maintain the value of the country's currency in relation to other countries' currency. The balance of payments is a double-entry accounting system that shows all flows of goods and services into and out of an economy. All transactions are recorded twice - once as a credit and once as a debit. In principle the net balance should be zero, but in practice the accounts often do not balance, requiring inclusion of a balancing item, net errors and omissions. Positive current account (surplus) balance is associated with positive net exports. If the current account balance is negative, it measures the portion of domestic investment financed by foreigners' savings.</p> <p><u>Source:</u> International Monetary Fund, World Economic Outlook Database, April 2010<sup>59</sup>.</p>	<b>Barbados</b>	-8.39	-5.37	-10.46	-5.11	-6.88
	<b>Bahamas</b>	-18.87	-17.54	-15.40	<sup>^</sup> -11.37	-11.54
	<b>Jamaica</b>	-9.92	-16.34	-18.06	<sup>^</sup> -11.66	-8.51
	<b>Trinidad &amp; Tobago</b>	39.58	25.66	33.85	<sup>^</sup> 14.52	11.20
		% of GDP <sup>^</sup> Estimates				

Government finance (% of GDP)		2006	2007	2008	2009
<p>Government finance (or cash surplus/ deficit) is government revenue (including grants) minus expense, minus net acquisition of nonfinancial assets. This cash surplus or deficit is closest to the earlier overall budget balance (still missing is lending minus repayments, which are now a financing item under net acquisition of financial assets).</p> <p>When the expenditures of a government are greater than its tax revenues, it creates a deficit in the government budget. This therefore causes the government to borrow capital from the 'world market', increasing further debt. The opposite of a budget deficit is a budget surplus; in this case, tax revenues exceed government purchases and transfer payments.</p> <p>Whether government deficits are good or bad cannot be decided without examining the specifics. If the government runs a deficit to deal with a severe recession (or depression), to spend on public investment (in infrastructure, education, basic research, or public health), the vast majority of economists would agree that the deficit is bearable, beneficial, and even necessary. If, on the other hand, the deficit finances wasteful expenditure or current consumption, most would recommend tax hikes, transfer cuts, and/or cuts in government purchases to balance the budget.</p> <p><u>Source:</u> International Monetary Fund, Government Finance Statistics Yearbook and data files, and World Bank and OECD GDP estimates (World Development Indicators Online)<sup>60</sup></p>	<b>Barbados</b>	..	-10.40	-5.61	..
	<b>Bahamas</b>	-0.64	-1.11	..	..
	<b>Jamaica</b>	-1.74	-3.97	-5.66	-15.32
	<b>Trinidad &amp; Tobago</b>	1.85	0.66	2.21	..
		% of GDP			

<sup>59</sup> <http://www.imf.org/external/pubs/ft/weo/2010/01/weodata/index.aspx>

<sup>60</sup> <http://data.worldbank.org/>



<b>Gross capital formation (% of GDP)</b>		<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	
<p>Gross capital formation consists of outlays on additions to the fixed assets of the economy plus net changes in the level of inventories. Fixed assets include land improvements (fences, ditches, drains, and so on); plant, machinery, and equipment purchases; and the construction of roads, railways, and the like, including schools, offices, hospitals, private residential dwellings, and commercial and industrial buildings. Inventories are stocks of goods held by firms to meet temporary or unexpected fluctuations in production or sales, and "work in progress." Gross capital formation (also called investment rate or gross domestic investment), along with foreign direct investment, is critical to economic growth and economic development. High level of gross capital formation in a period of time refers to increase in the value of inventories. High level of gross capital formation or investment is conducive to economic growth.</p> <p><u>Source:</u> World Bank national accounts data, and OECD National Accounts data files (World Development Indicators Online)<sup>61</sup></p>	<b>Barbados</b>	21.66	21.99	22.46	22.45	14.63	
	<b>Bahamas</b>	39.32	38.69	38.42	38.18	..	
	<b>Jamaica</b>	28.32	26.64	24.02	20.47	20.60	
	<b>Trinidad &amp; Tobago</b>	15.65	12.90	11.36	..	..	
	<b>LA &amp; C</b>	21.62	22.33	23.51	20.14	21.74	
	% of GDP.						
<b>Gross domestic savings (% of GDP)</b>		<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Average, 2000-08</b>
<p>Gross domestic savings are calculated by deducting total final consumption expenditure from GDP at current prices. A high gross domestic saving rate usually indicates a country's high potential to invest. Savings can therefore be vital to the amount of fixed capital available, which in turn can contribute to economic growth. However, increased savings do not always correspond to increased investment. If savings are not deposited into a financial intermediary like a bank, there is no chance for those savings to be recycled as investment by businesses. This means that saving may increase without increasing investment, possibly causing a short-fall of demand rather than economic growth. In the short term, if savings fall below investment, it can lead to growth of aggregate demand and economic boom. In the long term if savings fall below investment it eventually reduces investment and detracts from future growth.</p> <p><u>Source:</u> World Bank national accounts data, and OECD National Accounts data files (World Development Indicators Online)<sup>62</sup></p>	<b>Barbados</b>	17.42	17.55	18.31	18.48	..	15.19
	<b>Bahamas</b>	18.21	18.18	37.23	26.30	..	24.84
	<b>Jamaica</b>	8.77	0.98	-5.19	2.61	2.90	7.98
	<b>Trinidad &amp; Tobago</b>	45.68	41.92	39.07	..	..	39.61
	<b>LA &amp; C</b>	23.92	23.30	23.34	20.22	21.74	21.47
	% of GDP						

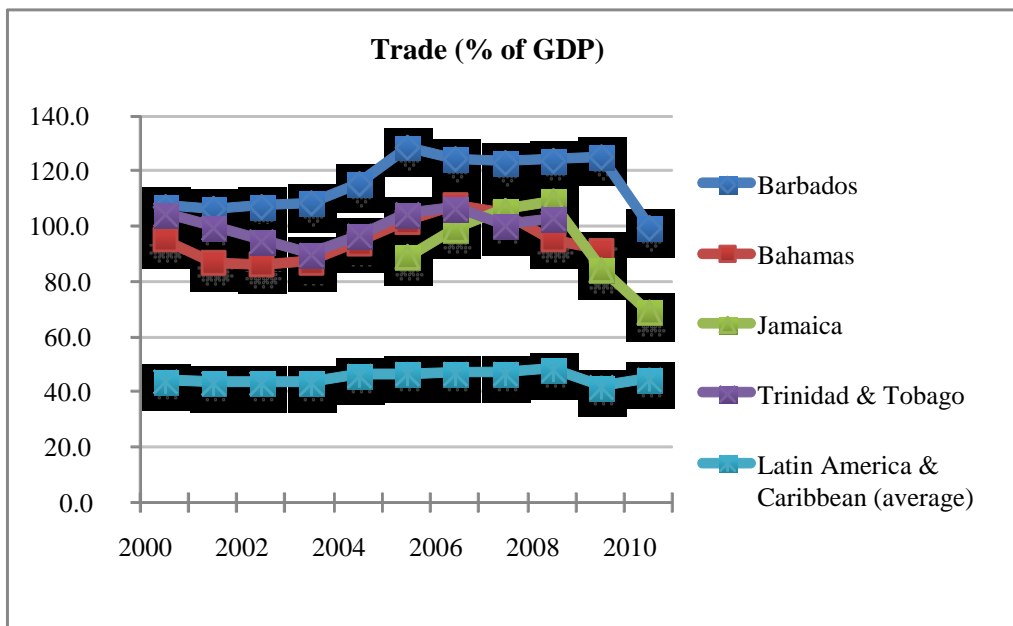
<sup>61</sup> <http://data.worldbank.org/>

<sup>62</sup> Ibid.

### 3.2. Trade and sustainable economic integration

Trade integration can lead to positive employment effects through efficiency gains. However, as trade integration can also lead to job dislocation, increased informality and growing income inequality, the employment and decent work impact of trade policies must be carefully considered.

Barbados' share of trade in GDP is and has been among the highest in the region. It has been rising over the past decade and reached a level of 125.20 per cent of GDP in 2009, which was higher than the rates recorded in its neighbouring countries Bahamas, Jamaica and Trinidad and Tobago. The rate dropped to 99.74 per cent in 2010 as a consequence of the international economic crisis.



Source: WB national accounts data (WDI Online).

Its Export Propensity Index, a measure indicating the level of exports of goods and services as a percentage of GDP, has been constantly rising from 52.2 per cent in 2004 to 60.6 per cent in 2009. Due to the general situation of economic downturn, in 2010 the rate dropped to 47.3 per cent. Barbados' levels remain however overall higher than those recorded by Bahamas, Jamaica and Trinidad and Tobago. Barbados' Export Propensity Index is also much higher than the Latin America and Caribbean average. In 2010, total exports increased by 11.3 per cent. Increases were recorded in many export categories, including chemicals, electronic components, and food and beverages, whereas the export of sugar declined. Services exports rose by 4.2 per cent. Total imports also rose by 7.8 per cent. Imports of both intermediate and consumer goods increased, while imports of capital goods fell.<sup>63</sup>

CARICOM was created in 1973 and since then, duties on intra-regional trade were removed and high external tariffs were introduced on imports from non-member countries.

<sup>63</sup> Ministry of Finance and Economic Affairs of Barbados. 2011.

In the 1990s, such tariffs were lowered, which increased trade with non-CARICOM states.<sup>64</sup> The most-favoured nation (MFN) applied tariff for Barbados decreased from an average of 22.8 per cent during the period 1995-1999 to 13.9 per cent in 2005-2008. As with other Caribbean islands, Barbados mainly exports services. Over the period 2005-2008, the share of services in total exports was 79.4 per cent as opposed to that of goods which was 20.6 per cent.<sup>65</sup> The principal destination of Barbados' domestic exports is CARICOM with a market share of 43.6 per cent in 2010. Trinidad and Tobago, Saint Lucia and Guyana are the main importers. The United Kingdom and the United States are the second and third destinations of Barbados' domestic exports. As far as imports are concerned, the main supplier is the United States with a market share of 43.3 per cent in 2010, followed by CARICOM accounting for 11 per cent of total imports.<sup>66</sup>

Like most CARICOM member states, Barbados has formally joined the region's single market, but some barriers to trade still remain. In early 2011, it was decided to keep plans for a single economy on hold. However, Barbados supports the development of a common position of CARICOM on trade with North America and Europe.<sup>67</sup>

The National Survey 2011 conducted by the Barbados Research Team reveals that the majority of interviewees think that regional economic integration for growth in Barbados is very important (37 per cent) or important (35.6 per cent). Almost half of them (47.1 per cent) consider the efficiency of custom authorities to process imports and exports to be as adequate. The majority of them (57.2 per cent) also think that import taxes and other shipping costs discourage business growth.

According to the World Bank, the burden of customs procedure in Barbados was 4.27 in 2010 in a scale from 1 corresponding to extremely inefficient to 7 indicating extremely efficient. It clearly improved compared to past years when it was at levels under 4.<sup>68</sup>

Since independence, Barbados has increasingly attracted foreign direct investment (FDI), assisted by its stable political and social situation.<sup>69</sup> Foreign direct investment has risen steadily from 2005 to 2009. The level of FDI as a percentage of GDP dropped sharply in 2010 however, when it reached 1.95 per cent compared to 8.3 per cent in 2009. A similar trend can be observed in Jamaica and Trinidad and Tobago, where FDI inflows began declining in 2009. Interestingly, Bahamas follows a different trend and maintains an increasing FDI level even in 2010.

<sup>64</sup> Sadikov, A. 2008. External tariff liberalization in CARICOM: a commodity-level analysis. IMF Working Paper ,WP/08/33. Accessed on 21 November 2011, Available at: <http://www.imf.org/external/pubs/ft/wp/2008/wp0833.pdf>

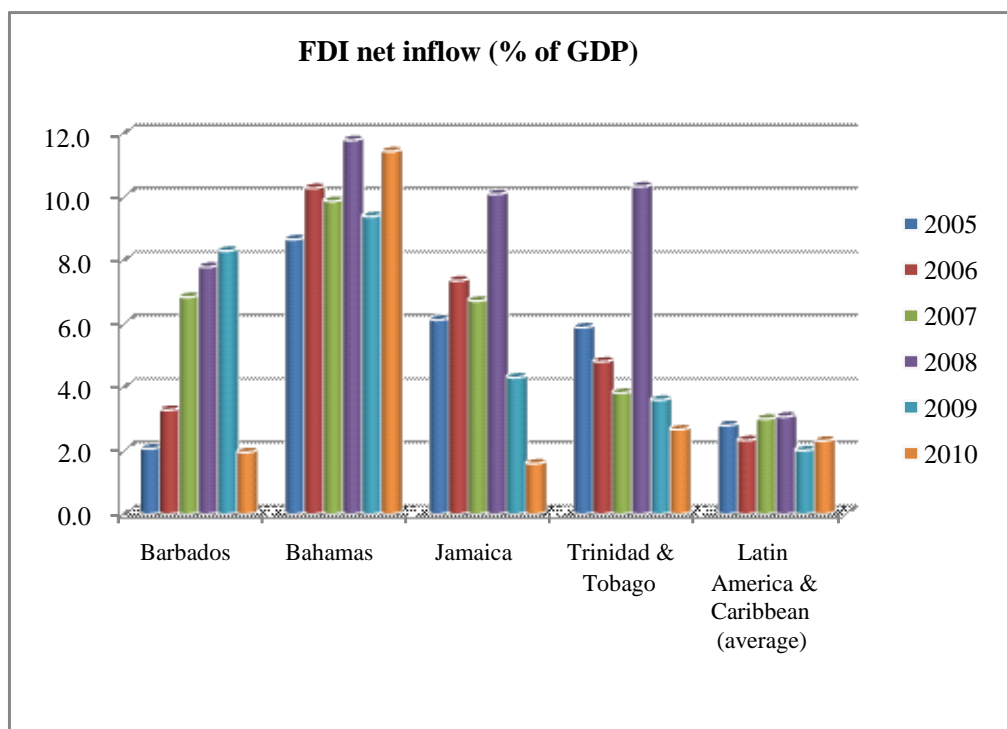
<sup>65</sup> World Bank. 2010. Barbados: Trade-at-a-glance table. World Bank world trade indicators. Accessed on 21 November 2011, available at: [http://info.worldbank.org/etools/wti/docs/Barbados\\_taag.pdf](http://info.worldbank.org/etools/wti/docs/Barbados_taag.pdf)

<sup>66</sup> Ministry of Finance and Economic Affairs of Barbados, 2011.

<sup>67</sup> EIU, 2011.

<sup>68</sup> <http://data.worldbank.org/>

<sup>69</sup> Griffith W.H. 2002. 'A tale of four CARICOM countries', Journal of Economic Issues, [e-journal] 36 (1).



Source: IMF, International Financial Statistics and Balance of Payments databases & WDI Online.

## Key Indicators

Trade (per cent of GDP)		2006	2007	2008	2009	2010	Average 2000-09
<p>Trade is the sum of exports and imports of goods and services measured as a share of gross domestic product. It takes values between 0 and <math>+\infty</math>.</p> <p>Please note that the trade-to-GDP ratio refers to the sum of the imports and exports and could therefore exceed 100%.</p> <p>Source: World Bank national accounts data (World Development Indicators Online).<sup>70</sup></p>	<b>Barbados</b>	124.51	123.35	124.24	125.20	99.74	119.22
	<b>Bahamas</b>	107.82	104.92	95.14	91.58	..	95.12
	<b>Jamaica</b>	99.22	106.24	109.16	84.50	68.82	..
	<b>Trinidad &amp; Tobago</b>	106.95	100.65	102.97	..	..	..
	<b>LA &amp; C</b>	47.03	47.09	48.20	42.03	44.72	..
	Trade share (per cent) in GDP.						
Enabling trade index (ETI)		2007 (Report 2008)	2008 (Report 2009)	2009 (Report 2010)			
<p>The Enabling Trade Index measures the factors, policies and services facilitating the free flow of goods over borders and to destination. The index breaks the enablers into four overall issue areas: (1) market access, (2) border administration, (3) transport and communications infrastructure and (4) the business environment.</p> <p>Source: World Economic Forum.<sup>71</sup></p>	<b>Barbados</b>	..	..	..			
	<b>Bahamas</b>	..	..	..			
	<b>Jamaica</b>	..	..	3.92			
	<b>Trinidad &amp; Tobago</b>	..	..	..			
	On a scale from 1 to 7, a high score in the overall ETI indicates that a country is relatively successful at enabling the free flow of trade.						

<sup>70</sup> <http://data.worldbank.org/>

<sup>71</sup> <http://www.weforum.org/s?s=global+enabling+trade+report>

<b>FDI net inflow (per cent of GDP)</b>		<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Foreign direct investment are the net inflows of investment to acquire a lasting management interest (10 per cent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This series shows net inflows in the reporting economy and is divided by GDP. <i>Source:</i> International Monetary Fund, International Financial Statistics and Balance of Payments databases & World Development Indicators Online. <sup>72</sup>	<b>Barbados</b>	3.28	6.84	7.79	8.30	1.95
	<b>Bahamas</b>	10.27	9.86	11.79	9.38	11.43
	<b>Jamaica</b>	7.36	6.72	10.08	4.30	1.60
	<b>Trinidad &amp; Tobago</b>	4.81	3.82	10.32	3.60	2.67
	<b>LA &amp; C</b>	2.33	3.00	3.07	2.01	2.31
	FDI net inflow (in current US\$ as % of GDP).					

### Other Useful Indicators

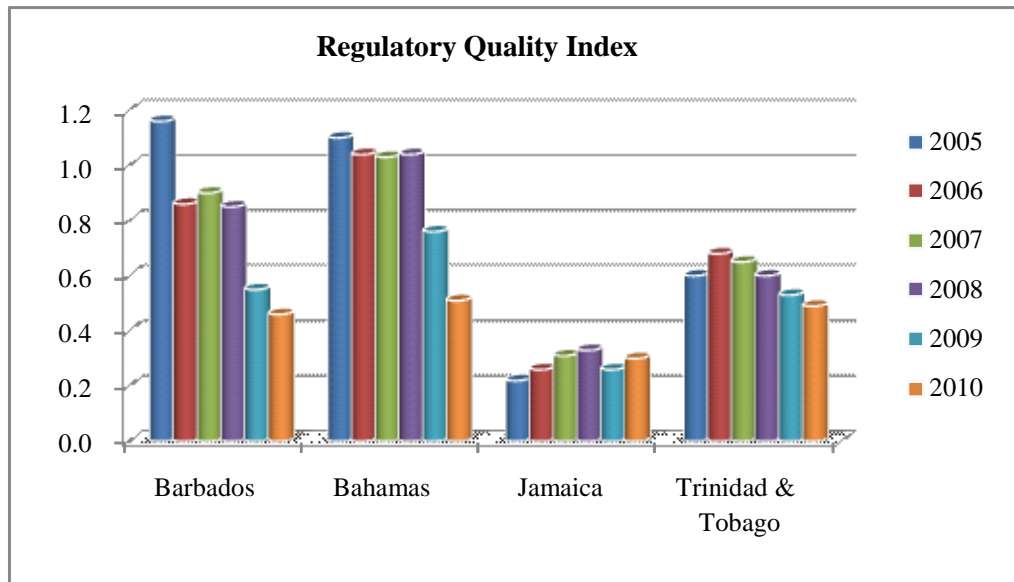
<b>Export propensity index= Exports of goods and services (% of GDP)</b>		<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Exports of goods and services represent the value of all goods and other market services provided to the rest of the world. They include the value of merchandise, freight, insurance, transport, travel, royalties, license fees, and other services, such as communication, construction, financial, information, business, personal, and government services. They exclude labour and property income (formerly called factor services) as well as transfer payments. <i>Source:</i> World Bank national accounts data, and OECD national accounts data files (World Development Indicators Online). <sup>73</sup>	<b>Barbados</b>	60.1	59.5	60.0	60.6	47.3
	<b>Bahamas</b>	43.4	42.2	47.0	39.8	..
	<b>Jamaica</b>	39.8	40.3	40.0	33.3	25.6
	<b>Trinidad &amp; Tobago</b>	68.5	64.8	65.3	..	..
	<b>LA &amp; C</b>	24.7	24.0	24.0	21.1	22.3
	It ranges from 0 (with no exports) to 100 (with all domestic production exported).					

### 3.3. Enabling legal and regulatory environment

Well-designed and clear regulations, including those that uphold labour and environmental standards, are good for the promotion of start-ups and enterprise development. They facilitate formalization and boost systemic competitiveness. The Regulatory Quality Index measures the ability of a government to provide sound policies and regulations for the promotion of the private sector. Barbados scores rather poorly and worse than Bahamas in this regard. It recorded values ranging from 0.86 in 2006 to 0.46 in 2010, on a scale from -2.5 to 2.5 with higher values indicating better performance. Bahamas reached values under 1 only as of 2009 most probably as a consequence of the economic crisis. Jamaica performs slightly worse than Barbados, whereas Trinidad and Tobago records higher values. Unfortunately, Barbados is not included in the World Bank's Doing Business Report and not much information is available on its enabling legal and regulatory environment.

<sup>72</sup> <http://data.worldbank.org/>

<sup>73</sup> Ibid.



Source: World Bank, Governance Matters database

Archibald, Lewis-Bynoe, and Moore<sup>74</sup> considered the ease of doing business in Barbados using the same indicators as the World Bank's Doing Business Report. Although the study is a few years old, it may still reveal some important findings. Barbados presented data similar to Jamaica which was then ranked among the 10 top countries in the Doing Business Report. However, time spent on procedures to start a business and overall costs appeared to be lower in Jamaica. Barbados compares favourably with the Latin American region and the Caribbean in general as well as with OECD countries. Barbados' doing business practices appeared to be within international standards. However, there was scope for improvement in the areas of simplification of the process to obtain small business status, efficiency of the VAT registration system, and coordination between various government departments.

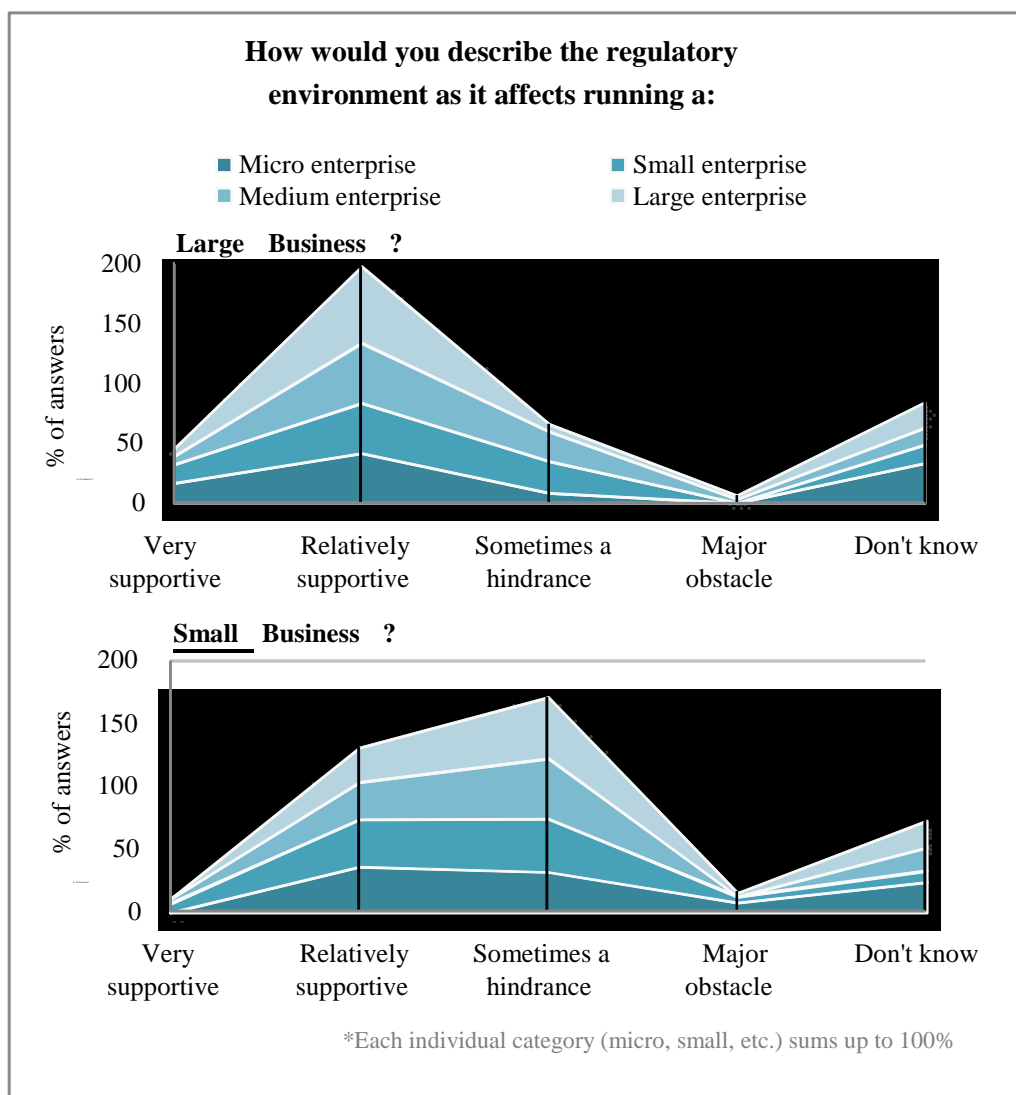
Under the Small Business Act, small enterprises pay a 15 per cent corporation tax rate as compared to a 25 per cent rate required for larger companies. As of 2011, it takes about 8 weeks for a new manufacturing business to be operational. New businesses in the manufacturing sector in Barbados benefit from several incentives, such as a 15 per cent corporation tax rate. Approved enterprises are divided into three groups depending on local value added and on the type of enterprise. Each group is granted different tax holiday periods, varying from 11 to 15 years. Moreover, manufacturing companies receive exemption from some import duties, capital allowances on fixed assets, some export allowances, training grants, etc. Industrial parks are available in the country for the manufacturing and services sectors. The value added tax (VAT) is levied at a rate of 17.5 per cent. Exemptions and reductions are available for certain companies in some sectors including financial services and tourism.<sup>75</sup>

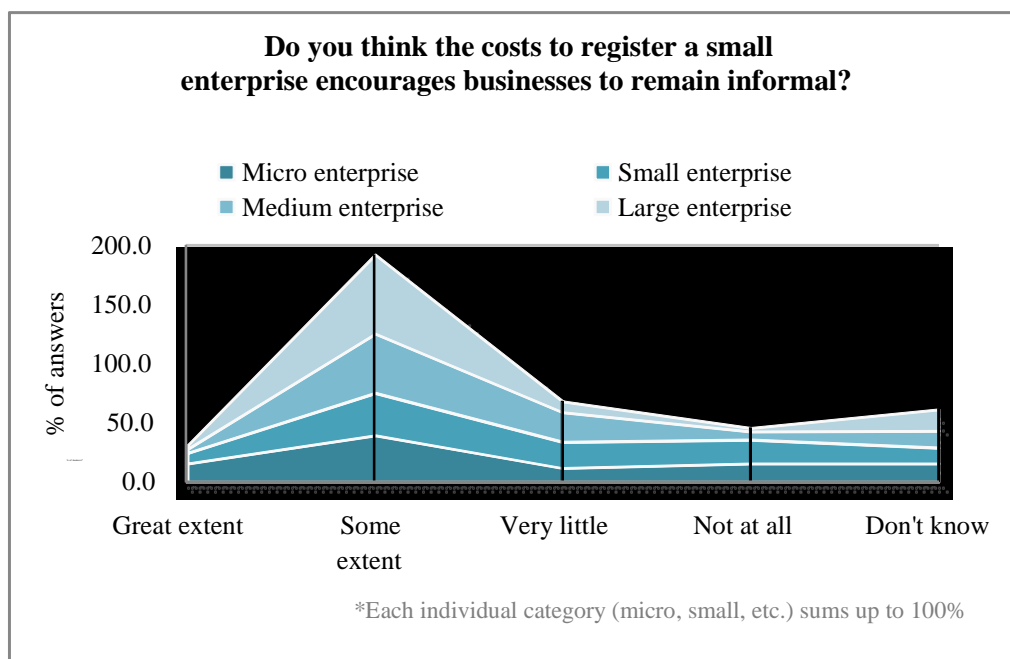
<sup>74</sup> Archibald, X.; Lewis-Bynoe, D.; Moore, W. 2005. Barriers to starting a business in Barbados. *Journal of Eastern Caribbean Studies*, [e-journal] 30 (3).

<sup>75</sup> Invest Barbados. 2011. A guide to doing business in Barbados. Accessed on 06 December 2011, available at: <http://investbarbados.org/docs/Doing%20Business%20in%20Barbados.pdf>

The National Survey 2011 carried out by the Barbados Research Team provides useful information about the regulatory environment for business development in Barbados. Respondents grouped according to the size of the firm where they work consider the regulatory environment for small businesses to be sometimes a hindrance (43.1 per cent) or relatively supportive (33.1 per cent). Taking into account the age of firms, respondents working in young and established companies support more the idea that the regulatory environment is sometimes a hindrance. When it comes to assessing the regulatory environment as it affects running a large business, the situation seems to be better, with a rather large share of interviewees (48.9 per cent) stating that it is relatively supportive. Interviewees working in established enterprises strongly support this idea. Costs to register a small enterprise to some extent encourage businesses to remain informal according to almost half of respondents (47.3 per cent).

The business community is perceived to partially understand labour law according to the largest share of respondents grouped by occupation (42.4 per cent). Another significant proportion of them (34.5 per cent) think that labour law is generally understood. Moreover, labour law is considered to be generally respected (40 per cent) or partially respected (36.4 per cent). The majority of respondents grouped by the size of the firm where they are employed (46.1 per cent) believe that workers partially understand labour law, and a significant share (36.4 per cent) find that small businesses are aware of labour law but ignore most provisions. It is to be noted that a non-negligible proportion of respondents (23.3 per cent), including those who work in small and micro enterprises think that small firms are unaware of labour law.





Source: National Survey Data.

## Key Indicators

<b>Regulatory Quality Index</b>		<b>2008</b>	<b>2009</b>	<b>2010</b>
<p>The ability of the government to provide sound policies and regulations that enable and promote private sector development. Estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance.</p> <p>Source: World Bank, Governance Matters database.<sup>76</sup></p>	<b>Barbados</b>	0.85	0.55	0.46
	<b>Bahamas</b>	1.04	0.76	0.51
	<b>Jamaica</b>	0.33	0.26	0.30
	<b>Trinidad &amp; Tobago</b>	0.60	0.53	0.49
	<p>Estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance.</p>			
<b>Ease of Doing Business Rank</b>		<b>2009 (DB 2010 report)</b>	<b>2010 (DB 2011 report)</b>	<b>2011 (DB 2012 report)</b>
<p>Ease of doing business index ranks economies from 1 to 183, with first place being the best. A high ranking means that the regulatory environment is conducive to business operation. This index averages the country's percentile rankings on 10 topics, made up of a variety of indicators, giving equal weight to each topic.</p> <p>Source: World Bank, Doing Business project.<sup>77</sup></p>	<b>Barbados</b>	..	..	..
	<b>Bahamas</b>	68	77	85
	<b>Jamaica</b>	75	81	88
	<b>Trinidad &amp; Tobago</b>	81	97	68
	<p>The index ranks economies from 1 to 183, with first place being the best</p>			

<sup>76</sup> <http://info.worldbank.org/>

<sup>77</sup> <http://www.doingbusiness.org/EconomyRankings/>



## Other Useful Indicators

Starting a business rank		2009 (DB 2010 report)	2010 (DB 2011 report)	2011 (DB 2012 report)
Starting a Business Index records all procedures that are officially required for an entrepreneur to start up and formally operate an industrial or commercial business. These include obtaining all necessary licenses and permits and completing any required notifications, verifications or inscriptions for the company and employees with relevant authorities. <u>Source:</u> World Bank, Doing Business project. <sup>78</sup>	<b>Barbados</b>	..	..	..
	<b>Bahamas</b>	61	66	73
	<b>Jamaica</b>	19	18	23
	<b>Trinidad &amp; Tobago</b>	65	74	74
The index ranks economies from 1 to 181, with first place being the best.				

### 3.4. Rule of law and secure property rights

A formal and effective legal system which guarantees that contracts are honoured and upheld, the rule of law is respected and property rights are secure, is a key condition for attracting investment as well as for nurturing trust and fairness in society.

The Rule of Law Index measures the extent to which agents have confidence in and abide by the rules of society, including the quality of contract enforcement and property rights, the police, and the courts, as well as the likelihood of crime and violence. In a range of values from -2.5 to 2.5 with higher values indicating better performance, Barbados scores relatively high, although being on a declining trend. The index value has dropped from 1.28 in 2005 to 1.04 in 2010. Data for Bahamas are similar with lower values during the crisis years (2009-2010) like for Barbados. A 2.4 per cent increase in crime was recorded in Barbados between 2009 and 2010. Crime against property accounted for 52.4 per cent of the total.<sup>79</sup>

Respondents to the National Survey 2011 conducted by the Barbados Research Team were asked to what extent commercial law for settling commercial disputes such as breach of contract is implemented. The majority of them (32.5 per cent) believe it is usually effective, and a non-negligible share of them (23 per cent) find that it is sometimes ineffective. Considering respondents by size and age of the company where they are employed, it is possible to see that micro and large enterprises, and young ones respectively select “sometimes ineffective” to a higher degree than the other categories of firms. Interviewees were also asked to assess the capacity of the police to protect businesses from criminal behaviour (e.g. theft). Interestingly, considering interviewees by occupation and age groups, there is not a large difference between those who chose high (42.6 per cent) and those who assessed it as low (36.5 per cent). The data distribution does not suggest any possible explanation. This unclear answer could be due to a poor formulation of available options for respondents in the questionnaire.

When it comes to measuring the extent to which property rights are defined and protected by law, again, based on secondary data, Barbados scores high, around 5.8

<sup>78</sup> <http://www.doingbusiness.org/EconomyRankings/>

<sup>79</sup> Ministry of Finance and Economic Affairs of Barbados. 2011.

between 2008 and 2011, in a range of values between 1 and 7 with the latter value indicating better performance. Jamaica and Trinidad and Tobago record lower values. Furthermore, intellectual property protection appears to be strong and enforced in Barbados. In a range of values between 1 and 7 with the latter corresponding to better performance, the country scored 4.8 in 2008 and 5.1 in 2011. Even in this case, Jamaica and Trinidad and Tobago record lower values.

Barbados inherited from Great Britain a common-law regime. It seems that countries with an English common law background provide a business environment which is more conducive to investment with stronger protection and more favourable regulation than countries with civil law origins. The constitution of Barbados explicitly protects private property. Property cannot be compulsorily acquired except when a written law establishes it, describes a procedure for obtaining compensation, and provides the right to appeal to a court. Exceptions to this rule include the case where property is acquired in satisfaction of a tax, property constitutes a danger to the health of others, or property is acquired to pay debt of the insolvent.<sup>80</sup>

The respondents of the National Survey 2011 grouped by occupation have a rather positive opinion about physical property rights. Almost equal shares of interviewees think that they are clearly defined and protected (31 per cent) or well defined but not well protected (32.9 per cent). Supervisors and workers have a preference for the former option, whereas owners and managers for the latter. The situation is rather different on intellectual property rights. One-third of respondents (34.7 per cent) believe that they are well defined and not well protected, whereas a rather significant proportion of them (25.3 per cent) find them to be poorly defined and not well protected. Those who think they are clear and well defined are anyway not a negligible share (16.7 per cent). Workers consider intellectual property rights as poorly defined and not well protected more often than managers and supervisors for whom the option “well defined but not well protected” prevails. Owners choose both options in equal numbers.

## Key Indicators

Rule of Law Index		2008	2009	2010
The extent to which agents have confidence in and abide by the rules of society, including the quality of contract enforcement and property rights, the police, and the courts, as well as the likelihood of crime and violence. <small>Source: World Bank, Governance Matters database.<sup>81</sup></small>	<b>Barbados</b>	1.28	0.97	1.04
	<b>Bahamas</b>	1.19	0.78	0.68
	<b>Jamaica</b>	-0.45	-0.48	-0.50
	<b>Trinidad &amp; Tobago</b>	-0.27	-0.23	-0.22
	Estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance			

<sup>80</sup> Henry, P.B.; Miller, C. 2009.

<sup>81</sup> <http://info.worldbank.org/governance/wgi/>

## Other Useful Indicators

Property rights		2009 (GC 09/10)	2010 (GC 10/11)	2011 (GC 11/12)
<p>The World Economic Forum (WEF) Survey asked the business leaders to provide their expert opinions on the following: "Property rights in your country, including over financial assets, are 1= poorly defined and not protected by law, 7=clearly defined and well protected by law".</p> <p><u>Source:</u> World Economic Forum, The Global Competitiveness Report.<sup>82</sup></p>	<b>Barbados</b>	5.7	5.6	5.8
	<b>Bahamas</b>	..	..	..
	<b>Jamaica</b>	4.5	4.3	4.3
	<b>Trinidad &amp; Tobago</b>	4.5	4.2	4
	<b>World (mean)</b>	4.5	4.4	4.3
	1= poorly defined and not protected by law, 7=clearly defined and well protected by law.			
Intellectual property protection		2009 (GC 09/10)	2010 (GC 10/11)	2011 (GC 11/12)
<p>The World Economic Forum (WEF) Survey asked the business leaders to provide their expert opinions on the following: "Intellectual property protection and anti-counterfeiting measures in your country are 1= weak and not enforced, 7=strong and enforced".</p> <p><u>Source:</u> World Economic Forum, The Global Competitiveness Report.<sup>83</sup></p>	<b>Barbados</b>	4.9	4.8	5.1
	<b>Bahamas</b>	..	..	..
	<b>Jamaica</b>	3.5	3.2	3.4
	<b>Trinidad &amp; Tobago</b>	3.2	3.3	3.5
	<b>World (mean)</b>	3.8	3.7	3.7
	1= weak and not enforced, 7=strong and enforced			

### 3.5. Fair competition

In order for the private sector and sustainable enterprises to develop and grow, it is important to have competition rules including those for the respect for labour and social standards. In addition, anti-competitive practices at the national level must be eliminated.

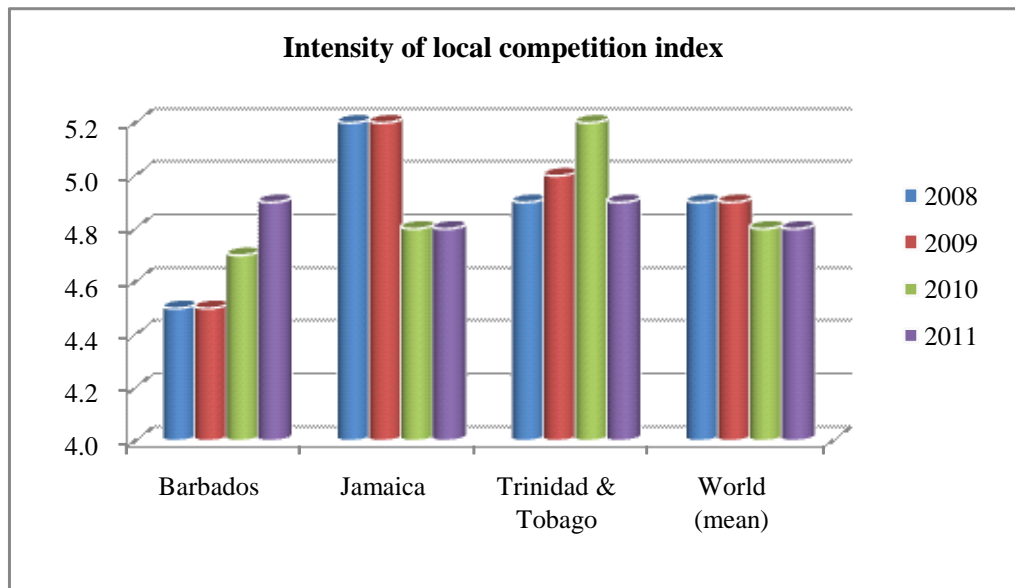
In small economies like Barbados, concentrations of industries are very likely to occur. There are usually only a few actors, which makes the business environment conducive to cooperative behaviours. Such characteristics could determine situations of abuse of a dominant market position. Barbados enacted its competition law in 2003. A Fair Trading Commission was set up for the supervision of regulated industries, competition and consumers affairs.<sup>84</sup> According to Stewart (2004) trade associations and dominant local firms in the larger CARICOM economies, such as Barbados, should be trained in the area

<sup>82</sup> <http://www.weforum.org/issues/global-competitiveness>

<sup>83</sup> Ibid.

<sup>84</sup> Stewart, T. 2004. The role of competition policy in regional integration: the case of the Caribbean community. Accessed on 25 October 2011, available at: <http://sta.uwi.edu/salises/workshop/csme/paper/tstewart.pdf>

of the culture of competition which is essentially non-existent. The same author indicates that in the larger CARICOM economies like Barbados, cartels tend to be the prevailing illegal practice.



Source: WEF Executive Opinion Survey, The Global Competitiveness Report.

The 2011-12 Global Competitiveness Report of the World Economic Forum ranks Barbados 42nd out of 142 countries. The Intensity of Local Competition Index reveals whether competition in the local markets is limited in most industries and price-cutting is rare, or whether it is intense in most industries. In a range of values from 1 to 7 with higher values indicating better performance, Barbados has reached 4.9 in 2011 but recorded a value of 4.5 in 2008. In general, over time the country has recorded values which are lower than those of its neighbouring countries Jamaica and Trinidad and Tobago. If we then consider the Effectiveness of Anti-Monopoly Policies to understand whether such policies promote competition, in a range of values from 1 to 7 with higher values corresponding to better performance, Barbados registers slightly higher values than Jamaica and Trinidad and Tobago. It recorded 4.1 in 2008 and 4.4 in 2011. The Extent of Market Dominance Index reveals whether corporate activity is dominated by a few business groups, or spread among many firms. In this respect, Barbados registers values which are very similar to those of Jamaica and Trinidad and Tobago. In a scale from 1 to 7 where higher values indicate better performance, Barbados reached 3.3 in 2008 and 3.6 in 2011. In March 2010, the Government of Barbados and the Inter-American Development Bank signed a development loan of USD 10.0 million for the Barbados Competitiveness Program. The programme has four components: (i) ensuring a coherent framework to support business development, incentives and regulations; (ii) ensuring a coherent Business Development Services (BDS) structure for business development; (iii) improving logistics and trade facilitation and enhance access to infrastructure and (iv) strengthening public-private dialogue on competitiveness.<sup>85</sup>

The Revised Treaty of Chaguaramas establishing the CARICOM Single Market and Economy and signed in 2001 envisages the adoption of a community competition policy. In 2008, the CARICOM Competition Commission was established for the implementation and

<sup>85</sup> Ministry of Finance and Economic Affairs of Barbados. 2011.

monitoring of that policy.<sup>86</sup> Likely due to the recent creation of the Commission, no information is currently available on Barbados.

## Key Indicators

<b>New business density</b>		<b>2007</b>	<b>2008</b>	<b>2009</b>
<p>The number of newly registered limited liability companies per 1,000 working-age people (those ages 15-64) in that year.</p> <p><u>Source:</u> World Bank's Entrepreneurship Survey (World Development Indicators Online)<sup>87</sup></p>	<b>Barbados</b>	..	..	..
	<b>Bahamas</b>	..	..	..
	<b>Jamaica</b>	1.16	1.21	1.16
	<b>Trinidad &amp; Tobago</b>	..	..	..
	The number of newly registered limited liability companies per 1,000 working-age people.			

## Other Useful Indicators

<b>Intensity of local competition index</b>		<b>2009 (GC 09/10)</b>	<b>2010 (GC 10/11)</b>	<b>2011 (GC 11/12)</b>
<p>Intensity of local competition index is based on survey data drawn from the following question: "Competition in the local markets is (1=limited in most industries and price-cutting is rare, 7=intense in most industries as market leadership)".</p> <p><u>Source:</u> World Economic Forum Executive Opinion Survey, The Global Competitiveness Report.<sup>88</sup></p>	<b>Barbados</b>	4.5	4.7	4.9
	<b>Bahamas</b>	..	..	..
	<b>Jamaica</b>	5.2	4.8	4.8
	<b>Trinidad &amp; Tobago</b>	5.0	5.2	4.9
	<b>World (mean)</b>	4.9	4.8	4.8
	1 =limited in most industries and price-cutting is rare, 7=intense in most industries as market leadership.			
<b>Effectiveness of anti-monopoly policies</b>		<b>2009 (GC 09/10)</b>	<b>2010 (GC 10/11)</b>	<b>2011 (GC 11/12)</b>
<p>Effectiveness of anti-monopoly policy index is based on annual survey data. The respondents were asked to rate the effectiveness of anti-monopoly policy in their country: "Antimonopoly policy in your country is (1=lax and not effective at promoting competition, 7=effective and promotes competition)".</p> <p><u>Source:</u> World Economic Forum Executive Opinion Survey, The Global Competitiveness Report<sup>89</sup></p>	<b>Barbados</b>	3.9	4.0	4.4
	<b>Bahamas</b>	..	..	..
	<b>Jamaica</b>	4.1	4.2	4
	<b>Trinidad &amp; Tobago</b>	3.4	3.8	3.7
	<b>World (mean)</b>	4.0	4.1	4.0
	1=lax and not effective at promoting competition, 7=effective and promotes competition.			

<sup>86</sup> The CARICOM Competition Commission:  
[http://www.caricom.org/jsp/community/competition\\_commission.jsp](http://www.caricom.org/jsp/community/competition_commission.jsp)

<sup>87</sup> <http://data.worldbank.org/>

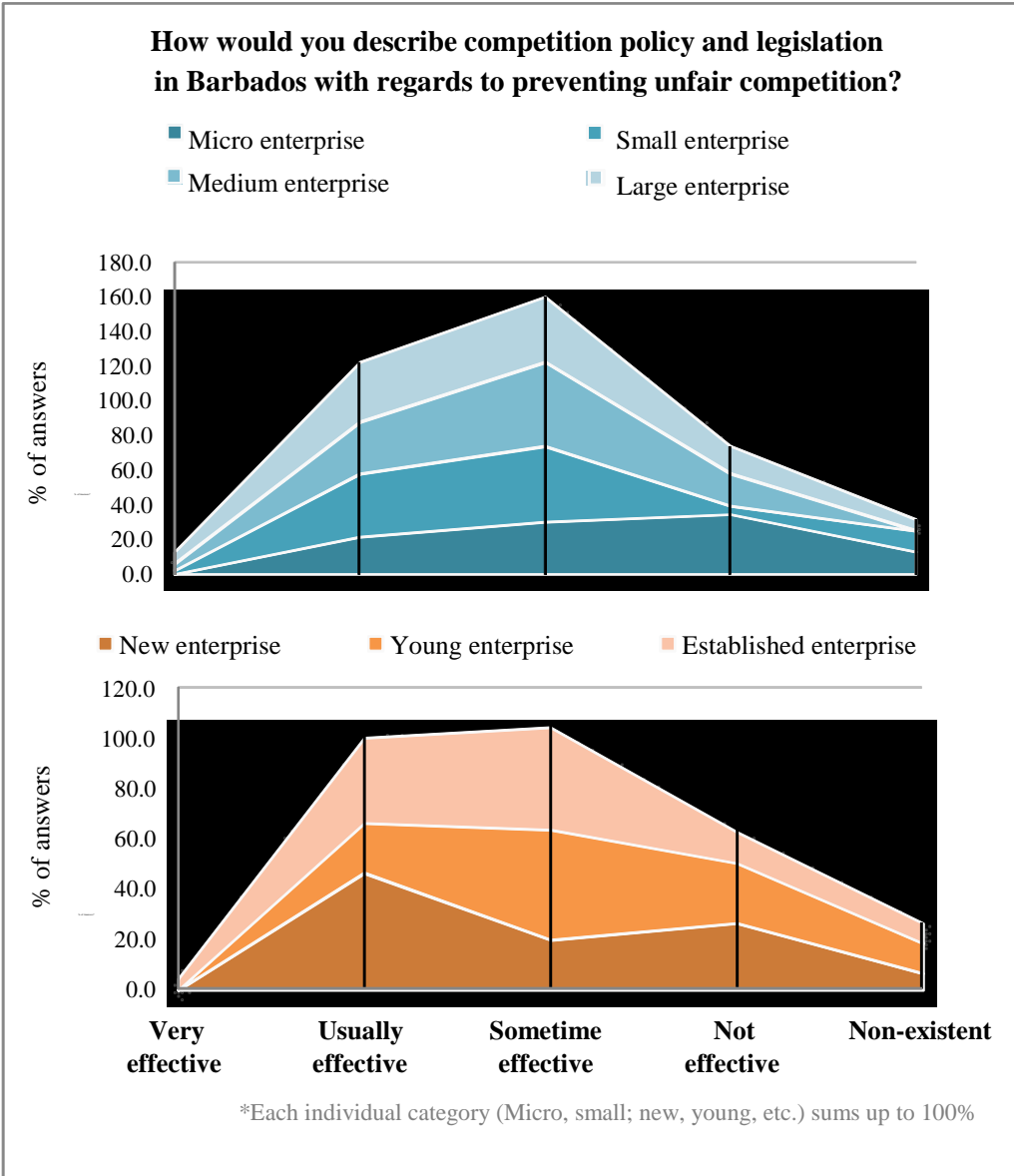
<sup>88</sup> <http://www.weforum.org/issues/global-competitiveness>

<sup>89</sup> Ibid.

<b>Extent of market dominance</b>		<b>2009 (GC 09/10)</b>	<b>2010 (GC 10/11)</b>	<b>2011 (GC 11/12)</b>
Extent of market dominance index is based on annual survey data. The respondents were asked to rate the corporate activity in their country: "Corporate activity in your country is (1=dominated by a few business groups, 7=spread among many firms)". Source: World Economic Forum Executive Opinion Survey, The Global Competitiveness Report. <sup>90</sup>	<b>Barbados</b>	3.3	3.3	3.6
	<b>Bahamas</b>	..	..	..
	<b>Jamaica</b>	3.5	3.3	3.5
	<b>Trinidad &amp; Tobago</b>	2.9	3.3	3.5
	<b>World (mean)</b>	3.9	3.8	3.8
	1=dominated by a few business groups, 7=spread among many firms.			

The National Survey 2011 carried out by the Barbados Research Team asked interviewees how they would describe competition policy and legislation in the country. Over one-third of them across occupation groups (37.2 per cent) think that they are sometimes effective in preventing unfair competition and a considerable share (30.7 per cent) are of the view that they are usually effective. It is interesting to observe that a non-negligible proportion of them (11.5 per cent) find that they are non-existent. Similar findings emerge by considering answers according to the size and age of firms where respondents are employed.

<sup>90</sup><http://www.weforum.org/issues/global-competitiveness>



Source: National Survey Data.

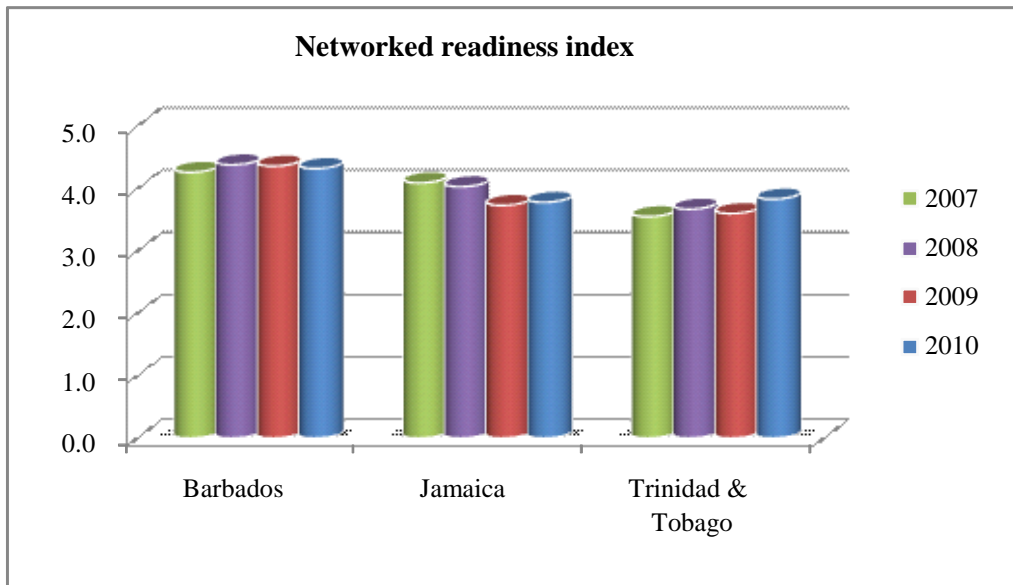
Almost half of respondents (42.6 per cent) find that the Government sometimes favours foreign investors over domestic ones by offering better conditions and incentives. This finding emerges across all occupation groups as well as any firm size and age. The occupation group of workers and that of respondents working in large enterprises record higher values in opinions stating that in general foreign investors are favoured.

**3.6. Information and communication technologies**

In the era of the knowledge economy, the use of information and communication technologies (ICTs) is fundamental to the development of sustainable enterprises. Affordable broadband technology is also very important and should be facilitated.

In Barbados, international connectivity is provided with full redundancy via fibre optic systems and the Digital Eastern Caribbean Microwave System. Mobile telephone service is available island wide and includes international roaming features. The installation of a new fixed line usually takes approximately 15 working days. Barbados enacted an Electronic Transactions Act in 2001. It passed the Computer Misuse Act (2005), and the Data Protection and Privacy Act. (2005).<sup>91</sup>

Barbados is overall relatively advanced in this area compared to its neighbouring countries. The Networked Readiness Index reveals the extent to which a country leverages information and communication technologies for enhanced competitiveness in a scale from 1 to 7 with higher values indicating better performance. Barbados recorded a value of 4.26 in 2007-08 and rose to 4.32 in 2010-11. Over the same period, Jamaica and Trinidad and Tobago registered lower values. Particularly, the performance of Barbados compared to its neighbours in terms of Internet users per 100 persons is notable. During the period 2006-2010, the number of Barbadian Internet users increased from 63 to 70.2. Bahamas, Jamaica and Trinidad and Tobago all register much lower values.



Source: World Economic Forum, The Global Information Technology Report.

A similar picture emerges when considering fixed-lines telephone subscriptions per 100 people. The number of subscriptions for Barbadians rose from 49.5 in 2006 to 50.3 in 2010. Even in this case, the three neighbouring islands used for comparison registered much lower values. When it comes to Mobile Cellular Subscriptions per 100 people, Barbados increased from 87.5 in 2006 to 128.1 in 2010. Trinidad and Tobago registers higher values reaching 141.2 persons out of 100 in 2010. But on Fixed Broad-band Subscribers per 100 people Barbados again leads the group of countries under consideration rising from 14.31 in 2006 to 20.56 in 2010.

<sup>91</sup> Barbados Research Team, 2012.



## Key Indicators

ICT Development Index (IDI)		2002	2007	2010
<p>IDI compares developments in information and communication technologies (ICT) in 154 countries over a five-year period from 2002 to 2007. The Index combines 11 indicators into a single measure that can be used as a benchmarking tool globally, regionally and at the country level. These are related to ICT access, use and skills, such as households with a computer the number of Internet users; and literacy levels.</p> <p><u>Source:</u> International Telecommunication Union<sup>92</sup></p>	<b>Barbados</b>	..	..	..
	<b>Bahamas</b>	..	..	..
	<b>Jamaica</b>	2.79	3.52	3.41
	<b>Trinidad &amp; Tobago</b>	2.50	3.61	4.36
	Scale from 1 to 10, with lower scores reflecting lower development levels.			

## Other Useful Indicators

Internet users (per 100)		2008	2009	2010
<p>The Internet is a linked global network of computers in which users at one computer get information from other computers in the network. Internet users are people with access to the worldwide network. The total number of Internet users is divided by the population and multiplied by 100.</p> <p><u>Source:</u> International Telecommunication Union.<sup>93</sup></p>	<b>Barbados</b>	66.50	68.70	70.20
	<b>Bahamas</b>	31.54	33.80	43.00
	<b>Jamaica</b>	23.60	24.30	26.10
	<b>Trinidad &amp; Tobago</b>	34.80	44.30	48.50
	<b>World (mean)</b>	23.40	26.50	29.70
	Number of users per 100 people.			
Fixed lines subscriptions (per 100 people)		2008	2009	2010
<p>Fixed lines are telephone mainlines connecting a customer's equipment to the public switched telephone network.</p> <p><u>Source:</u> International Telecommunication Union.<sup>94</sup></p>	<b>Barbados</b>	55.1	49.8	50.3
	<b>Bahamas</b>	39.8	38.1	37.7
	<b>Jamaica</b>	11.6	11.1	9.6
	<b>Trinidad &amp; Tobago</b>	23.7	22.7	21.9
	<b>World (mean)</b>	18.6	17.8	17.2
	Number of subscribers per 100 people			

<sup>92</sup> <http://www.itu.int/pub/D-IND>

<sup>93</sup> <http://www.itu.int/ITU-D/icteye/Indicators/Indicators.aspx>

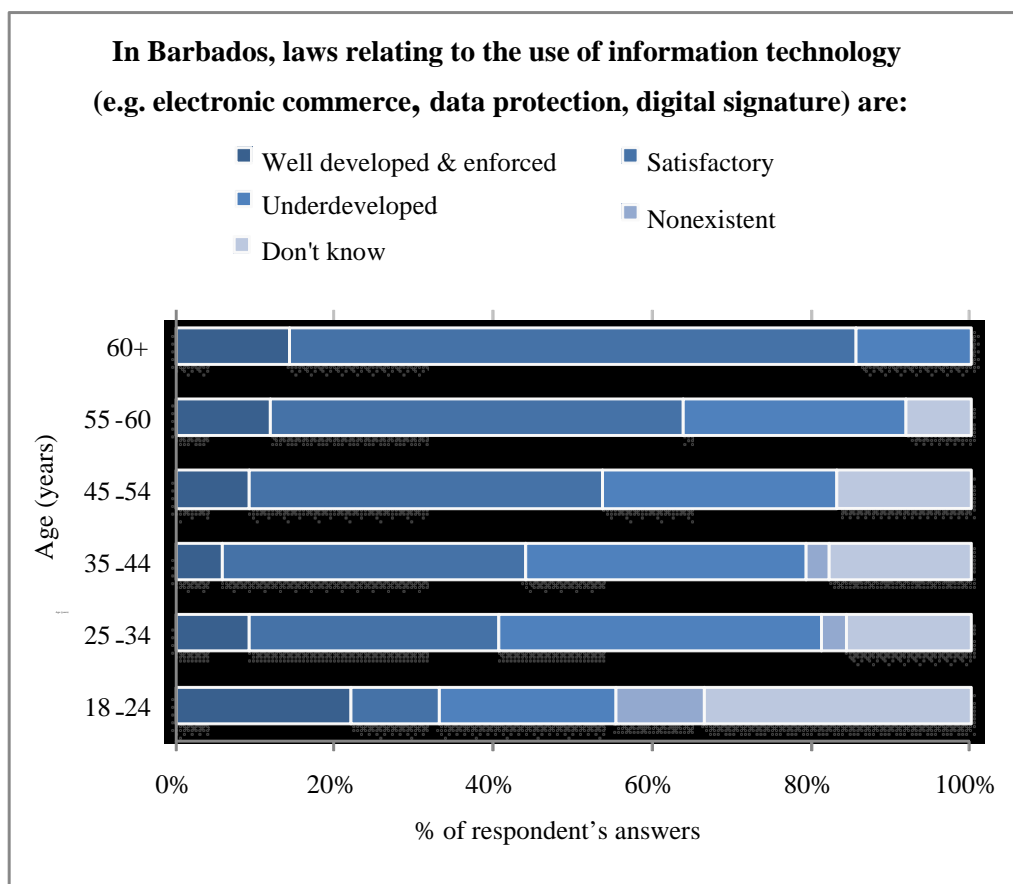
<sup>94</sup> Ibid.

<b>Mobile cellular subscriptions (per 100 people)</b>		<b>2008</b>	<b>2009</b>	<b>2010</b>
Mobile phone subscribers refer to users of portable telephones subscribing to an automatic public mobile telephone service using cellular technology that provides access to the public switched telephone network. <u>Source:</u> International Telecommunication Union. <sup>95</sup>	<b>Barbados</b>	106.1	123.6	128.1
	<b>Bahamas</b>	107.3	106.0	124.9
	<b>Jamaica</b>	100.1	108.2	113.2
	<b>Trinidad &amp; Tobago</b>	135.7	138.2	141.2
	<b>World (mean)</b>	59.9	68.3	78.0
	Number of subscribers per 100 people.			
<b>Broadband subscribers (per 100 people)</b>		<b>2008</b>	<b>2009</b>	<b>2010</b>
Broadband subscribers are the total number of broadband subscribers with a digital subscriber line, cable modem, or other high-speed technologies. <u>Source:</u> International Telecommunication Union. <sup>96</sup>	<b>Barbados</b>	18.08	21.01	20.56
	<b>Bahamas</b>	7.64	9.34	7.13
	<b>Jamaica</b>	3.58	4.11	4.26
	<b>Trinidad &amp; Tobago</b>	6.42	9.40	10.81
	<b>World (mean)</b>	6.10	6.90	7.60
	Number of subscribers per 100 people.			

Findings from the National Survey 2011 conducted by the Barbados Research Team reveal that in general, laws relating to the use of information and communication technology (e.g. electronic commerce, data protection, digital signature) are perceived to be satisfactory or underdeveloped. Considering the size and age of firms where respondents are employed, legislation is deemed to be satisfactory in proportions reaching about 41 per cent and underdeveloped in shares of about 31 per cent. New, micro and medium-sized enterprises record higher values for opinions deeming existing legislation underdeveloped compared to other categories. Younger respondents (aged 34 or under) also think that legislation is more underdeveloped than satisfactory. This latter finding may deserve special attention. As a matter of fact, information and communication technologies are increasingly relevant for employment and the creation of new jobs. Improvements in this area could contribute towards a solution for the troubling issue of youth unemployment. Information and communication technologies play a fundamental role in productivity gains for enterprises in general. Thanks also to their more recent education, the youth may be considered to be more familiar and up-to-date on information and communication technologies than other age groups, which is a potential advantage that companies could exploit.

<sup>95</sup> <http://www.itu.int/ITU-D/icteye/Indicators/Indicators.aspx>

<sup>96</sup> Ibid.



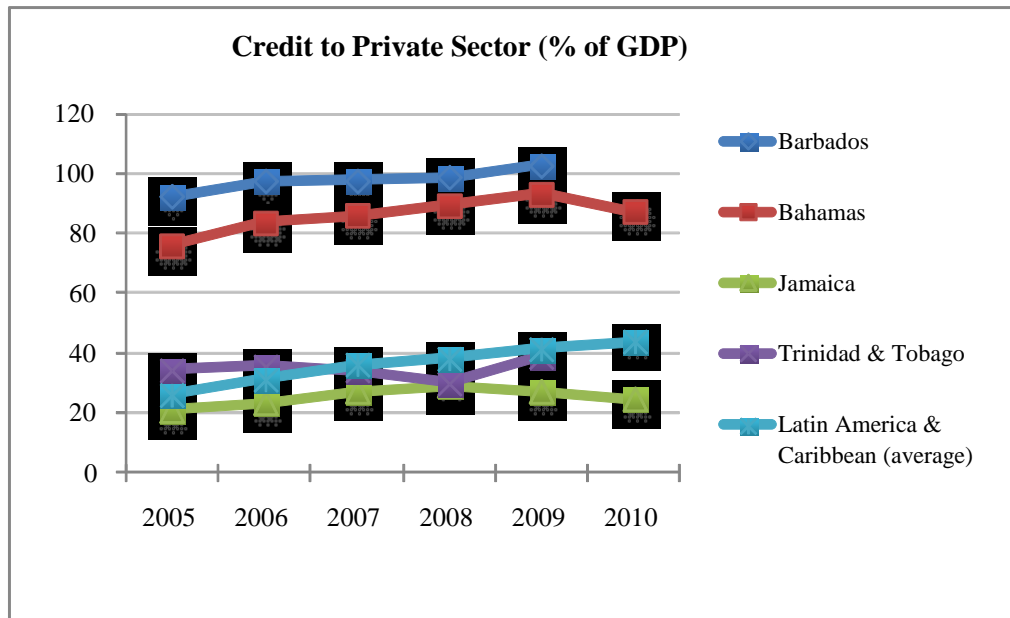
Source: National Survey Data.

### 3.7. Access to financial services

The creation and expansion of sustainable enterprises requires access to financial resources. Considering Credit to Private Sector as a percentage of GDP, it appears that Barbados has performed better than Bahamas, Jamaica and Trinidad and Tobago, as well as the whole region over the past number of years. Credit to Private Sector in Barbados was 92.49 per cent of GDP in 2005 and reached 102.92 per cent in 2009. In 2010, total commercial bank credit increased by 0.6 per cent compared to 2009. Loans to tourism and construction grew, whereas credit to agriculture and the manufacturing sector fell.<sup>97</sup> Despite these positive figures, the IMF reports that growth of credit to the private sector in 2011 has almost vanished.<sup>98</sup>

<sup>97</sup> Ministry of Finance and Economic Affairs of Barbados. 2011.

<sup>98</sup> IMF. 2011. Barbados: 2011 Article IV Consultation. IMF Country Report no. 12/7 (Washington D.C.).



Source: IMF, International Financial Statistics and data files, and WB & OECD GDP estimates.

Access to finance was considered to be very difficult as of the late 1990s, with the cost of financing to SMEs being very high.<sup>99</sup> It is during that period that certain financial facilities were introduced. They include:<sup>100</sup>

- Export Credit Insurance and Guarantees (ECIG) to protect exporters against losses arising from exchange fluctuations, natural disasters, non-payment by overseas buyers, etc.
- Export Finance Guarantees.
- The Export Rediscount Facility to allow commercial banks to seek rediscounting for the export facilities they extended to their clients.
- The Industrial Credit Fund (ICF) which is a source of medium to long term loans for industry and tourism projects.
- The Barbados Investment Fund (BIF) which is a closed-end equity fund to make equity investments in private enterprises operating in manufacturing, agro-industry and tourism.
- Barbados Investment and Development Corporation (BIDC) for the promotion of export trade in goods and services.<sup>101</sup>
- The Barbados Youth Trust and Business for the provision of grants and loans to young individuals aged 18-35 for business creation.<sup>102</sup>

<sup>99</sup> ILO. 1999.

<sup>100</sup>

<http://www.centralbank.org.bb/WEBCBB.nsf/0/3da4317e82b2ce59042572ec000d0141?OpenDocument>

<sup>101</sup> <http://www.bidc.com/>

<sup>102</sup> [www.youthbusiness.bb](http://www.youthbusiness.bb)

- The Small Business Association which represents micro, small and medium-sized enterprises offers business support services to its members and explores business financing possibilities for them.<sup>103</sup>
- Small Business Venture Capital Inc. which provides equity financing for business start-ups and existing enterprises.
- Fund Access for the provision of financial and technical assistance to start-ups and existing businesses.<sup>104</sup>
- The Enterprise Growth Fund Limited for the provision of venture capital, loans and technical support to the SME sector.<sup>105</sup>

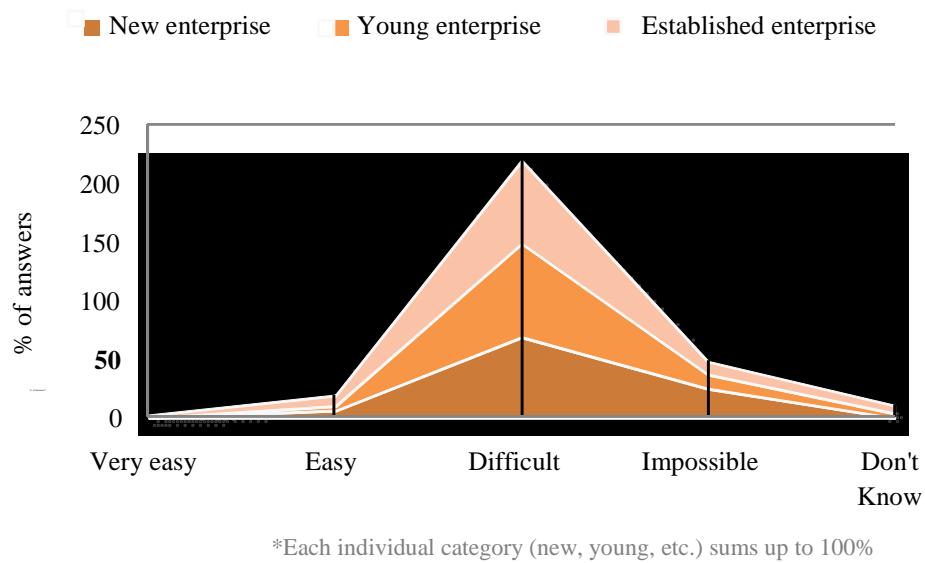
Despite all the mechanisms listed above aimed to facilitate access to finance, the National Survey 2011 indicates that there are still obstacles to obtain funding. In Barbados it is difficult for a small business to obtain a bank loan with a good business plan only, namely without capital or collateral. A large majority of respondents (about 70 per cent) are of this opinion. In addition, a large proportion of interviewees grouped according to the age of the firm where they work (65.6 per cent) think that it is difficult for small entrepreneurs with innovative but risky projects to obtain venture capital. A small share of them (14.4 per cent) believe that it is impossible. Compared to owners of large enterprises, it is considered by a majority of respondents (over 75 per cent) that it is difficult for small entrepreneurs to get credit. The largest share of interviewees of all ages (42.8 per cent) state that there is no difference between women and men in access to formal finance for running a small business. Nonetheless, a non-negligible share (21.7 per cent) believe that women are more likely to get formal credit. The difficulties experienced in access to credit may have been exacerbated by the negative financial situation and the increased risk level that financial institutions are exposed to nowadays.

<sup>103</sup> <http://sba.org.bb>

<sup>104</sup> [www.fundaccess.org](http://www.fundaccess.org)

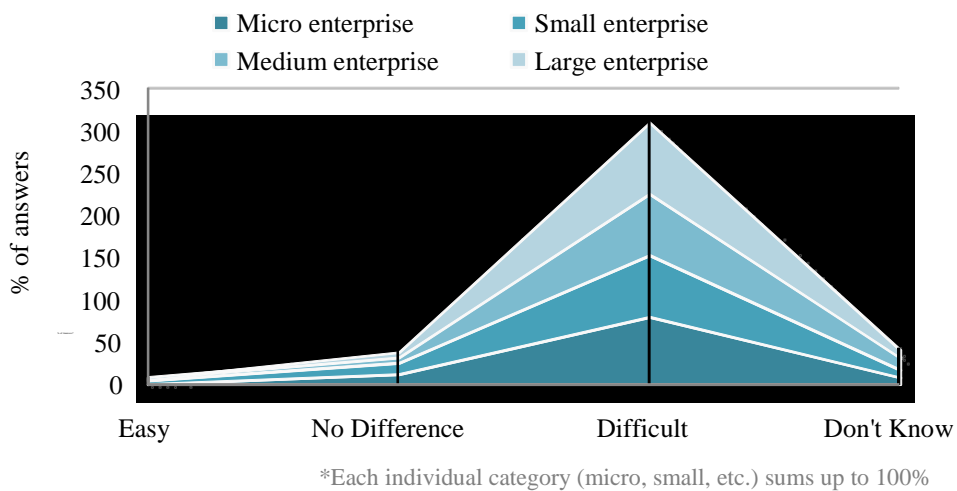
<sup>105</sup> [www.egfl.bb](http://www.egfl.bb)

**In Barbados, how easy do you think it is for a small business to obtain a bank loan with a good business plan only (i.e. without capital/collateral)?**



Source: National Survey Data.

**How easy is it for owners of small enterprises to get credit in comparison with large enterprises?**



Source: National Survey Data.

The most common problems experienced in applying for funding include: incapability to meet loan conditions (18 per cent), insufficient collateral (11 per cent), and lengthy appraisal and processing times (8.7 per cent). The most usual sources of funding are: banks or credit unions (73 per cent), funding agencies (15 per cent), and foreign sources (11 per cent). The reasons why the majority of loan applicants address their requests to banks or credit unions rather than to financial agencies which could and should offer more favourable conditions are unknown. Further investigation is needed, although the Barbados

Youth Business Trust reportedly could not offer financial support to all young applicants who were seeking credit.<sup>106</sup> Scarce availability of financial services from funding agencies could account for the low proportion of individuals receiving loans from those institutions. Lack of information on available sources of credit could be an alternative explanation for poor support sought from funding agencies.

The interest rate spread, which is the difference between the lending rate and the deposit rate, was 5.99 per cent in 2005 and slightly rose to 6.03 per cent in 2010. Bahamas had a 2.06 per cent interest rate spread in 2010, whereas Jamaica and Trinidad and Tobago both registered rates which were higher than Barbados in the same year.

The Barbadian financial system has proven to be resilient to the economic crisis up to now. However, the IMF suggests that the regulatory and supervisory framework should be strengthened. Commercial banks' credit is exposed to a higher risk level than in the past particularly due to the poor economic performance of the tourism sector. Non-performing loans to this sector have increased in 2010 and 2011. The credit unions industry is quite vibrant in the country. Credit unions have been resilient to the crisis, despite an increase in non-performing loans and a declining membership from 2007 to 2010.<sup>107</sup>

## Key Indicators

Credit to private sector (% of GDP)		2007	2008	2009	2010
Domestic credit to private sector refers to financial resources provided to the private sector, such as through loans, purchases of non-equity securities, and trade credits and other accounts receivable, that establish a claim for repayment. For some countries these claims include credit to public enterprises. <u>Source:</u> International Monetary Fund, International Financial Statistics and data files, and World Bank and OECD GDP estimates (World Development Indicators Online). <sup>108</sup>	<b>Barbados</b>	97.80	98.69	102.92	..
	<b>Bahamas</b>	85.96	89.57	93.20	87.25
	<b>Jamaica</b>	27.20	29.29	27.40	24.77
	<b>Trinidad &amp; Tobago</b>	34.43	30.12	39.20	..
	<b>LA &amp; C</b>	36.18	38.30	41.64	43.97
Credit to private sector (% of GDP).					

## Other Useful Indicators

Credit information index		2009	2010	2011
Credit information index measures rules affecting the scope, accessibility, and quality of credit information available through public or private credit registries. The index ranges from 0 to 6, with higher values indicating the availability of more credit information, from either a public registry or a private bureau, to facilitate lending decisions. <u>Source:</u> World Bank, Doing Business project.	<b>Barbados</b>	..	..	..
	<b>Bahamas</b>	0	0	0
	<b>Jamaica</b>	0	0	0
	<b>Trinidad &amp; Tobago</b>	4	4	4
0=less information to 6=more information.				

<sup>106</sup> Barbados Business Authority. 2012. BYBT Funds Challenge, 23 January. p.5.

<sup>107</sup> IMF. 2010 and 2011.

<sup>108</sup> <http://data.worldbank.org/>

<b>Interest rate spread</b>		<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Interest rate spread (lending rate minus deposit rate) is the interest rate charged by banks on loans to prime customers minus the interest rate paid by commercial or similar banks for demand, time, or savings deposits. <small>Source: International Monetary Fund, International Financial Statistics and data files. (World Development Indicators Online)<sup>109</sup></small>	<b>Barbados</b>	5.62	5.57	6.34	6.03
	<b>Bahamas</b>	1.81	1.58	1.72	2.06
	<b>Jamaica</b>	10.06	9.27	9.47	14.11
	<b>Trinidad &amp; Tobago</b>	5.85	5.07	8.52	7.78
	<b>LA &amp; C</b>	6.91	6.89	7.42	7.29
	Interest rate spread (lending rate minus deposit rate, %).				

### 3.8. Physical infrastructure

The development of sustainable enterprises critically depends on the quality and quantity of the physical infrastructure available, such as physical facilities, and transportation systems. Access to water and energy also plays a pivotal role.

In relation to energy and water, the Electric Power Consumption index measures in kWh per capita the production of power plants and combined heat and power plants less transmission, distribution, and transformation losses and own use by heat and power plants. The value of this index has increased for Barbados from 2976.7 in 2004 to 3127.2 in 2008. The country positions itself above the regional average, but below Bahamas and Trinidad and Tobago. In October 2010, the Government of Barbados and the Inter-American Development Bank signed a USD 45.0 million loan in support of the Barbados' Sustainable Energy Framework. The general objective of this initiative is to reduce Barbados' fossil fuel dependency through the promotion of sustainable energy production and support to Barbados' competitiveness.<sup>110</sup>

As far as the Improved Water Source Index is concerned, the entire Barbadian population has had access to water since 1990. This percentage is higher than that achieved in Jamaica and Trinidad and Tobago, as well as the Latin American and Caribbean regional average in 2008. In March 2010, the Government of Barbados and the Inter-American Development Bank signed a development loan of USD 50.0 million for the Water and Sanitation Systems Upgrade.<sup>111</sup>

Considering the quality and quantity of physical infrastructure, the Quality of Overall Infrastructure Index reveals that Barbados is performing well and better than Jamaica, Trinidad and Tobago and the Latin American and Caribbean region. As a matter of fact, Barbados scored 5.5 in 2009 and 5.8 in 2011, in a range of values from 1 to 7 with the latter value indicating better performance. This positive picture is confirmed by the percentage of paved roads, which has been 100 per cent since 2004. Also the Quality of Port Infrastructure is in line with the positive image of Barbados depicted so far. It was rated 5.5

<sup>109</sup> <http://data.worldbank.org/>

<sup>110</sup> Ministry of Finance and Economic Affairs of Barbados. 2011.

<sup>111</sup> Ibid.



in 2009 and 5.6 in 2011 in a scale of values from 1 to 7 with higher values corresponding to better performance. The country scores better than Jamaica and Trinidad and Tobago.

The National Survey 2011 conducted by the Barbados Research Team partly confirms but also sometimes contradicts the secondary data presented above. Interviewees were asked to assess the quality of infrastructure in Barbados in terms of enabling enterprises to operate effectively and efficiently. Across all age groups, the quality of roads is considered to be good (35.3 per cent) to satisfactory (34.6 per cent). Considering respondents by occupation groups, the situation is almost identical with owners and managers opting slightly more for “satisfactory” and supervisors and workers choosing “good” a little more often. When asked about the quality of airport facilities, respondents of all age and occupation groups provide quite positive responses, with a share of about 53 per cent defining them as good and 33 per cent considering them as very good. The quality of sea-port facilities is perceived to be good in 55 per cent of cases for respondents of all ages and occupations. The quality of electricity is positively assessed by interviewees of all ages and occupation groups, with proportions of about 51 per cent opting for “good” and 29 per cent choosing “very good”. The quality of water sewerage is deemed to be good for about 56 per cent of respondents of all ages and occupations. The proportion of those who consider telecommunication to be good is slightly less and reaches 47 per cent. Interestingly, though, this very positive trend is somehow reversed when respondents of all age and occupation groups are asked to assess the quality of overall infrastructure. They define it as good in a share of only 41.5 per cent and satisfactory (the next highest proportion) in about 33 per cent of cases.

## Key Indicators

<b>Electric power consumption (kWh per capita)</b>		<b>2006</b>	<b>2007</b>	<b>2008</b>
Electric power consumption measures the production of power plants and combined heat and power plants less transmission, distribution, and transformation losses and own use by heat and power plants. <small>Source: International Energy Agency, Energy Statistics and Balances of Non-OECD Countries and Energy Statistics of OECD Countries (World Development Indicators Online).<sup>112</sup></small>	<b>Barbados</b>	3140.1	3133.7	3127.2
	<b>Bahamas</b>	6449.3	6355.3	6263.8
	<b>Jamaica</b>	2453.2	2542.4	2552.1
	<b>Trinidad &amp; Tobago</b>	5036.3	5653.0	5799.2
	<b>LA &amp; C</b>	1807.2	1876.7	1906.6
	kWh per capita			
<b>Roads, paved (% of total roads)</b>		<b>1996</b>	<b>2000</b>	<b>2004</b>
Paved roads are those surfaced with crushed stone (macadam) and hydrocarbon binder or bituminized agents, with concrete, or with cobblestones, as a percentage of all the country' roads, measured in length. <small>Source: International Road Federation, World Road Statistics (World Development Indicators Online)<sup>113</sup></small>	<b>Barbados</b>	95.9	98.6	100
	<b>Bahamas</b>	57.4	57.4	..
	<b>Jamaica</b>	70.7	70.1	73.28
	<b>Trinidad &amp; Tobago</b>	51.1	51.1	..
	<b>LA &amp; C</b>	24.3	29.4	..
% of total roads.				

<sup>112</sup> <http://data.worldbank.org/data-catalog/>

<sup>113</sup> Ibid.

## Other Useful Indicators

<b>Improved water source (% of population with access)</b>		<b>2000</b>	<b>2005</b>	<b>2008</b>
<p>Access to an improved water source refers to the percentage of the population with reasonable access to an adequate amount of water from an improved source, such as a household connection, public standpipe, borehole, protected well or spring, and rainwater collection. Unimproved sources include vendors, tanker trucks, and unprotected wells and springs. Reasonable access is defined as the availability of at least 20 litres a person a day from a source within one kilometre of the dwelling.</p> <p><u>Source:</u> World Health Organization and United Nations Children's Fund, Joint Measurement Programme (World Development Indicators Online)<sup>114</sup></p>	<b>Barbados</b>	100.0	100.0	100.0
	<b>Bahamas</b>	96.0	<sup>^</sup> 97.0	..
	<b>Jamaica</b>	93.0	93.0	94.0
	<b>Trinidad &amp; Tobago</b>	91.0	93.0	94.0
	<b>LA &amp; C</b>	89.9	92.1	93.4
	% of population with access. <sup>^</sup> Figure relates to 2004			
<b>Quality of overall infrastructure Index</b>		<b>2009 (GC 09/10)</b>	<b>2010 (GC 10/11)</b>	<b>2011 (GC 11/12)</b>
<p>Survey data: "General infrastructure in your country is: 1 = underdeveloped, 7= as extensive and efficient as the world's best".</p> <p><u>Source:</u> World Economic Forum, The Global Competitiveness Report.<sup>115</sup></p>	<b>Barbados</b>	5.8	5.9	5.8
	<b>Bahamas</b>	..	..	..
	<b>Jamaica</b>	4.4	4.4	4.2
	<b>Trinidad &amp; Tobago</b>	4.4	4.7	4.4
	<b>World (mean)</b>	4.1	4.3	4.3
	1 = underdeveloped, 7= as extensive and efficient as the world's best.			
<b>Quality of port infrastructure Index</b>		<b>2009 (GC 09/10)</b>	<b>2010 (GC 10/11)</b>	<b>2011 (GC 11/12)</b>
<p>Survey data: "Port facilities and inland waterways in your country are: 1=underdeveloped, 7= as developed as the world's best. For landlocked countries this measures the ease of access to port facilities and inland waterways".</p> <p><u>Source:</u> World Economic Forum, The Global Competitiveness Report.<sup>116</sup></p>	<b>Barbados</b>	5.5	5.5	5.6
	<b>Bahamas</b>	..	..	..
	<b>Jamaica</b>	5.3	5.3	5.3
	<b>Trinidad &amp; Tobago</b>	4.0	4.3	3.9
	<b>World (mean)</b>	4.2	4.3	4.3
	1= underdeveloped, 7= as developed as the world's best.			

<sup>114</sup> <http://data.worldbank.org/data-catalog/>

<sup>115</sup> <http://www.weforum.org/issues/global-competitiveness>

<sup>116</sup> Ibid.

## 4. Social elements

### 4.1. Entrepreneurial culture

The general recognition of the key role of enterprises in development is a fundamental element for a conducive business environment. Strong public and private support to entrepreneurship, innovation, creativity and the concept of mentorship are other important determinants of an enabling environment for sustainable enterprises.

Very little secondary information is available on the entrepreneurial culture in Barbados.<sup>117</sup> A study conducted by the ILO in 1999 reveals that in Barbados, attitudinal problems to work as well as a lack of social skills seemed to be important elements accounting for youth unemployment. This is why the Barbadian Government has run several special programmes since the late 1980s, including support programmes to youth seeking self employment as micro- or small entrepreneurs. As of the late 1990s support programmes were available for business start-ups, but there were very limited opportunities of training for business improvement and expansion. However, in 1998 the “Enterprise Growth Fund” was set up to provide financial services for business expansion.<sup>118</sup>

Considering tourism as a source of opportunity for self-employment, in the 1990s the Government of Barbados identified the SME sector as one with potential for growth and job creation. To fully exploit the potential of the services sector for growth and employment creation, the culture of enterprise in Barbados was deemed to be in need of transformation in order to develop the innovative and entrepreneurial capacities to establish international production networks on the island. In particular, the absence of research departments, the lack of economists and other professionals, as well as the absence of scientific forecasting in large corporations, required special attention. It appeared as though the Barbadian Government chose to focus on the development of the SME sector to provide income-earning opportunities for specific target groups and to pursue social policy, rather than to contribute to a sound national industrial policy.<sup>119</sup> Nowadays, business development in the areas of recycling, film development and export, cultural services, technology development and medical services is being promoted.<sup>120</sup>

A study published by Lashley in 2010 reveals that a survey conducted in the early 2000s showed that 26 per cent of interviewees aspired to become business owners. This percentage is much higher than the 15.15 per cent that were reported to be self-employed in 2004. A higher proportion of men expressed the intention of starting a business compared to women, and young female interviewees were much more risk-adverse than their male counterpart. The social valuation of self-employment was low, and business people were perceived as getting less respect than individuals employed in specific professions. Unlike in other Caribbean countries, men were a larger share than women in self-employment in

<sup>117</sup> No information is available on “Entry Rate (%)” for any of the countries considered in this report. The Entry Rate defines new firms (registered in the current year) as a percentage of lagged total registered firms.

<sup>118</sup> Ministry of Finance and Economic Affairs of Barbados. 2011.

<sup>119</sup> ILO. 1999.

<sup>120</sup> Barbados Research Team, 2012.

2004. The same 2010 study reveals that a more recent survey conducted between 2005 and 2007 indicates that women more than men consider entrepreneurial success to consist of business growth and expansion as opposed to mere enterprise survival. In general, interviewees consider that entrepreneurship is not in keeping with the Barbadian culture, and that the role of entrepreneurs is not recognized in the country. However, young women have a more favourable perception of entrepreneurship, and it can be concluded that in general entrepreneurship is not considered as socially unacceptable. Regrettably, interviewees were not aware of the business support services which are available in Barbados. The conclusion of the study is that in order for entrepreneurship to be enhanced in Barbados, social valuation of entrepreneurship must be increased, training in hard-business skills must receive further support, and the self-efficacy of potential entrepreneurs must be improved.<sup>121</sup>

In Barbados there are presently several initiatives for entrepreneurship promotion. One of them is the Barbados Entrepreneurship Foundation. It is a non-governmental entity established in 2010 which focuses its work on five areas, including finance availability, government policy, education, mentorship and business facilitation. The Youth Entrepreneurship Scheme is another programme providing marketing services and training. A component of this programme called YES Juniors targets students in primary and secondary schools.<sup>122</sup>

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## Key Indicators

<b>New Business Density</b>		<b>2007</b>	<b>2008</b>	<b>2009</b>
The number of newly registered limited liability companies per 1,000 working-age people (those ages 15-64) in that year. <small>Source: World Bank's Entrepreneurship Survey (World Development Indicators Online).<sup>123</sup></small>	<b>Barbados</b>	..	..	..
	<b>Bahamas</b>	..	..	..
	<b>Jamaica</b>	1.16	1.21	1.16
	<b>Trinidad &amp; Tobago</b>	..	..	..
The number of newly registered limited liability companies per 1,000 working-age people.				

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The National Survey 2011 indicates that interviewees grouped by occupation and firm age mostly think that in Barbados programmes supporting the growth of entrepreneurial activities only sometimes include or promote workers' rights. Considering respondents grouped according to the age of the enterprise where they work, the highest proportion of them (34 per cent) believe that workers' rights are sometimes included in programmes for the development of entrepreneurial activities. An almost equal share (32.1 per cent),

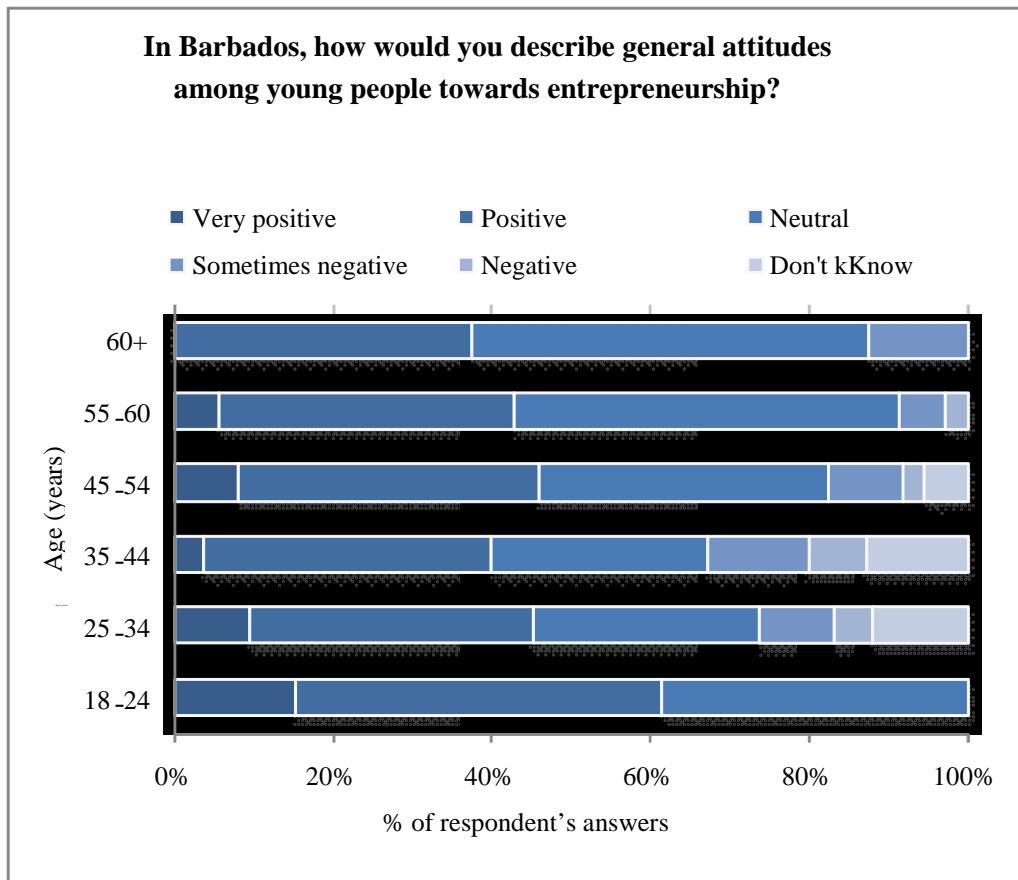
<sup>121</sup> Lashley, J. 2010. Nascent female entrepreneurs in Barbados: attitudes & intentions. *Social & Economic Studies*, [e-journal] 59 (3).

<sup>122</sup> Barbados Research Team, 2012.

<sup>123</sup> <http://data.worldbank.org/>

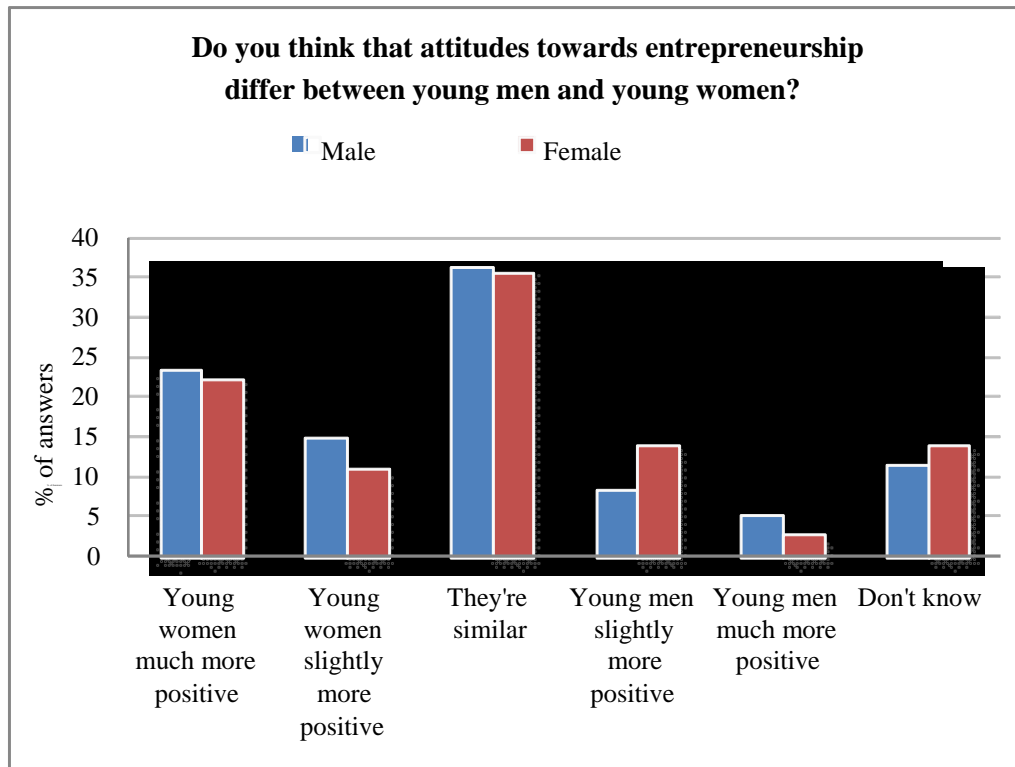
though, think that they are usually included and promoted. Interestingly, employees of established enterprises opt more for this option than staff of young or new firms. Taking into account the respondents' occupation, owners and managers find that workers' rights are usually included in a higher proportion than the two other job categories.

Findings from the National Survey 2011 on the attitude of young people toward entrepreneurship are interesting and very important to fill existing information gaps on entrepreneurial culture in Barbados. Respondents of all age groups consider that the youth have a neutral (37.4 per cent) or positive (35.2 per cent) attitude toward entrepreneurship. Men support the positive view more than women who opt more for the neutral attitude. These data are particularly meaningful if we take into account the opinion expressed by different age groups. As the chart below shows, it is possible to observe that younger groups think more positively than older ones about entrepreneurship.



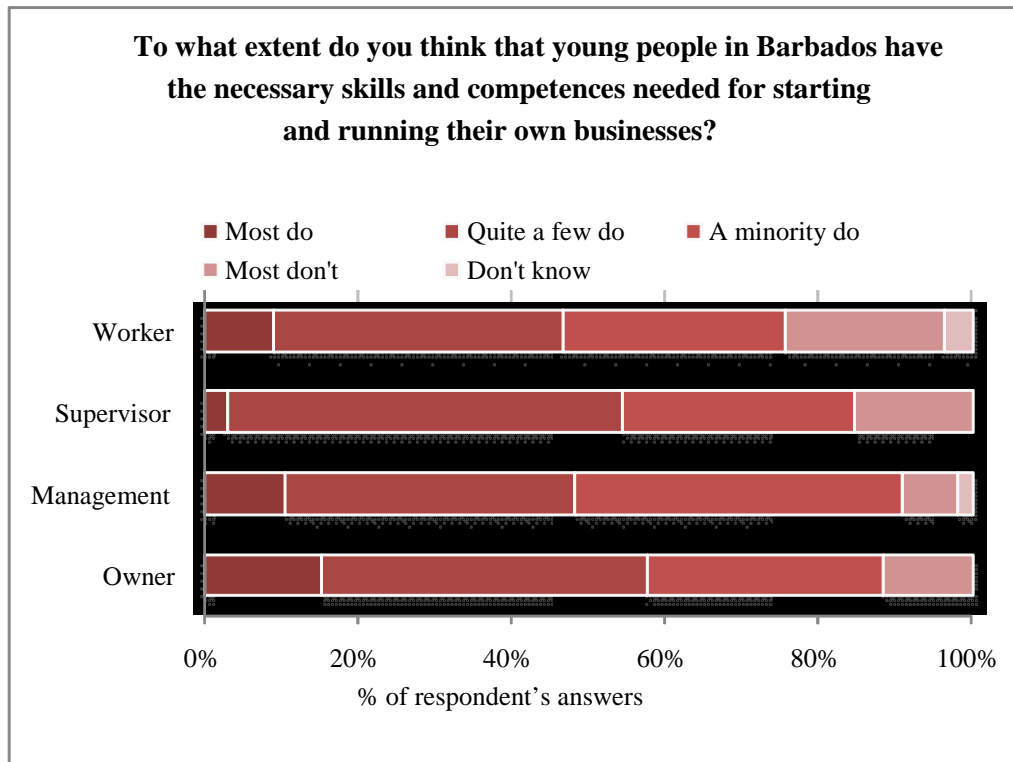
Source: National Survey Data.

The majority of interviewees believe that the attitude of young men and young women toward entrepreneurship is similar (35.8 per cent). However, a significant proportion of them feel that young women have a much more positive (22.6 per cent) or slightly more positive (12.8 per cent) attitude than young men. This finding is in line with what was reported by Lashley in 2010 on a survey conducted in 2005-07, according to which women have a more favourable perception of entrepreneurship than men.



Source: National Survey Data.

Concerning whether the youth have the necessary skills and competencies for starting and running their own businesses, a large share of respondents (40.4 per cent) think that quite a few young people do. A significant proportion of them (32 per cent) however believe that only a minority do, and another non-negligible share (16 per cent) feel that most youth do not have the necessary skills and competencies. Considering interviewees by occupation group, it is possible to find out that those who believe in higher proportions that the youth do not have the necessary skills and competencies are workers and supervisors. Managers are instead the least pessimistic in this respect. Almost half of respondents (46.6 per cent) believe that there is not much difference in the skills and competencies to start and run a business between young women and young men. However, a significant share of interviewees (28 per cent) think that young women have slightly better skills and competencies than young men.



Source: National Survey Data.

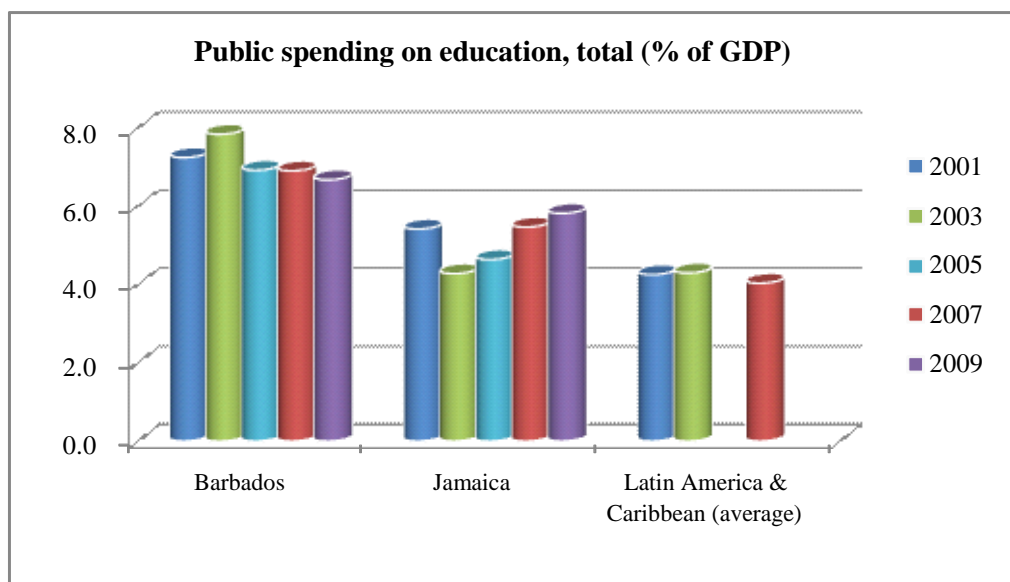
About one-third of interviewees (34 per cent) find that business start-ups have some access to entrepreneurship training and business services (e.g. business advice, mentoring, business plan development, research, product development, and export promotion). In addition, another considerable share (30.2 per cent) believe that business start-ups have good access to such services. Interviewees employed in new, small and medium-sized firms are of the opinion that start-ups have good access to business support services more than staff working in young, established, micro and large companies.

## 4.2. Education, training and lifelong learning

The development of a skilled workforce and the expansion of human capabilities through high-quality systems of education, training and lifelong learning is important in helping workers to find good jobs and for enterprises to find the skilled workers they require.

The Barbadian economy benefits from a well-educated workforce with a literacy rate of 99.8 per cent.<sup>124</sup> This is reflected in the percentage of public expenditure that the Barbadian Government has traditionally allocated to education. Public spending on education for Barbados varied from 5.64 per cent in 2000 to 6.67 in 2009. Average spending on education in Barbados is higher than in Jamaica and Trinidad and Tobago, as well as in the Latin American and Caribbean region.

<sup>124</sup> EIU. 2011. Invest Barbados. 2011. Barbados Research Team, 2012.



Source: UNESCO Institute for Statistics.

Access to government-run primary and secondary schools is subject to no tuition fee for nationals. Non-nationals pay a tuition fee at secondary level education and tertiary level. Tertiary education for nationals is often free or heavily subsidized.<sup>125</sup> Since the beginning of the 1980s, education policies have paid special attention to Technical and Vocational Education and training as well as to the introduction of the concept of “life-long learning”. In the 1990s, the integration of technical education and vocational training programmes and institutions gained prominence. Many secondary schools introduced programmes such as Business Studies, Information Technology, Clothing and Textiles, and Industrial Arts.<sup>126</sup>

School attendance is compulsory up to the age of 16 years. The labour force in Barbados has a high educational attainment as almost 70 per cent have attended secondary level education. However, in the late 1990s there was evidence indicating that there were considerable shortages of highly-skilled and skilled labour in the labour market, which pointed to inadequacies in the educational system. The Ministry of Education and the Ministry of Labour share responsibility on technical and vocational education and training in the country.<sup>127</sup> The 1999 ILO report lists some policy issues in relation to the lack of structured linkages between education and training, including a systematic process facilitating the movement between and within the education and training systems, the absence of a tradition of lifelong learning, a cohesive approach to persons with disabilities, women and the concept of multi-skilling, etc. A tripartite council was set up to establish clear and shared goals and to create linkages between education and training. A 2011-2016 Human Resource Development Strategy has just been adopted. Emphasis has been placed on the upgrade and expansion of training facilities and on lifelong learning.<sup>128</sup>

The National Survey 2011 conducted by the Barbados Research Team indicates that majority of respondents (63 per cent) believe that workers in general have the skills demanded by business in the country. A non-negligible share (21.8 per cent) think that

<sup>125</sup> Barbados Research Team, 2012.

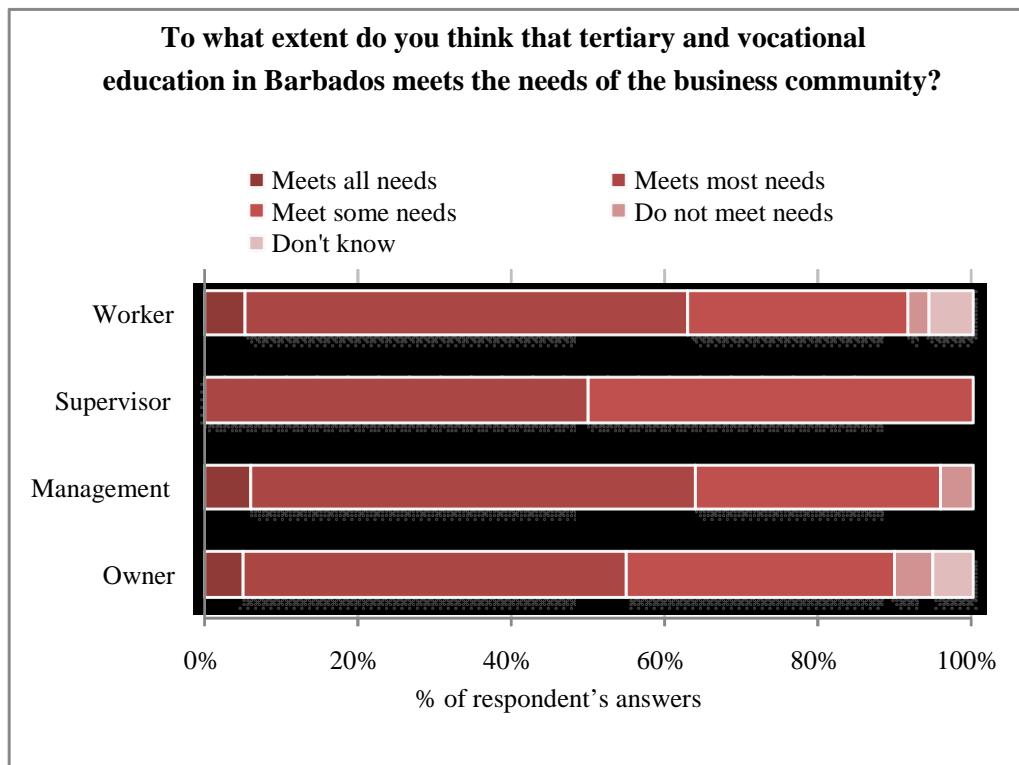
<sup>126</sup> ILO, 1999.

<sup>127</sup> Ibid.

<sup>128</sup> Barbados Research Team, 2012.



there are minor skills deficits. In addition, a large proportion of interviewees (55.8 per cent) find that tertiary and vocational education meets the needs of the business community in the country. However, a significant share (33.3 per cent) are of the opinion that it meets only some of the existing needs.



Source: National Survey Data.

When asked about the amount of investment of large enterprises in human resource development through internal staff training, majority of respondents (60.4 per cent) state that it is moderate, and a significant share (22 per cent) believe that it is small. On the same question referring to external training, interviewees choose “moderate” and “small” almost in equal shares (about 40 per cent). By considering respondents by occupation, workers opt for “moderate” more than the other three occupation groups. Moreover, by taking into account the size and age of the firm where respondents work, those employed in micro, large and young companies are more of the opinion that the amount of investment for external training is small.

Despite the fact that employers and workers pay a training levy equal to 0.5 per cent of salaries and wages which is partly used to fund the technical and vocational education and training system, the Government remains the main provider of funding of such systems.<sup>129</sup> The Government’s commitment to the education of the Barbadian people is clear also from the 2003 Budget presentation, where it was declared that by the year 2020, there should be at least one university graduate per household in Barbados. In the early

<sup>129</sup> ILO. 1999.

2000s, Barbados had the highest percentage of the labour force with tertiary education and training; it was 27 per cent.<sup>130</sup>

The Extent of Staff Training Index reveals to what extent companies invest in staff training and development. Barbados scores slightly better than Jamaica and Trinidad Tobago in this respect. It maintained a level of 4.4 over the period from 2008 to 2011, in a range of values between 1 and 7 with the latter value corresponding to more investment in attracting, training and retaining employees.<sup>131</sup>

Slightly over half of interviewees of the National Survey 2011 (51.8 per cent) believe that the fact that many talented Barbadian live abroad does not affect business in the country. However, a non-negligible share (28.7 per cent) think that it has a somewhat negative impact on business.

## Key Indicators

<b>Public spending on education, total (% of GDP)</b>		<b>2000</b>	<b>2004</b>	<b>2009</b>
Public expenditure on education consists of current and capital public expenditure on education plus subsidies to private education at the primary, secondary, and tertiary levels. <i>Source:</i> United Nations Educational, Scientific, and Cultural Organization (UNESCO) Institute for Statistics (World Development Indicators Online). <sup>132</sup>	<b>Barbados</b>	5.64	7.17	6.67
	<b>Bahamas</b>	3.26	..	..
	<b>Jamaica</b>	5.02	3.93	5.81
	<b>Trinidad &amp; Tobago</b>	3.80	..	..
	<b>LA &amp; C</b>	4.01	3.95	..
	Public spending on education as share (%) of GDP			
<b>Education Index</b>		<b>2009</b>	<b>2010</b>	<b>2011</b>
It measures the educational attainment. The Education Index is measured by the adult literacy rate and the combined primary, secondary, and tertiary gross enrolment ratio. The adult literacy rate gives an indication of the ability to read and write, while the gross enrolment ratio gives an indication of the level of education from kindergarten to postgraduate education. It is a weighted average of Adult literacy index (with two-thirds weighting) and the combined primary, secondary, and tertiary gross enrolment ratio (Gross enrolment index [0, 100]) (with one-third weighting). <i>Source:</i> UNDP, Human Development Report. <sup>133</sup>	<b>Barbados</b>	..	..	..
	<b>Bahamas</b>	..	0.664	0.618
	<b>Jamaica</b>	..	0.619	0.704
	<b>Trinidad &amp; Tobago</b>	..	0.611	0.665
	On a scale from 0 to 100. Higher values correspond to better performance.			

<sup>130</sup> Peters, B.; Best, G.A. 2005. Enhancing access to tertiary education in Barbados: promises to keep. *Journal of Eastern Caribbean Studies*, [e-journal] 30 (2).

<sup>131</sup> No secondary data is available on Labour Skills for any of the countries considered in this report.

<sup>132</sup> <http://data.worldbank.org/>

<sup>133</sup> <http://hdr.undp.org/en/reports/global/hdr2011/>

<b>Firms offering formal training (% of firms)</b>		<b>2008</b>	<b>2009</b>	<b>2010</b>	
Firms offering formal training are the percentage of firms offering formal training programmes for their permanent, fulltime employees. <small>Source: World Bank, Enterprise Surveys and World Development Indicators Online.<sup>134</sup></small>	<b>Barbados</b>	..	..	35.50	
	<b>Bahamas</b>	..	..	37.09	
	<b>Jamaica</b>	..	..	25.94	
	<b>Trinidad &amp; Tobago</b>	..	..	..	
	% of firms offering formal training.				
<b>Extent of staff training</b>		<b>2008 (GC 08/09)</b>	<b>2009 (GC 09/10)</b>	<b>2010 (GC 10/11)</b>	<b>2011 (GC 11/12)</b>
The World Economic Forum (WEF) Survey asked the business leaders to provide their expert opinions on the following: "The general approach of companies in your country to human resources is: (1=to invest little in training and employee development, 7=to invest heavily to attract, train, and retain employees)". <small>Source: World Economic Forum, The Global Competitiveness Report.<sup>135</sup></small>	<b>Barbados</b>	4.4	4.4	4.3	4.4
	<b>Bahamas</b>	..	..	..	..
	<b>Jamaica</b>	3.7	4.1	4.2	4.2
	<b>Trinidad &amp; Tobago</b>	3.9	4.1	4.2	4.1
	<b>World (mean)</b>	4.0	4.0	4.0	4.0
	1= to invest little in training and employee development, 7= to invest heavily to attract, train, and retain employees.				
<b>Literacy rate, youth total (% of people ages 15-24)</b>		<b>2007</b>	<b>2008</b>	<b>2009</b>	
Youth literacy rate is the percentage of people ages 15-24 who can, with understanding, read and write a short, simple statement on their everyday life. <small>Source: United Nations Educational, Scientific, and Cultural Organization (UNESCO) Institute for Statistics (World Development Indicators Online).<sup>136</sup></small>	<b>Barbados</b>	-	-	-	
	<b>Bahamas</b>	-	-	-	
	<b>Jamaica</b>			95.17	
	<b>Trinidad &amp; Tobago</b>			99.55	
	% of people.				

### 4.3. Social justice and social inclusion

Inequality and discrimination hinder the creation and growth of sustainable enterprises. Explicit policies for social justice, social inclusion and equality of opportunities for employment are needed.

Despite the fact that the data on the Gini index to measure income inequality for Barbados have different sources and may raise issues when it comes to comparison, they

<sup>134</sup> <http://www.enterprisesurveys.org/>

<sup>135</sup> <http://www.weforum.org/issues/global-competitiveness>

<sup>136</sup> <http://data.worldbank.org/>

clearly show a trend towards increased inequality. From a level of about 0.48 in 1989, the Gini coefficient reached a level of about 0.62 in 2004 (with 0 meaning perfect equality and 1, perfect inequality in income distribution). Despite the scarce data available for other neighbouring countries, it seems that Jamaica presents a more equal distribution of income than Barbados. The results of a study published in 2006 suggest that the redistributive impact of the income tax system in Barbados has decreased over the period 1987-2004, which accounts for the increase of inequality reflected in the Gini coefficient.<sup>137</sup>

The Gender-related Development Index measures average achievement in terms of a long and healthy life, knowledge and a decent standard of living, adjusted to account for inequalities between men and women. Values closer to 0 indicate that a society is more penalized for having inequalities. In this respect, Barbados performs slightly better than its neighbouring islands and records values which are relatively close to 1 during the period 2005-2007. The Gender Empowerment Measure is an index which reveals gender inequality in terms of economic participation and decision-making, political participation, and decision-making and power over economic resources. With values close to 0 indicating more inequality, during the period 2005-2007, Barbados has maintained a level of about 0.6, which is slightly better than the values reported for Bahamas. The Gender Inequality Index measures loss in achievements in terms of reproductive health, empowerment and labour market, due to inequality between genders. With values close to 0 indicating perfect equality, Barbados has improved its situation recording values ranging from 0.45 in 2008 to 0.36 in 2011. Trinidad and Tobago was performing slightly better than Barbados in 2011, but the latter country however records values above the regional average. The Female Economic Activity Index measures women aged over 15 who are working in industry, agriculture or services as a percentage of males. Over the period 2003-2005, Barbados has recorded values which are better than those reported for Jamaica and Trinidad and Tobago, as well as the Latin American and Caribbean region, but worse than those registered for Bahamas.<sup>138</sup>

In Barbados, 19.6 per cent of parliamentary seats are held by women. Family responsibilities may account for the small proportions of women in political positions in the country.<sup>139</sup> Some 89.5 per cent of women have reached secondary or higher education compared to 87.6 per cent of men.<sup>140</sup>

An increase in the female labour force participation rate has been recorded over the past two decades. It can be attributed to several factors, including improved educational and training opportunities for women, the expansion of specific areas of the economy, such as information services, banking and finance distribution, the establishment of day-care services and the increased use of modern household technology which saves time for household activities.<sup>141</sup>

<sup>137</sup> Boamah, D.; Byron, S.; Maxwell C. 2006. Examining the impact of taxation on income distribution in Barbados. Central Bank of Barbados Economic Review, 33 (3).

<sup>138</sup> No data is available on Gender Equality Rating for any of the countries considered in this report.

<sup>139</sup> Opinion expressed by tripartite participants to the validation workshop on preliminary findings of the assessment of the enabling environment for sustainable enterprises held in Barbados in January 2012.

<sup>140</sup> Barbados Research Team, 2012.

<sup>141</sup> ILO. 1999.

A study by some researchers from the Inter-American Development Bank reveals that despite the progress made in the area of gender equality, there are still gender earnings gaps in Barbados. Women's educational achievement is higher than that of men. Nonetheless, men earn more than women. Occupational experience helps to explain existing inequality in earnings of men and women. As a matter of fact, males accumulate more years of work experience than females. Moreover, a complete elimination of gender sector segregation would reduce the observed gender earnings gap.<sup>142</sup>

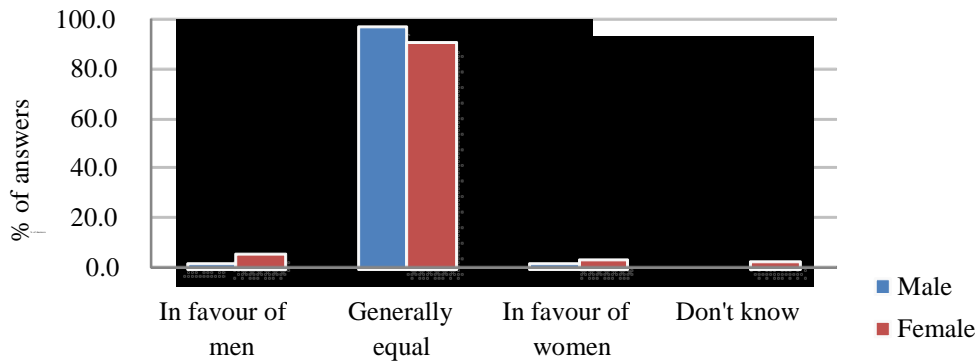
Regardless of age, almost all interviewees of the National Survey 2011 believe that men and women have equal access to formal schooling (95 per cent) and technical and vocational training (93.2 per cent). The situation is quite different when it comes to access to employment opportunities. A large majority (68.2 per cent) think that women and men have equal opportunities, whereas a non-negligible proportion (20.4 per cent) consider that women are favoured over men. This result is in line with the finding presented above according to which women – and young women in particular – are perceived as having slightly better skills and competencies than young men.

When asked about law supporting equality of opportunities for men and women at the workplace, respondents mostly think that it exists but is not well enforced (41.8 per cent). However, a significant proportion of interviewees find that it is well developed and enforced (20.9 per cent) and a similar share believe that it is underdeveloped (19 per cent). Interestingly, tripartite participants to the validation workshop on the preliminary findings of the assessment of the enabling environment for sustainable enterprises in Barbados observe that there exists no equal opportunity legislation in the country. Barbados has nonetheless ratified the Equal Remuneration Convention (C100) and the Discrimination (Employment and Occupation) Convention (C111).

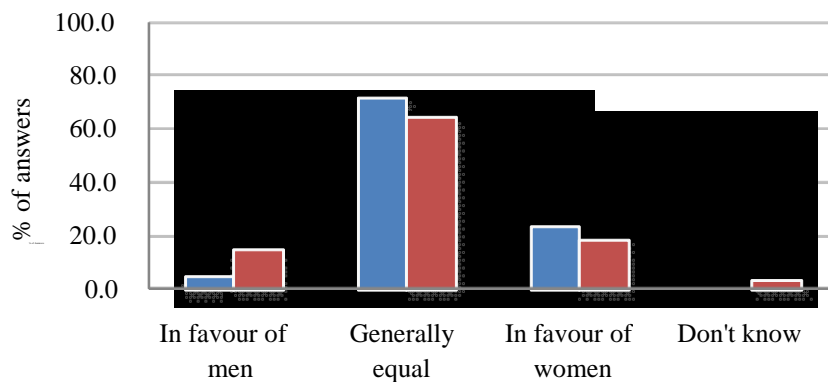
<sup>142</sup> Bellony, A.; Hoyos, A.; Ñopo, H. 2010. Gender earnings gaps in the Caribbean: Evidence from Barbados & Jamaica. IDB Working Paper, IDB-WP-210.

**Thinking about the situation in Barbados, to what extent do you think that men and women have the same access to:**

**Technical and vocational training?**



**Employment opportunities?**



Source: National Survey Data.

**Key Indicators**

GINI Coefficient		1996	1999	2002	2004
Gini index measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. A value of 0 represents absolute equality, a value of 100 absolute inequality.  Source: World Bank, Development Research Group. Data are based on primary household survey data obtained from government statistical agencies and World Bank country departments; [*Boamah, D., Byron, S. & Maxwell C., 2006. Examining the impact of taxation on income distribution in Barbados. <i>Central Bank of Barbados Economic Review</i> , 33(3)]. <sup>143</sup>	<b>Barbados</b>	*56.55	*58.94	*58.58	*61.77
	<b>Bahamas</b>	..	..	..	..
	<b>Jamaica</b>	40.47	44.22	48.34	45.51
	<b>Trinidad &amp; Tobago</b>	..	..	..	..
0= perfect equality, 100= perfect inequality					

<sup>143</sup> <http://data.worldbank.org/> & [http://www.centralbank.org.bb/WEBCBB.nsf/vwPublications/F8FEFBC64FE6262B04257300000F0A8/\\$FILE/ERDec2006.pdf](http://www.centralbank.org.bb/WEBCBB.nsf/vwPublications/F8FEFBC64FE6262B04257300000F0A8/$FILE/ERDec2006.pdf)

<b>Labour force participation rate</b>		<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<p>The labour force participation rate is the proportion of the population ages 15-64 that is economically active: all people who supply labour for the production of goods and services during a specified period. The labour force participation rate is calculated by expressing the number of persons in the labour force as a percentage of the working-age population. The labour force is the sum of the number of persons employed and the number of unemployed. The working-age population is the population above a certain age, prescribed for the measurement of economic characteristics.</p> <p><u>Source:</u> ILO KILM<sup>144</sup></p>	<b>Barbados</b>	80.58	80.63	80.66	80.59
	<b>Bahamas</b>	78.22	78.36	78.47	78.40
	<b>Jamaica</b>	70.31	70.21	70.10	69.41
	<b>Trinidad &amp; Tobago</b>	70.35	70.30	70.43	71.52
	<p>The labour force participation rate is calculated by expressing the number of persons in the labour force as a percentage of the working-age population.</p>				
<b>Gender-related development Index (GDI)</b>		<b>2005 (Report 2005)</b>	<b>2006 (Report 2006)</b>	<b>2007 (Report 2007)</b>	
<p>A composite index measuring average achievement in the three basic dimensions captured in the human development index – a long and healthy life, knowledge and a decent standard of living-adjusted to account for inequalities between men and women.</p> <p><u>Source:</u> UNDP Human Development Report.</p>	<b>Barbados</b>	0.876	..	0.887	
	<b>Bahamas</b>	..	..	0.841	
	<b>Jamaica</b>	0.736	0.721	0.732	
	<b>Trinidad &amp; Tobago</b>	0.796	0.805	0.808	
	<p>The lower the value, the more heavily a society is penalized for having inequalities.</p>				
<b>Gender empowerment measure</b>		<b>2005 (Report 2005)</b>	<b>2006 (Report 2006)</b>	<b>2007 (Report 2007)</b>	
<p>A composite index measuring gender inequality in three basic dimensions of empowerment – economic participation and decision-making, political participation, and decision-making and power over economic resources.</p> <p><u>Source:</u> UNDP, Human Development Report.<sup>145</sup></p>	<b>Barbados</b>	0.615	-	0.649	
	<b>Bahamas</b>	0.719	-	0.696	
	<b>Jamaica</b>	-	-	-	
	<b>Trinidad &amp; Tobago</b>	0.650	0.660	0.685	
	<p>The lower the value, the more heavily a society is penalized for having inequalities.</p>				
<b>Female economic activity</b>		<b>2003 (Report 2005)</b>	<b>2004 (Report 2006)</b>	<b>2005 (Report 2007)</b>	
<p>Female economic activity is a measure of women over the age of fifteen who are working in industry, agriculture or services as a percent of males.</p> <p><u>Source:</u> UNDP, Human Development Report.<sup>146</sup></p>	<b>Barbados</b>	80	83	83	
	<b>Bahamas</b>	84	91	91	
	<b>Jamaica</b>	86	73	73	
	<b>Trinidad &amp; Tobago</b>	60	61	61	
	<b>LA &amp; C</b>	52	64	65	
	<p>% aged 15 and older</p>				

<sup>144</sup> <http://kilm.ilo.org/>

<sup>145</sup> <http://hdr.undp.org/en/reports/>

<sup>146</sup> Ibid.

#### 4.4. Adequate social protection

Providing citizens with access to key services such as quality health care, unemployment benefits, maternity protection and a basic pension are key to improving productivity. Protecting workers' health and safety at the workplace is also vital for sustainable enterprise development and productivity gains.

The National Survey 2011 conducted by the Barbados Research Team reveals that about 80 per cent of respondents across all age and occupation groups think that poor health affects productivity at the workplace to some extent (about 43 per cent) or greatly (about 37 per cent). When asked about maternity protection in the country, about 38.5 per cent find it well functioning and about 43.5 deem it satisfactory.

Public social expenditure in Barbados was 5.6 per cent of GDP in 1996. Unfortunately, recent figures are not available. Trinidad and Tobago and Jamaica allocated far less resources to this area in the same year. Data on old age expenditure as a percentage of GDP is regrettably unavailable for recent years.<sup>147</sup> In 1996, Barbados was allocating a considerably higher percentage of its GDP than Jamaica and Trinidad and Tobago to this area. Public Expenditure on Health as a percentage of GDP until 2007 has been higher in Barbados than in Jamaica and Trinidad and Tobago. In 2007 the percentage was 4.3. The Coverage by Health Care Index considers the percentage of total (public and private) health care expenditure not financed by private households as a percentage of total health care. Barbados recorded a particularly high value (76.4 per cent) in 2003, the year of political elections. The rate then decreased until 2008 when it reached 70.8 per cent. Both Jamaica and Trinidad and Tobago registered lower values.

In comparison with other Caribbean countries, social protection levels in Barbados are relatively high. Barbados is the only Caribbean country with an unemployment insurance scheme. The Severance Payment Scheme is another element accounting for the good social protection situation of the country in the region. The eligibility requirements of both schemes were lowered in the early 1990s.<sup>148</sup> Employers pay National Insurance contributions to cover for sick leave, employment injuries, and unemployment. They contribute also to the Severance Fund, whereas employees contribute to the Catastrophe Fund.<sup>149</sup>

Historically, both legislation and collective bargaining have been used to regulate the safety and health environment in Barbados. The issue of occupational safety and health has been assuming increasing importance. Certain employers have embarked on programmes to improve the safety and health standards of their work places. In other cases, workers and trade unions have been in the forefront of the movement for better safety and health in the workplace both in the private and in the public sector.<sup>150</sup>

<sup>147</sup> Likewise, no information on Old Age Pension Beneficiaries is available for any of the countries considered in this report.

<sup>148</sup> ILO. 1999.

<sup>149</sup> Inputs from tripartite participants to the validation workshop on preliminary findings on the assessment of the enabling environment for sustainable enterprises held in Barbados in January 2012.

<sup>150</sup> ILO. 1999.



The National Insurance Scheme covers all workers in Barbados regardless of their nationality. In addition, health care is free for all nationals at the polyclinics.<sup>151</sup>

The National Survey 2011 reveals that respondents think differently about how statutory social security contributions affect business. Across age and occupation groups, over one-third (about 36 per cent) do not know. About 25 per cent of them believe statutory social security contributions do not affect business at all, and about 24 per cent find that they positively affect business. When asked to what extent occupational safety and health practices are implemented by enterprises in Barbados, interviewees of all age and occupation groups feel that they are fairly well implemented (about 50 per cent) or not very well (about 38 per cent).

## Key Indicators

<b>Total social expenditure (% of GDP)</b>		<b>1994</b>	<b>1995</b>	<b>1996</b>
Total social expenditure as a percentage of GDP. <i>Source:</i> ILO Social Security Expenditure Database. <sup>152</sup>	<b>Barbados</b>	..	..	5.6
	<b>Bahamas</b>	..	..	..
	<b>Jamaica</b>	1.72	1.76	2.04
	<b>Trinidad &amp; Tobago</b>	0.95	1.02	0.80
	% of GDP			
<b>Old age expenditure (% of GDP)</b>		<b>1994</b>	<b>1995</b>	<b>1996</b>
Old age expenditure as a percentage of GDP. <i>Source:</i> ILO Social Security Inquiry. <sup>153</sup>	<b>Barbados</b>			3.64
	<b>Bahamas</b>	-	-	-
	<b>Jamaica</b>	0.68	0.80	0.24
	<b>Trinidad &amp; Tobago</b>	0.49	0.51	0.48
	Old age expenditure as percentage of GDP.			
<b>Public expenditure on health (% of GDP)</b>		<b>2005</b>	<b>2006</b>	<b>2007</b>
Public expenditure on health as percentage of GDP - Public health expenditure consists of recurrent and capital spending from government (central and local) budgets, external borrowings and grants (including donations from international agencies and nongovernmental organizations), and social (or compulsory) health insurance funds. <i>Source:</i> World Health Organisation WHOSIS133 and World Development Indicators CD-ROM and UNDP Human Development Report; *Central Bank of Barbados <sup>154</sup>	<b>Barbados</b>	*4.23	*4.22	*4.30
	<b>Bahamas</b>	..	..	..
	<b>Jamaica</b>	2.36	2.87	3.00
	<b>Trinidad &amp; Tobago</b>	2.33	1.87	..
	% of GDP			

<sup>151</sup> Barbados Research Team, 2012.

<sup>152</sup> <http://www.ilo.org/dyn/sesame/IFPSES.SocialDBExp>

<sup>153</sup> Ibid.

<sup>154</sup> <http://www.ilo.org/dyn/sesame/IFPSES.SocialDBExp> & [www.centralbank.org.bb](http://www.centralbank.org.bb)

<b>Coverage by health care (% of total health care)</b>		<b>2006</b>	<b>2007</b>	<b>2008</b>
Percentage of total (public and private) health care expenditure not financed by private household's out of pocket payments (as a proxy indicator). <u>Source:</u> World Health Organisation WHOSIS. <sup>155</sup>	<b>Barbados</b>	71.30	70.9	70.8
	<b>Bahamas</b>	-	-	-
	<b>Jamaica</b>	70.10	64.70	64.50
	<b>Trinidad &amp; Tobago</b>	57.40	60.60	61.80
	% of total health care.			

<sup>155</sup> <http://www.ilo.org/dyn/sesame/IFPSES.SocialDBExp>

## 5. Environmental element

### 5.1. Responsible stewardship of the environment

In the absence of appropriate regulations and incentives, markets can lead to undesirable environmental outcomes. The development of sustainable enterprises and the protection of the environment require sustainable production and consumption patterns.

Economic instruments used in Barbados to promote compliance with environmental requirements mainly fall under the category of “command and control” measures in the form of penalty fees for contravention of specific standards or harvest limits. One example is the 1997 Fisheries Act. Policies have been adopted in the country on water, energy, consumer policy and waste management for the promotion of sustainable patterns of production and consumption. No explicit policies exist to ensure FDI is more environmentally friendly.<sup>156</sup>

The already mentioned 1999 ILO report on employment in Barbados reveals that in the 1990s amongst the constraints for the further development of the tourism sector in the country was the negative impact of environmental degradation and pressure on existing natural resources.<sup>157</sup> In 2001, the Government of Barbados prepared a “Green Paper on the Sustainable Development of Tourism in Barbados: A Policy Framework” to take action against the finding that many of the practices in the tourism sector were either not economically, socially or environmentally sustainable. The concept of “responsible tourism” was proposed as the guiding principle for tourism development in the country. Participation, collaboration and conservation were chosen as underlying elements of the Tourism Policy. Conservation initiatives such as Agenda 21 for the Travel and Tourism Industry, the Green Globe Programme of the World Travel and Tourism Council, the International Hotels Initiative, and many others were considered as founding pillars of the Barbadian Tourism Policy. Tourism was seen as playing the role of catalyst for the conservation of the physical environment.<sup>158</sup> In 2010, a “White Paper for Tourism Development in Barbados” replaced the 2001 paper addressing the need to reflect global changes of the past decade in the tourism policy of the country. There is less emphasis on the protection of the environment and many other factors, such as security, the involvement of local communities, information and communication technology, etc are included. The paper is based on a participatory approach and consultations with citizens for the finalization of the paper have been planned.<sup>159</sup> Interestingly, tripartite participants to the validation workshop to discuss the preliminary findings of the present report were unaware of the existence of that paper.

<sup>156</sup> <http://www.un.org/esa/agenda21/natlinfo/countr/barbados/eco.htm>

<sup>157</sup> ILO. 1999.

<sup>158</sup> Government of Barbados. 2001. Green paper on the sustainable development of tourism in Barbados. Accessed on 28 November 2011, available at: [http://www.tourism.gov.bb/Latest\\_Tourism\\_Policy\\_Document\\_Revised\\_May\\_28\\_2001.pdf](http://www.tourism.gov.bb/Latest_Tourism_Policy_Document_Revised_May_28_2001.pdf)

<sup>159</sup> Government of Barbados. 2010. White paper for the development of tourism in Barbados. Ministry of Tourism. Accessed on 01 December 2011, available at: [http://www.tourism.gov.bb/images/docs/Discussion\\_Document.pdf](http://www.tourism.gov.bb/images/docs/Discussion_Document.pdf)

Protocol VI of the Social Partnership 2011-2013 contains a section on environmental issues. The social partners fully subscribe to the objective of having Barbados become the most environmentally advanced country in Latin America and the Caribbean. Furthermore, the social partners undertake to support public education and awareness-raising programmes, anti-pollution and clean technology measures, policies for sustainable development and coastal and marine environment protection, as well as wastes collection policies and other measures aimed to achieve a green economy.<sup>160</sup>

Barbados produces oil and gas. It meets 33 per cent of its domestic oil needs.<sup>161</sup> Nonetheless, in 2010 consumption levels for oil and gas declined. The loan that the Government of Barbados signed with the Inter-American Development Bank in October 2010 in support of the Sustainable Energy Framework for Barbados promotes sustainable energy production, climate change adaptation measures and energy conservation initiatives. Barbados also benefits from certain Global Environmental Fund (GEF) and Smart Energy Fund initiatives.<sup>162</sup>

The Environmental Protection Department of the Government of Barbados has been active on several measures for the protection of the environment. It has also partaken in activities on a regional and sub-regional level on the development of indicators and environmental statistics.<sup>163</sup> Data on environmental indicators for Barbados are essentially non-existent, which raises questions on how the environmental impact of the country can be measured, monitored and improved by national institutions and stakeholders. A UN source reveals that information on changes in production and consumption patterns linked to fluctuations in trade, investment and economic growth and their environmental impacts is not collected. The same source adds that Barbados was part of the UN Testing Programme on Sustainable Development Indicators.<sup>164</sup>

Information is available on the amount of CO<sub>2</sub> emissions in metric tons per capita in the country. Emissions have increased from 4.44 in 2000 to 4.97 in 2008. In this respect Barbados performs better than Bahamas and Trinidad and Tobago, but worse than Jamaica and the Latin American and the Caribbean region as a whole. It is also to be noted that Bahamas has recorded an annual average decline of -2.3 per cent in CO<sub>2</sub> emissions over the period 1970-2008, whilst Barbados has seen an average annual increase of 2.9 per cent over the same period. Other interesting data concern urban pollution in micrograms per cubic meter. Barbados recorded a volume of 38 in 2008, whereas Jamaica registered a value of 37, and Trinidad and Tobago 105. In terms of forest area as a percentage of total land, Barbados recorded a value of 19.4 per cent in 2008 with no change since 1990. Bahamas, Jamaica and Trinidad and Tobago have much larger proportions of forest area.<sup>165</sup> This is also due to the very high population density of Barbados.

<sup>160</sup> Ministry of Labour. 2011. Protocol VI of the Social Partners 2011-2013. Accessed on 23 January 2012, available at: <http://labour.gov.bb/social-partnership>

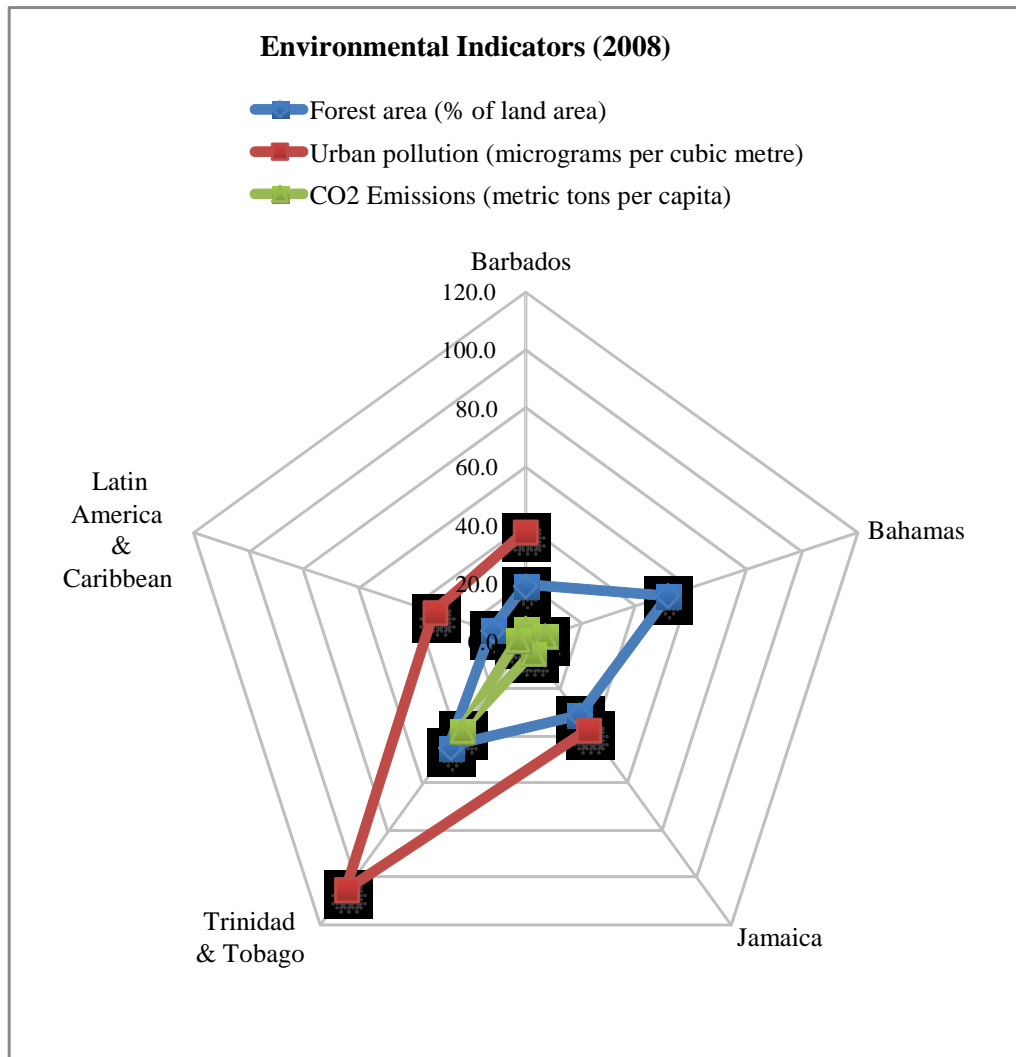
<sup>161</sup> Invest Barbados. 2011.

<sup>162</sup> Ministry of Finance and Economic Affairs of Barbados. 2011.

<sup>163</sup> Ibid.

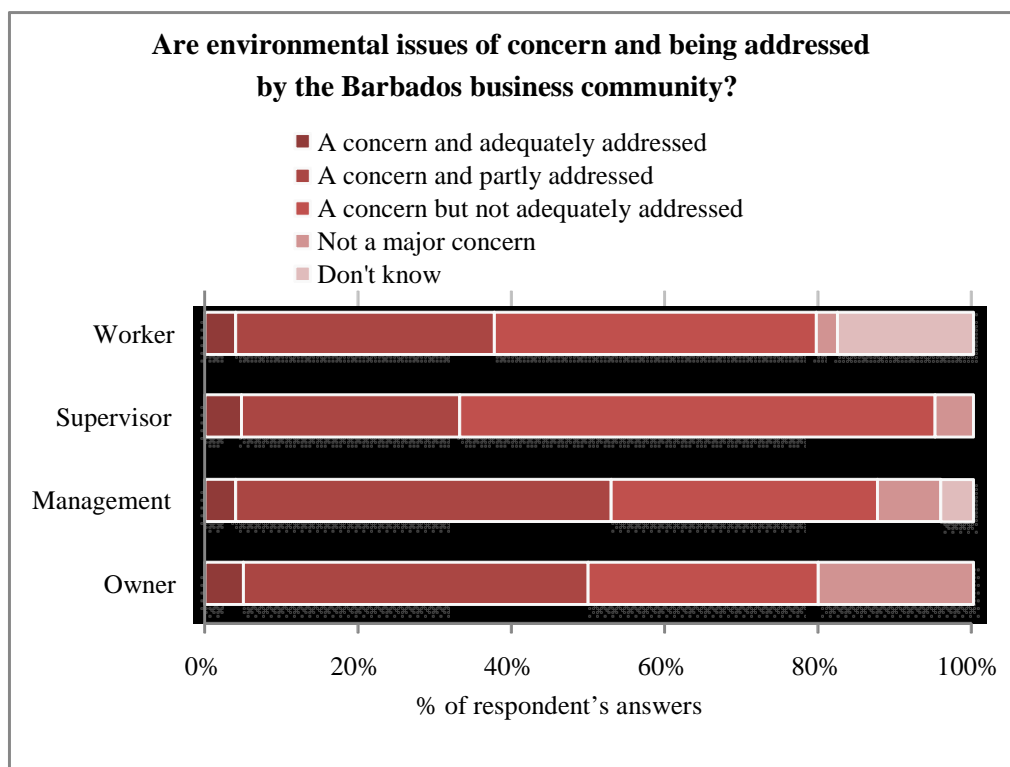
<sup>164</sup> <http://www.un.org/esa/agenda21/natlinfo/countr/barbados/eco.htm>

<sup>165</sup> UNDP. 2011. Human development report 2011, sustainability and equity: a better future for all. UNDP. Accessed on 5 December 2011, available at: <http://hdr.undp.org/en/reports/global/hdr2011/>



Source: WB, World Development Indicators Online & UNDP Human Development Report.

The National Survey 2011 asked interviewees whether environmental issues are of concern and being addressed by the business community in Barbados. Respondents think that environmental issues are a concern and are partly addressed (40.1 per cent) and are a concern but are not adequately addressed (38.9 per cent). Owners and managers tend to think more that they are partly addressed, whereas the majority of supervisors and workers feel that they are not adequately addressed. Male respondents are of the view that they are not adequately addressed more than women.



Source: National Survey Data.

The survey also reveals that almost half of interviewees (45.1 per cent) think that in Barbados environmental protection legislation exists but is poorly implemented. A significant share, though, believe that it is satisfactorily implemented (34 per cent). Owners support the idea that environmental protection legislation is satisfactorily implemented more than other occupation groups.

### Key Indicators

Environmental Sustainability Index (ESI)		2001	2002	2005
The Environmental Sustainability Index (ESI) benchmarks the ability of nations to protect the environment over the next several decades. It does so by integrating 76 data sets – tracking natural resource endowments, past and present pollution levels, environmental management efforts, and the capacity of a society to improve its environmental performance – into 21 indicators of environmental sustainability.	<b>Barbados</b>	..	..	..
	<b>Bahamas</b>	..	..	..
	<b>Jamaica</b>	42.3	40.1	44.7
	<b>Trinidad &amp; Tobago</b>	46.4	40.1	36.3
<small>Source: Yale University's Center for Environmental Law and Policy in collaboration with Columbia University's Center for International Earth Science Information Network (CIESIN), and the World Economic Forum<sup>166</sup></small>		The higher a country's ESI score, the better positioned it is to maintain favourable environmental conditions into the future.		

<sup>166</sup> <http://www.yale.edu/esi/> & <http://sedac.ciesin.columbia.edu/es/esi/archive.html>

<b>Total ecological footprint (EFP) (global hectares per capita)</b>		<b>2005</b>	<b>2007</b>
<p>The Ecological Footprint (global hectares per capita) measures the amount of biologically productive land and sea area an individual, a region, all of humanity, or a human activity requires to produce the resources it consumes and absorb the waste it generates, and compares this measurement to how much land and sea area is available.</p> <p><u>Source:</u> Global Footprint Network, based on international data (UNSD, FAO, IEA, IPCC).<sup>167</sup></p>	<b>Barbados</b>	..	..
	<b>Bahamas</b>	..	..
	<b>Jamaica</b>	1.09	1.90
	<b>Trinidad &amp; Tobago</b>	2.13	3.10
	<b>LA &amp; C</b>	2.44	2.60
<p>Lower value= better performance. For 2005, humanity's total ecological footprint was estimated at 1.3 planet Earths - in other words, humanity uses ecological services 1.3 times as fast as Earth can renew them.</p>			

### Other Useful Indicators

<b>Environmental performance Index (EPI)</b>		<b>2008</b>	<b>2010</b>
<p>The 2008 Environmental Performance Index (EPI) ranks 149 countries on 25 indicators tracked across six established policy categories: Environmental Health, Air Pollution, Water Resources, Biodiversity and Habitat, Productive Natural Resources, and Climate Change. The EPI identifies broadly-accepted targets for environmental performance and measures how close each country comes to these goals. The EPI has only been published for 2006 and 2008.</p> <p><u>Source:</u> Yale University's Center for Environmental Law and Policy in collaboration with Columbia University's Center for International Earth Science Information Network (CIESIN), and the World Economic Forum.<sup>168</sup></p>	<b>Barbados</b>	..	..
	<b>Bahamas</b>	..	..
	<b>Jamaica</b>	79.10	58.0
	<b>Trinidad &amp; Tobago</b>	70.40	54.2
	<p>The higher the score the better the environmental performance of the country (range of 0-100)</p>		

<b>CO2 emissions (metric tons per capita)</b>		<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<p>Carbon dioxide emissions are those stemming from the burning of fossil fuels and the manufacture of cement. They include carbon dioxide produced during consumption of solid, liquid, and gas fuels and gas flaring.</p> <p><u>Source:</u> Carbon Dioxide Information Analysis Center, Environmental Sciences Division, Oak Ridge National Laboratory, Tennessee, United States (World Development Indicators Online).<sup>169</sup></p>	<b>Barbados</b>	4.80	5.00	5.06	4.97	4.97
	<b>Bahamas</b>	6.38	6.60	6.60	6.53	6.46
	<b>Jamaica</b>	4.06	3.82	4.54	5.19	4.54
	<b>Trinidad &amp; Tobago</b>	24.08	23.53	26.11	27.94	37.39
	<b>LA &amp; C</b>	2.62	2.67	2.71	2.80	2.91
	Metric tons of CO2 emitted per capita					

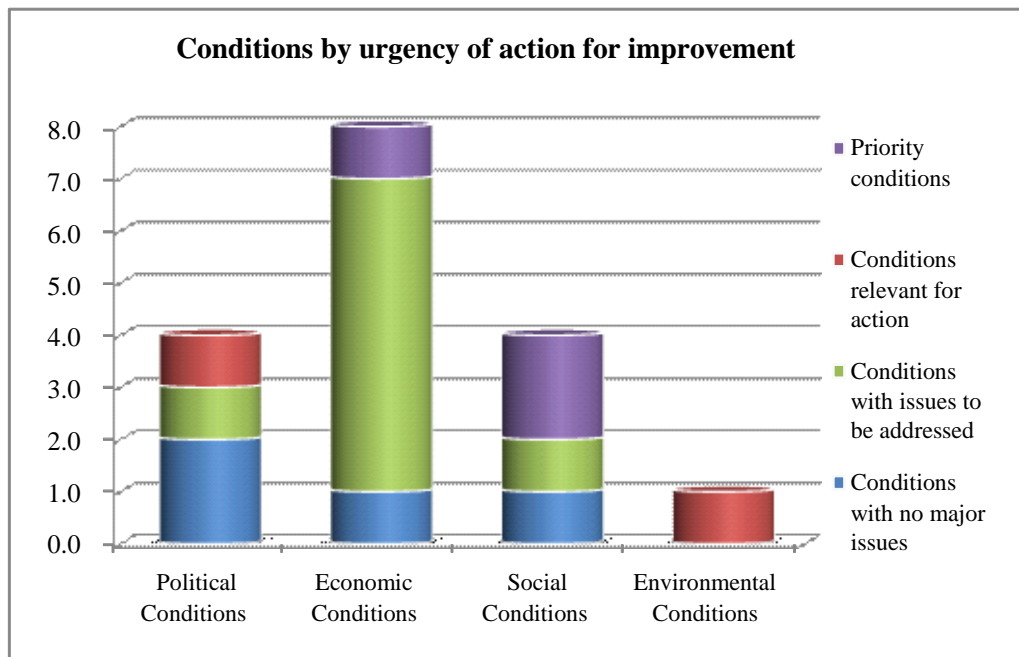
<sup>167</sup> [http://www.footprintnetwork.org/en/index.php/GFN/page/ecological\\_footprint\\_atlas\\_2008](http://www.footprintnetwork.org/en/index.php/GFN/page/ecological_footprint_atlas_2008)

<sup>168</sup> <http://epi.yale.edu/> & <http://epi.yale.edu/ResultsAndAnalysis>

<sup>169</sup> <http://data.worldbank.org/>

## 6. Assessment results and ways forward

A tripartite workshop for the validation of the preliminary findings of the assessment of the enabling environment for sustainable enterprises in Barbados was organized in January 2012. Tripartite participants agreed on the fact that on 4 of the 17 conditions, no major issues emerged, despite the fact that improvements are always possible. These 4 conditions are “Peace and political stability”, “Social dialogue”, “Trade and sustainable economic integration”, and “Adequate social protection”. What is clear from the chart below is also that areas of concern are in all the four key elements (political, economic, social and environmental), but economic issues are more prominent.



In order to focus attention and concentrate concrete future efforts toward effective action, tripartite participants to the workshop identified 5 conditions which should be prioritized:

- enabling legal and regulatory environment;
- entrepreneurial culture;
- education, training and lifelong learning;
- respect for universal human rights and international labour standards; and
- responsible stewardship of the environment.

Tripartite participants acknowledged that the preliminary findings of the assessment show that the legal and regulatory environment for enterprise creation and development in Barbados is in need of changes and improvement. Making information easily available to informal businesses to facilitate their formalization and concentrating the requirements for registering a company in the hands of fewer government departments and offices, were two of a number of measures mentioned and discussed.

Fostering entrepreneurial culture was generally considered as an area with great potential for future economic growth and employment creation in the private sector. Preliminary findings from the assessment indicate that youth have a more positive attitude toward entrepreneurship than older individuals. It was deemed wise and sensible to devote



special attention to youth both because investing in them would yield positive results in the future, and also because in moments of economic downturn as is presently the case, young people become more vulnerable and subject to unemployment and poor working conditions.

By targeting youth, “education, training and lifelong learning” becomes a crucial area of intervention. It is by providing young people with knowledge on business development and on fundamental principles and rights at work that Barbados can secure the presence of future generations of sustainable entrepreneurs who are capable of understanding and respecting workers’ rights. In addition, education is an area where Barbados traditionally performs very well, particularly in comparison to other regional countries. Much of the positive development outcomes that Barbados has achieved up to now are due to the special attention which this area has traditionally benefited from. Investing more in this area is very likely to yield positive results and to obtain a better enabling environment for sustainable enterprises.

“Responsible stewardship of the environment” was chosen as a relevant area for action because the preliminary findings of the assessment clearly show that the environment is a relatively neglected area in the country. However, it was difficult to identify concrete measures that the social partners could easily and directly adopt and implement.

In order to plan precise and effective measures, the first 3 of the 5 conditions listed above were chosen as priority areas for improvement. Interestingly, the very same areas have been identified as priorities in Protocol VI of the Social Partners.

An action plan with specific measures per priority area, key players for action, and deadlines has been developed by tripartite participants and will be adopted at a dissemination workshop to be held in April 2012 in the presence of high-level policy makers. The implementation of the action plan will address some of the main issues emerging from this assessment and will contribute to the improvement of the enabling environment for sustainable enterprises in Barbados. Some elements of the action plan as discussed at the tripartite workshop held in January 2012 are presented in the table below.

<b>Condition for action</b>	<b>Outcome</b>	<b>Measures</b>
Enabling legal and regulatory environment	People are knowledgeable on what is needed in setting up enterprises. Labour laws are honoured by enterprises, especially SMEs.	Education and training on legal issues, with special emphasis on SMEs. Create one-stop shop. Increase use of ICT to reduce processing time with government departments. Provision of support on legal requirements for business start-ups.
Entrepreneurial culture	Improved attitude towards entrepreneurship amongst the Barbadian community. Increased knowledge on existing services for entrepreneurs, especially in the tourism sector.	Education activities. Use of success stories, focusing on youth and school-aged persons. Make use of media.
Education, training and lifelong learning	Improved curricula in schools and training institutions. Target especially school leavers who are in the process of designing careers for their lives. Enhanced application of human rights and international labour standards.	Develop skills and competencies for youth on entrepreneurship. Vocational training: TVET council established and directed by the Social Partnership. Introducing ILO's "Know About your Business" (KAB) materials which have been used in over 50 countries to include in regular secondary school curricula modules on business development.

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