



Saint Vincent and the Grenadines **Budget 2020**

**Accelerating Economic Transformation,
Building Resilience, Creating Jobs and
Developing Sustainably**

Hon. Camillo Gonsalves
Minister of Finance

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The *Budget Speech* is delivered annually, and precedes the Parliamentary debate on the Appropriations Bill. *Budget 2020*, and its attendant *Estimates of Revenue and Expenditure for the year 2020* are prepared under the guidance of Mr. Edmond Jackson, Director-General of Finance and Planning, Mr. Recardo Frederick, Director of Planning, Mr. Ken Morris, Budget Director, and the entire staff of the Ministry of Finance, Economic Planning, Sustainable Development and Information Technology. The *Budget Speech* and the *Estimates* are published by the Government Printery.

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Government of Saint Vincent and the Grenadines

2020 BUDGET SPEECH

“Transforming the economy, building resilience, creating jobs, and developing sustainably”

Hon. Camillo Gonsalves
Minister of Finance

3 February 2020

Budget 2020:



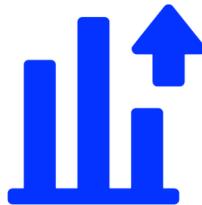
\$1.2b

Estimated Revenue and Expenditure, a 9.1% increase over the 2019 budget.



\$311m

Budgeted Capital Expenditure, largest Capital budget in Vincentian history.



\$2m

Budgeted current account surplus in 2020 Estimates of Revenue and Expenditure



2%

Salary increase to Government workers, placing salaries 4.5% higher than at start of 2017



25%

Wage increase to low-wage part-time employees who clean or prepare meals at Gov't facilities



106

New establishment posts created in the 2020 estimates of Revenue and Expenditure



\$2m

In cash grants to young entrepreneurs and microenterprises through PRYME



\$1m

In additional support to farmers and fisherfolk through the Farmers Support Revolving Fund



700

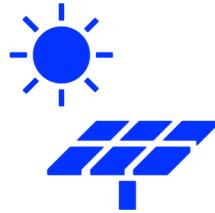
Young people given annual internships and stipends under the YES and SET programmes

by the numbers



34%

Of Capital Budget devoted to climate resilience, disaster response and renewable energy



\$16m

Budgeted 2020 expenditure on solar and geothermal energy projects



\$31m

Currently held in the Contingencies Fund; Equivalent to 1.4% of GDP



6

New sporting facilities, including an athletic track, playing fields and multipurpose hard courts



\$16m

Budgeted for additional school repair and reconstruction, beyond the \$6.8m spent in 2019



\$24m

Budgeted for the capital works in Tourism, including construction of two state-owned hotels



\$104m

In total expenditure in Health & Environment, a 105% increase over the 2001 Budget



\$39m

Budgeted for construction and repair of roads, bridges, footpaths and other infrastructure



90%

Duty concession on new tour buses to alleviate capacity constraints in cruise tourism

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EXECUTIVE SUMMARY

Budget 2020 represents an ambitious attempt to accelerate the economic transformation of Saint Vincent and the Grenadines. At \$1.2 billion, it is the largest budget ever tabled in Parliament.

Building on the foundations of the Governments' work over the past two decades, Budget 2020 hastens the transition from colonial-era economic underpinnings towards a modern, competitive, post-colonial economy. Significant investments in ICT, tourism, infrastructure, renewable energy and entrepreneurship further this objective.

Nowhere is the process of transformation more apparent than in agriculture. Long removed from the late-1990s dominance of banana exports, the Vincentian agricultural sector is now increasingly diversified around banana and plantain production. Root crops, fruit and vegetables, livestock, poultry, cocoa and coffee are now all major employers and economic contributors. The medicinal cannabis industry, legally-established in 2019, signals greater diversification in the sector. Additionally, the policy of engaging the private sector to expand fisheries production has hooked major investors, including a new exporter that will begin operations in 2020.

The Government is investing heavily in tourism, with capital expenditure on new hotels, tourism facilities and capital improvements. Many private sector entities are also investing in the hospitality sector. Given the rapid growth in arrivals by cruise ships, Budget 2020 offers special incentives to investors interested in purchasing tour boats and buses.

Budget 2020 continues to emphasise climate change adaptation, disaster preparedness and sound environmental practice. In addition to the continued capitalisation of the Contingencies Fund – now in excess of \$31 million – a full 34% of capital expenditure is connected to climate change, renewable energy or disaster response.

In its focussed efforts to stimulate job creation and decent work, Budget 2020 creates new public service posts and spends directly on a series of major capital projects. Budget 2020 anticipates employment growth in the construction, hospitality, manufacturing, agriculture and fisheries sectors. Budget 2020 makes provision for a 2% salary enhancement for, public servants, bringing to 4.5% the total increases since 2018. A 25% wage hike for certain low-paid part time workers will also improve workers' overall compensation.

The 25% wage increase for low-paid workers is part of a multifaceted plan in furtherance of the Government's continued efforts to reduce poverty, vulnerability and inequality. Budget 2020 strengthens the social safety net while investing in geriatric care, reduced undernourishment, and the protection of citizens from weather events and climate change.

The government's signature focus on education is continued in 2020, with a special emphasis on school reconstruction and the provision of improved opportunities to access technical and

vocational training. More students than ever before are accessing tertiary education and internships through state supported loans, scholarships and stipends.

The \$311 million capital budget is the largest such estimate tabled at the start of any year in Saint Vincent and the Grenadines. In addition to hotel construction, the capital budget is driven by school repair and construction, the modern cargo port, the Regional Disaster Vulnerability Reduction Project, investments in geothermal energy, road repair and the rollout of the Pedestrian Access for Village Enhancement (PAVE) programme. Investments in sporting facilities, including a new athletic track and football field, also add to the capital budget.

The Government plans to meet the ambitious implementation targets of Budget 2020 through critical human resource enhancements, modified financing arrangements, and having an early start on the 2020 capital programme. The Government expects significant improvements on 2019's record capital expenditures.

A number of legislative and policy initiatives help to enhance fiscal prudence, good governance and climate resilience. These measures include a Fiscal Responsibility Framework, laws related to tax administration, regulations governing the work of state-owned enterprises, supervision of the Contingencies Fund, and new planning procedures.

Amid a period of global economic uncertainty, the International Monetary Fund and the United Nations Economic Commission for Latin America and the Caribbean predict that Saint Vincent and the Grenadines' economic growth will be around 2.3 – 2.4%. Given the massive private investments scheduled to take commence in 2020, as well as the Government's own ambitious programs, there are considerable possibilities for additional growth. However, exogenous circumstances – from the ever-present threat of natural disaster to the global uncertainties in advanced economies – could negatively affect growth prospects.

Budget 2020 is ambitious, but attainable. It places its confidence in the people of Saint Vincent and the Grenadines, and sets forth a developmental vision that is sustainable, progressive, and people-centred. Saint Vincent and the Grenadines is well-positioned to accelerate its economic transformation.

I. INTRODUCTION: 2020 VISION, 2030 FORESIGHT

The first Budget Speech of a fresh decade is always a special and significant milestone in the developmental journey of Saint Vincent and the Grenadines. Since reclaiming our independence in 1979, each finance minister of this country has had the opportunity to deliver one – and only one – such address: The Right Honourable Milton Cato to usher in the 1980s, The Right Honourable Sir James Mitchell at the beginning of the 1990s, the Honourable Arnhim Eustace in 2000, and Dr. the Honourable Ralph Gonsalves in 2010. Today, it is a profound honour and privilege to address the Parliament and people of Saint Vincent and the Grenadines at the dawn of the 2020s.

Turning the calendar page to welcome 2020 is an invitation to assess both the progress of the previous decades and to define a developmental vision for the coming ten years. While annual budgets, by definition, focus on the 12 months immediately ahead of us, they present an opportunity to elaborate how the next 12 months connect to the 12 that preceded it, and how those 12 months ahead of us will be built upon in subsequent years to achieve a cohesive vision for 2030.

Looking back, we can state with confidence that the progress made in Saint Vincent and the Grenadines is real, far-reaching, and quantifiable. Our country is on the right track. Standing on the firm social and economic foundations of the past decade, and the one before that, Vincentians can face the next 10 years with hope and confidence. As such, the Government of Saint Vincent and the Grenadines will today set out a 2020 Budget that is, by some measures, more ambitious than any of its predecessors. By any analysis, and within the constraints of a young, resource-challenged, Small Island Developing State, Budget 2020 is the cornerstone of a powerful vision for the coming decade. That vision, if implemented with hard work and through God's grace, will see Saint Vincent and the Grenadines:

1. as the breadbasket of the southern Caribbean;
2. as the region's most diverse tourism destination, deriving real benefits for citizens;
3. as the greenest, cleanest Caribbean environment;
4. as the planners and builders of the strongest possible levels of preparedness for climate change and natural disasters;
5. as an early adopter and implementer of ICT as a developmental accelerant;
6. as an incubator of innovation and entrepreneurship, unafraid to embrace new paths;
7. as a welcoming, well-regulated and easy place to do business;
8. as a healthy society, with quick and affordable access to quality primary and secondary care, and support for tertiary service;
9. as builders and maintainers of improved, modern, infrastructure, appropriate to our circumstances;
10. as active participants in helping to achieve the dream of quality home ownership;
11. as a more open, transparent, and well-governed country, with robust institutions and greater respect for the rule of law;

12. as the home to a highly educated and adaptable labour force, with, on average, at least one university graduate per household;
13. as a safe, secure and rewarding place to visit, live, work, and raise children;
14. as a proponent and exemplar of sustainable, people-centred development;
15. as an aggressive and creative combatant against indigence, inequality and undernourishment;
16. as a caring and respectful partner to the poor, the elderly, the disabled and the vulnerable;
17. as an agent of empowerment in the development of youth and as a zealous dismantler of structural and cultural impediments to gender equality;
18. as the promoters of sport, culture and the arts as vehicles for entertainment, enrichment, development, and national pride;
19. as a thought leader and international advocate for integration, peace, solidarity, sovereignty, international law and justice; and
20. as the home of a proud, independent and progressive people, secure in their rights and cognizant of their responsibilities as citizens.

This Budget materially advances each component of this 2020 vision. Indeed, each component of this 20-point vision has tangible, measureable targets that will be discussed in more detail over the course of this presentation.

II. KEEPING COMMITMENTS, KEEPING COMMITTED

Budget 2020 is unmistakeably ambitious. No Government of Saint Vincent and the Grenadines has ever tabled a budget as large as this one, which projects \$1.2 billion in expenditure for the year. Specifically, we are proposing capital expenditure of \$310 million, a number that has never been proposed at the beginning of any year in our history, or spent by year's end. Successfully implementing such a capital programme will be challenging. But it can be done.

Of course, the jaded, the jaundiced, and the nattering naysayers will scoff at this ambition. Those in perpetual political paralysis will scream "election budget" or assail our vision for the coming decade as unattainable. Our response to those elements – indeed our response to all Vincentians with eyes to see and ears to hear – is to view our accomplishments, and listen closely to how and why we believe that the ambition of Budget 2020 is not simply a wish, but a detailed and achievable plan of action.

Last year, in the wake of a crucial foundation-laying budget, some members of this Honourable House decried it as "old wine in new bottles," claiming that it offered only empty words to the people of Saint Vincent and the Grenadines. It is important therefore, to recap a small sample of last year's pledges and their fulfilment but as the basis upon which the Vincentian people should believe in our 2020 plans, and as the basis upon which the Government of Saint Vincent and the Grenadines shares this faith, confidence and ambition.

We arrive at 2020 with an impressive record of 2019 commitments that we have kept, and promises that we are in the process of fulfilling.

Last year, we said that we would begin drilling wells to exploit our vast geothermal resources. We kept that commitment, drilling three wells and moving us that much closer to our renewable energy ambitions.

Last year, we said that we would find major hotel brands with whom to partner on our planned hotels in Diamond and Mount Wynne. Today, all of Saint Vincent and the Grenadines knows that we have secured deals with the Holiday Inn Express and Marriott International.

Last year, we committed to beginning a well-regulated, export-oriented medicinal cannabis industry. We kept that commitment, passing laws, licensing 70 entities and individuals and collecting millions of dollars in revenue.

Last year, we pledged to relocate the vulnerable elderly population of the Lewis Punnett home to a modern, upgraded facility. This year, those residents are safer, healthier and happier in a new home.

Last year, we committed to open state-of-the-art polyclinics in Buccament and Mesopotamia, and a Smart Hospital in Chateaubelair. As we speak right now, patients are in each of those facilities, receiving quality care close to home.

Last year, we promised modest wage increases to public servants. This year, with little fanfare, their paycheques arrived on time and on target, with welcome additional resources.

Last year, we committed to spending an unprecedented \$6 million to refurbish primary and secondary schools across Saint Vincent and the Grenadines. We topped that commitment, spending almost \$7 million in record time to improve the comfort of our precious students and teachers.

Last year, we promised the people of Union Island a modern solar electric facility. This year, solar energy has the capacity to power up some 33% of Union Island's electricity use.

Last year, we told villagers to expect new footpaths from the Pedestrian Access for Village Enhancement (PAVE) programme. Today, contractors across this country are building PAVE access paths to improve the comfort and safety of Vincentians.

Last year, we set “a 2020 target date for the start of construction” of a new athletic track at Diamond. We bettered that commitment, commencing construction in 2019. Instead of *starting* in 2020, we will *finish* this phase of construction by year’s end.

Last year, we told you that the Clear Harbor Call Centre would begin hiring and Rainforest Seafoods would begin construction. Both private sector entities are proceeding as promised.

Last year, we said that ICT engineers would connect the islands of our archipelago using miles of high-tech undersea cables. This year, a state-of-the-art network is in place, and will soon bring tangible benefits to all digitally-connected Vincentians.

Last year, we promised to hire 81 new Police Recruits. Today, those Policemen and Policewomen are on our streets and in our villages, working hard to make Vincentians and visitors safer.

Last year, we promised to begin the rollout of a programme of Closed Circuit Television Cameras to monitor our streets and enhance police surveillance. This year, 200 CCTV cameras are being installed on poles and buildings, acting as both a crime deterrent and a crime fighting tool.

Last year we promised to expand our diplomatic reach by establishing an Embassy in Taiwan. This year, the Embassy is open and staffed, serving our students, exploring business opportunities and drawing us closer to our Taiwanese allies.

Last year, we committed to taking the bold, audacious step of putting forward the name of our small country as a candidate for election to the United Nations Security Council. This year, with global endorsement overwhelmingly secured, we began our historic tenure as the smallest country ever to sit on this crucially important global body.

What a magnificent record of keeping our commitments!

To claim that there was nothing new in last year's Budget is to ignore the announcements of the Saint Vincent's first major hotel brands, new solar plants in Union Island and Mayreau, connecting the islands of our country with fibre-optic cable, the largest school refurbishment programme in history, new clinics on the leeward coast, the dawning of a medicinal cannabis industry, a new home for our vulnerable elderly population, tangible progress to the country's first geothermal electricity plant, the commencement of a new athletic track and the historic, momentous election of SVG to the UN Security Council. To those impressed by the raft of new accomplishments and initiatives, we say: wait 'til you see what's coming in 2020. Look around you. Believe your eyes. We kept our commitments in 2019, and we will keep ourselves committed to the people-centred development of Saint Vincent and the Grenadines.

Our record, of course, was not flawless. The predicted private investment in the Buccament Bay Resort has been delayed. The Natural Disaster Management Programme and Kuwaiti-funded road projects were proceeding so slowly that their administrative structures had to be reconsidered and redesigned. The clean-up of Kingstown and enhancement of the Chatoyer National Park are now underway, but months later than originally anticipated.

Nonetheless, our record of keeping and advancing the major pledges of last year’s budget was commendable. Those commitments not yet completed are not forgotten, but will be moved closer to fulfilment in 2020.

This *Estimates of Revenue and Expenditure for the year 2020* is a large book filled with dry numbers. But the numbers tell a compelling story. They tell a story of a Government investing in education, health and the wellbeing of its people. A story of a government making us more resilient against future natural disasters and climate change. A story of empowering young people and caring for the aged. A story of rebuilding and modernising our infrastructure. And a story of making ambitious plans for the future. The book is the latest chapter of an on-going, multiyear plan to accelerate a people-centred transformation of the economy of Saint Vincent and the Grenadines.

This chapter of that developmental narrative is an exciting one. This Budget Speech will attempt to summarise the ambitious plans that this Government has for the people of Saint Vincent and the Grenadines.

III. GLOBAL, REGIONAL & LOCAL ECONOMIC ENVIRONMENT

The International Monetary Fund’s latest *World Economic Outlook* has characterised the global economy as mired “in a synchronised slowdown, with growth for 2019 downgraded again. . . [to] its slowest pace since the global financial crisis.”¹ While the IMF predicts marginally improved global growth in 2020, it characterises that improvement as “precarious.” There are elevated risks to the health of the global economy in 2020, including climate change, geopolitical tensions, Brexit, higher tariffs and increased trade barriers, most notably is the simmering trade war between China and the United States of America. The IMF’s *World Economic Outlook* warns that “[a] realization of these risks could lead to an abrupt shift in risk sentiment and expose financial vulnerabilities built up over years of low interest rates.”²

Since the publication of the most recent *World Economic Outlook*, the Bull-in-a-China-Shop foreign policy of some countries has exponentially exacerbated tensions in the Middle East and Latin America. The potential for increases in the price of oil and for tit-for-tat reprisals has obvious developmental and security implications both globally and locally.

These external factors are all beyond the control of Saint Vincent and the Grenadines, and can lay waste to our best-laid developmental plans. Historically, global slowdowns and contractions have

¹ International Monetary Fund. 2019. *World Economic Outlook: Global Manufacturing Downturn, Rising Trade Barriers*. Washington, DC, October 2019.

(<https://www.imf.org/~/media/Files/Publications/WEO/2019/October/English/text.ashx?la=en>), p. xiv

² *Id.* p. xv

had a lagging effect on the Vincentian economy – affecting us not instantaneously, but a year or two down the road. Of course, some external factors, like climate disasters or illegal interference in the sovereign affairs of friendly countries, may have a more immediate effect.

The IMF predicts that growth in Latin America and the Caribbean will average 1.6%³ in 2020. Within CARICOM, there are two growth outliers, one being Dominica's on-going recovery from a massive hurricane-induced contraction, and Guyana's astronomical 86% predicted growth in the wake of its recent oil discoveries. Within the remainder of CARICOM, the IMF growth estimates range from slightly negative in the hurricane-impacted Bahamas to 3.5% in Saint Kitts and Nevis. Saint Vincent and the Grenadines, with predicted growth of 2.3%, is in the middle of this range.⁴

The Economic Commission for Latin America and the Caribbean (ECLAC) broadly concurs with the IMF's prediction for Saint Vincent and the Grenadines' 2020 progress, suggesting 2.4% growth for Saint Vincent and the Grenadines amid 1.5% average growth for the Caribbean.⁵

IV. SECTORAL SUMMARY

(A). AGRICULTURE & FISHERIES

Agriculture remains the largest employer of Vincentians and one of the largest direct contributors to the wealth and wellbeing of our citizens. Farming and fishing are deeply engrained in the Vincentian identity, culture and ethos. Long before the colonial invaders imposed plantation agriculture and the exploitation of enslaved Africans in Saint Vincent and the Grenadines, our indigenous peoples were taking full advantage of our fertile soil and bountiful seas.

Over the years, we have remained true to the transformative potential of agriculture. The cash crop *du jour* has changed. The methods have changed. The markets have changed. The global environment has made small island agriculture more difficult. Indeed, some of our regional neighbours are abandoning agriculture in a headlong pursuit of ephemeral and unsustainable schemes.

Not Saint Vincent and the Grenadines.

³ International Monetary Fund, *World Economic Outlook Update: Tentative Stabilization, Sluggish Recovery?*, Jan. 2020 (<https://www.imf.org/~/media/Files/Publications/WEO/2020/January/English/text.ashx?la=en>)

⁴ The IMF's latest *World Economic Outlook*, at pp. 151-152, predicts the following growth rates for CARICOM in 2020: Guyana – 85.6%; Dominica – 4.9%; Saint Kitts and Nevis – 3.5%; Antigua and Barbuda – 3.3%; Saint Lucia – 3.2%; Grenada – 2.7%; Suriname – 2.5%; Saint Vincent and the Grenadines – 2.3%; Belize – 2.1%; Trinidad and Tobago – 1.5%; Haiti – 1.2%; Jamaica – 1%; Barbados – 0.6%; the Bahamas – -0.6%

⁵ Economic Commission for Latin America and the Caribbean (ECLAC), *Preliminary Overview of the Economies of Latin America and the Caribbean, 2019* (LC/PUB.2019/25-P), Santiago, 2019, p. 110 (http://repositorio.cepal.org/bitstream/handle/11362/44327/135/S1801218_en.pdf)

We continue to recognise our custody of the region's most fertile soil, most talented farmers and most able fisherfolk. We continue to invest wisely to capitalise on these blessings.

In 2019, Saint Vincent and the Grenadines exported more livestock than ever before, with cattle, goats and pigs being shipped to our regional neighbours. We exported more tonnes of seafood than ever before. We cultivated more cocoa than ever before. And we became the first new country of origin for coffee production in more than 50 years, with the introduction of a new premium specialty coffee brand. For the first time in recent memory, Saint Vincent and the Grenadines emerged from the Christmas season without the need to import eggs. Instead, with production of 50,000 eggs per day, we are now poised to export eggs regionally. With the resolution of the currency exchange impasse with Trinidad and Tobago, our traffickers are enjoying increased exports of root crops and other agricultural produce. Hundreds of local farmers have become licensed as cannabis cultivators, and large swaths of land have been bought or leased for the production of medicinal cannabis.

Agriculture in Saint Vincent and the Grenadines is in a period of rapid change and exciting possibilities. This reinvigorated sector – ably and energetically led by our Honourable Minister of Agriculture, our farmers and our fisherfolk – is poised to be a dynamic engine for growth and development over the coming decade.

Budget 2020 demonstrates our faith in the power of our farmers, fisherfolk and the agriculture sector. In our Capital programme, we will be investing \$2.7 million this year in the revitalisation of the arrowroot industry, including the construction of a new arrowroot processing facility. Our traditional excellence and experience in the production of arrowroot dates to pre-colonial times. In recent years, arrowroot has enjoyed a resurgence as a gluten-free, grain-free, vegetable with high fiber, protein and folate content. Unfortunately, our arrowroot production facilities lacked the requisite modernity and phytosanitary capacity to take full advantage of the crop's global re-emergence. We are grateful for the hard work of the Ministry of Foreign Affairs, the advocacy of Ministers Caesar and Daniel, and the generosity of the government of the Republic of India, which provided US\$1 million to construct a new factory shell for arrowroot production. The new facility, to be located in Orange Hill, will be constructed this year.

Blackfish is another traditional product of Saint Vincent and the Grenadines that will enjoy significant investment and modernisation this year. Budget 2020 makes provision for \$3.4 million to be spent on the construction of an advanced Blackfish processing facility in Barrouallie. The ministers of Foreign Affairs and Agriculture worked closely with the government of Japan to make this important project a reality.

Last year, the Honourable Minister of Agriculture spearheaded an initiative to move Saint Vincent and the Grenadines beyond subsistence-level fish production by engaging the private sector and

capitalising on the capacity of the Argyle International Airport. This initiative has been an unqualified success. The Bequia Seafood Company Limited and the Ocean Marine Shipping Agencies Limited have signed lease agreements with the Government to manage the underutilised facilities at Bequia and Owia, respectively. These two facilities now employ over 100 Vincentians and contributed to the strong growth in fish landings and exports for 2019. Both facilities intend to expand their employment and capacity in 2020.

As promised in last year's budget, 2019 saw the beginning of construction of a new \$10 million seafood processing facility at Calliaqua. It will be completed in August 2020. That facility is being built by Rainforest Seafoods, the largest processor and supplier of premium quality seafood in the Caribbean. Rainforest Seafoods intends to utilise the Argyle International Airport to export live lobsters and other Vincentian seafood to markets as distant as China and Japan. The processing facility will directly employ over 40 Vincentians and will purchase up to \$20 million in lobster and seafood annually from Vincentian fisherfolk and local suppliers. When one considers that fish production in 2019 was estimated at approximately \$18 million, Rainforest's planned annual \$20 million purchases hold tremendous promise for the growth of the fisheries sector and economic development.

The Government of Saint Vincent and the Grenadines recognises that 2020 presents a window of opportunity for Vincentian farmers and fisherfolk to capitalise on the exciting developments in the agriculture sector. As a result, we are significantly increasing the monies available under the Farmers Support Revolving Fund, to allow our fisherfolk and farmers of livestock, poultry, banana, vegetable, arrowroot and other root crop to enhance their capacity for increased production in anticipation of the coming opportunities. Budget 2020 provides \$1 million to the Farmers Support Revolving Fund.

Similarly, Budget 2020 provides \$1 million towards the Regional Agricultural Competitiveness Project. This World Bank-funded project will enhance access to markets for farmers, fishers and agro-processors, through the development of business plans and provision of matching grants to co-finance the implementation of those plans deemed to be technically feasible, financially viable, economically profitable, socially responsible, and environmentally sustainable. The Regional Agricultural Competitiveness Project has the potential to further improve the business methods of Vincentian farmers and widen their access to local and regional markets. While the project is in the early stages of implementation, the Government has high hopes for its capacity to modernise the sector.

As pledged in last year's Budget, the Government of Saint Vincent and the Grenadines enacted the necessary legislative framework to establish a well-regulated, export-oriented medicinal cannabis industry. Investor enthusiasm for our medicinal cannabis industry is high. Our Medicinal Cannabis Authority (MCA)⁶ has received 280 licence applications to date, from 25 foreign investors, seven

⁶ See, Medicinal Cannabis Authority of Saint Vincent and the Grenadines website (<https://mca.vc/>)

local investors, 26 local cultivators, 210 traditional cultivators and 12 traditional cultivators' cooperatives.

A total of 70 applications have been approved to date, including those of 10 local farmers' cooperatives and 18 regional and international companies. The 10 local farmers' cooperatives have a membership of over 140 traditional cultivators.

The value of the licences approved thus far is \$13.5 million. Including application fees and other ancillary items, the MCA's billings exceed \$14.3 million. This amount far exceeds the \$5 million that was predicted at the beginning of 2019. However, to date, the MCA has accepted only \$6 million in fees from approved applicants. The reluctance to immediately accept all fees is due to caution on the part of the MCA and the local banking sector about potentially jeopardising our fragile correspondent banking relations, particularly when dealing with cannabis companies that have American directors or board members. These challenges were anticipated from the outset. Banks are currently consulting with their correspondent banks and attorneys about the most efficacious ways to process and accept these fees, as well as the day-to-day transactions that will increase as the industry matures.

Active licensees are currently establishing farms and medicinal cannabis processing facilities in Saint Vincent and the Grenadines. We hope to celebrate our first exports of medicinal product in late 2020.

While bananas no longer enjoy primacy as the nation's dominant export and income earner, the crop remains an extremely significant component of the national agricultural mix. Bananas and plantains cumulatively comprise about 20% of the crops cultivated in Saint Vincent and the Grenadines, satisfying both local and regional demand. The Government policy of diversifying around bananas continues to bear fruit, with root crops, spices, fruit and vegetables, fish, livestock and eggs all emerging as strong components of a diverse and high-quality agricultural sector.

Agriculture is trending in the right direction in Saint Vincent and the Grenadines. Nonetheless, challenges persist, and must be addressed. Praedial larceny remains a vexing, costly and largely unresolved problem, jeopardising narrow profit margins and damaging morale among farmers. The relationships between farmers and traffickers of agricultural products remain plagued by disputes about prices, payments and equitable distribution of profits earned when Vincentian products are sold regionally at high mark-ups. The sector, on the whole, is ageing, with too-few youth exploring the growing opportunities in agriculture. The Honourable Minister of Agriculture has undertaken to further engage stakeholders actively in pursuit of measures that can alleviate these concerns.

Our goal to become the breadbasket of the southern Caribbean is rooted in our faith in the talent of our hardworking Vincentian farmers and fisherfolk, and our confidence in the developmental potential of agriculture. With the Argyle International Airport in operation, a modern sea port

project underway, and a host of public and private sector investments in agricultural production, the time is ripe for a strengthening and deepening of Agriculture and Fisheries as unshakeable pillars of national growth and development. With \$45 million of recurrent and capital expenditure invested in the sector, Budget 2020 is a powerful statement of confidence in the transformative power of Vincentian farmers and fisherfolk.

(B). TOURISM

A cursory review of recent economic growth numbers reveals that tourism-dependent Caribbean economies have been growing faster than non-tourism economies. Saint Vincent and the Grenadines has not benefitted to the same extent as others with a more developed tourism product. Of course, by the same token, global downturns have more deeply affected countries which place too many of their economic eggs in a single tourism basket. Saint Vincent and the Grenadines is striving to achieve the appropriate optimal mix and balance for our circumstances – large enough to contribute more to the economy and take advantage of global upswings, but not so large as to crowd out other productive activities where we retain a distinct regional advantage.

Within this framework, the future of tourism in Saint Vincent and the Grenadines is bright. The opening of the Argyle International Airport has spurred a rush of new investment in the Vincentian hospitality sector. Our Government recognises that, in this moment of rapid change and expansion, it must play an important role in shaping the tourism product, managing its growth, and ensuring that the Vincentian people are the ultimate beneficiaries of increased visitors.

2019 was a positive year for tourism in Saint Vincent and the Grenadines. We recorded increases in arrivals by air and sea. We improved our number of stayover visitors. We once again broke our record for cruise ship arrivals. We welcomed more yacht visitors than we have at any point over the last decade. During the Christmas season, scores of private jets were parked wingtip-to-wingtip across the tarmacs of our Argyle and Canouan airports.

We fulfilled our 2019 budget pledge to add more flights at AIA. In 2018, we received 99 direct flights from Toronto, Miami and New York. In 2019, that number increased to 191 round trip flights. Those flights carried over 21,000 passengers each way, into and out of AIA. We were pleased that Air Canada added a second weekly flight during the tourist season, and that American Airlines also flies a second flight from Miami each week. The second American Airlines aircraft – a Boeing 737-800 – has 25% more seating capacity than the Airbus A319 that originally began servicing our destination. Both airlines fly into Argyle at or near capacity. Air Canada's average occupancy rate was 88% coming from Toronto, and American Airlines came from Miami 97% full.

The Tourism Authority is optimistic about route expansion in 2020, including the likelihood of new regional and international carriers announcing services to Saint Vincent and the Grenadines this

year. Additionally, by late 2020, it is likely that we will welcome direct flights from new destinations – including destinations beyond the continent of North America.

Now that the AIA is up and running, the largest remaining obstacle to major growth in the tourism sector is our room stock – particularly the number of available rooms on mainland Saint Vincent. Historically, our tourism product has been shaped by limited air access and the multiple islands of our archipelago. Our hotels have evolved to be small, scattered and unconnected to major marketing brands. While discrete, diffuse accommodation is ideal for the Grenadines, it is ill-suited for developing mass tourism on mainland Saint Vincent.

Only 35% of Saint Vincent and the Grenadines' room stock is located on mainland Saint Vincent, and the single largest component of that stock is in apartments. Excluding apartments, the data show that the islands of the Grenadines are home to almost 75% of the national stock of hotels, resorts, guesthouses and villas. Our current airlift of twice-weekly flights from Air Canada, Caribbean Airlines and American Airlines has more seats than we have beds on mainland Saint Vincent.

Airlines and tour operators frequently ask how many rooms are located within a 45 minute drive of a country's airport. Including apartments, there are fewer than 1,000 registered rooms on mainland Saint Vincent. By contrast, Antigua and Barbuda has almost 4,000 rooms and Saint Lucia has over 5,000. Further afield, Barbados and the Cayman Islands are home to roughly 7,000 rooms each, and the Bahamas has over 17,000.

Simply put, to leverage fully the developmental potential of tourism in Saint Vincent and the Grenadines, we need more rooms. Tourism Authority data indicate that room stock in Saint Vincent and the Grenadines grew by 5% between 2017 and 2018. In percentage terms, that growth was second only to Saint Lucia within the OECS, and reflects the growing belief of our private sector in the potential of hotels, villas and apartments. But incremental growth is insufficient. We must raise our ambition and lift our game.

The Government and the private sector have embarked on an ambitious plan to double the room stock on Saint Vincent within three years. That means adding 1,000 rooms. As promised, almost 350 of those rooms will be built by the Government, in the form of the new Marriot resort and Holiday Inn Express hotels. The Black Sands Resort at Peters Hope will add another 400 rooms. The Royal Mill Hotel at Ratho Mill will be a 200-room facility, while the recently commenced The View, and Myah's Luxury Suites – a boutique business hotel – will add 50-plus. The likely refurbishment and reopening of the resort at Buccament Bay will add over 250 rooms to the mix. These hotels, totalling almost 1,200 rooms, are scheduled to be operational at various points between 2021 and 2023, directly employing almost 1,500 Vincentians. We fully expect continued steady expansion of existing hospitality operators over that time period, meaning that our three-year 1,000 target may be both

ambitious and conservative. One thousand five hundred additional rooms on mainland Saint Vincent by 2023 is a distinct possibility.

The Government has been reliably advised that there are multiple, credible, expressions of interest for the closed hotel at Buccament Bay. We are more than hopeful about a positive conclusion to ongoing negotiations on this matter in the near future, and we eagerly await the final determinations from the investors and the trustees of the property.

These rooms will attract additional flights and larger planes from more distant points of origin, connecting Saint Vincent and the Grenadines to more of the world.

Budget 2020 does more for tourism than its large commitment to hotel expansion. We have made significant investments in creating new tourism sites and maintaining exiting ones. 2020 will see the opening of new tourism facilities at Brighton Salt Pond, complete with gazebos, washrooms and vending areas. A similar development will take place at Villa Beach, which will also see significant enhancements to the boardwalk.

There are two initiatives in Budget 2020 that will enhance the quality of existing tourism sites and the safety of beach going tourists and locals alike. First, Budget 2020 allocates resources for the creation of a five-person maintenance crew whose specific mandate is the upkeep and repair of tourism sites. This crew will visit sites nationwide on a weekly basis to conduct basic maintenance and upkeep – from cleaning to basic plumbing, carpentry and repair works.

Second, Budget 2020 creates, for the first time, a staff of lifeguards, to protect beach goers. Initially, the lifeguards will be stationed at Rawacou, Brighton Salt Pond and Villa Beaches – three locales that are either heavily populated or with a history of dangerous swimming conditions. We will review this initiative next year to evaluate its effectiveness and determine whether additional beaches should be put under lifeguard protection.

Other initiatives are underway that are not immediately reflected in the antiseptic numbers of the budget documents. For example, recent travellers to AIA may have noticed that they were not required to fill out any customs or immigration forms. The Ministries of Tourism, ICT and National Security are quietly piloting a technology-based approach to the antiquated double-sided form that travellers have been asked to complete for the past few decades. While the transition process may experience some hiccups – particularly in the important data gathering and analysis functions – we are optimistic that we are equipped to extend a hassle-free welcome to visitors.

Similarly, the Ministries of Tourism and Legal Affairs are collaborating to streamline and modernise the process by which visitors can get married in Saint Vincent and the Grenadines. Currently, tourists hoping to get married in the Grenadines must embark on a cumbersome and time-consuming quest that involves trips to the mainland to visit the Registry, the Attorney General's

chambers, and, occasionally, the Ministry of Foreign Affairs. By modernising the existing bureaucratic impediments, we hope to make significant inroads in the lucrative destination wedding and honeymoon segments of the tourism market.

In Kingstown, the Saint Vincent and the Grenadines Port Authority has decided to reconfigure its existing container storage area to erect a sidewalk café and performance space. The café will be a welcome oasis for those cruise passengers who decide to stroll the streets of Kingstown, and has the potential to become a popular year-round watering hole for locals.

Our recent cruise arrivals have increased rapidly, going from 82,079 in 2015 to 217,876 in 2018⁷ to 250,717 in 2019.⁸ That 206% growth over four years has outpaced the ability of our private sector to take full and timely advantage of this burgeoning opportunity. Specifically, the lack of adequate tour bus and boat capacity has become a bottleneck on further development in the cruise sector, and is an impediment to our efforts to monetize effectively cruise arrivals. When compared to regional and industry averages, fewer cruise passengers go on tours in Saint Vincent and the Grenadines because we do not have enough buses or boats to transport them. This bottleneck limits the average time that visitors spend ashore, and the average amount of money each passenger spends in Saint Vincent and the Grenadines.⁹

According to the results of passenger surveys, we perform well regarding passengers' satisfaction with their welcome, the quality, cleanliness and professionalism of our taxi drivers, and with quality of the actual tours.¹⁰ However, there simply aren't enough tours available. Our Government is advised that there is an immediate need for an additional 20 large tour buses and five tour boats to meet current demand, to say nothing of potential future growth.

As such, Budget 2020 attempts to further incentivise the purchase of tour buses and boats by the local private sector. As discussed in more detail later in this Budget Speech, the Government is prepared to extend duty concessions of up to 90% on tour buses over 25 seats, and 100% duty waiver on tour boats. Further, we have engaged in discussions with banks, some of whom have indicated a willingness to offer creative loan packages to boat and bus owners, including the modification of payments during the off-season.

Every Caribbean destination has its charms and specificities. However, there is a single destination in the Caribbean that offers a multi-island archipelago, volcanoes and mountains, black and white

⁷ Eastern Caribbean Central Bank, "Real Sector Statistics – Selected Tourism Statistics: December 2015 to December 2019," <https://www.eccb-centralbank.org/statistics/tourisms/comparative-report>

⁸ Saint Vincent and the Grenadines Port Authority, 2019

⁹ See, e.g., Business Research and Economic Advisors, "Economic Contribution of Cruise Tourism to the Destination Economies: A Survey-based Analysis of the Impacts of Passenger, Crew and Cruise Line Spending – Volume I, Aggregate Analysis" Prepared for the Florida-Caribbean Cruise Association and Participating Destinations, October 2018 (<https://www.f-cca.com/downloads/Caribbean-Cruise-Analysis-2018-Vol-I.pdf>)

¹⁰ *Ibid.*

sand beaches, waterfalls and rivers, sailing and snorkelling, a unique history, one-of-a-kind cultural events and a welcoming and peaceful population. That destination is Saint Vincent and the Grenadines. Our yachting sector, in particular, has tremendous potential as a high-value sector in which we retain an unquestionable regional advantage. In a competitive and saturated tourism market, this diversity is our strength. To be sure, there are challenges in developing and marketing this diversity to a variety of niches, but the upside of being the region's newest and most complete mass tourism destination is immense.

In increasing the value and impact of tourism in Saint Vincent and the Grenadines, our vision is one of a diverse, sustainable product that considers tourists, but is designed for the advancement of the Vincentian people. This requires coordination and planning. Economic and social development is not an incidental or accidental by-product of increased arrivals. We have been close observers of trends where neighbouring countries announce record arrival numbers, while simultaneously announcing burgeoning debt and IMF structural adjustment programmes. We are witness to countries with populations of similar size as ours, with tourism plants double and triple our size, but with worse unemployment, undernourishment and indigence indicators. Quality tourism is a means, and not an end in and of itself. Tourism is an opportunity, both for the State and for our enterprising citizens. However, just as we have kept the Vincentian people at the heart of every policy and programme we have ever implemented, we shall ensure that our tourism expansion is managed in a sustainable manner to ensure that optimal benefits accrue, first and foremost, to the people of Saint Vincent and the Grenadines.

That is why the Government is so actively involved with the development of this crucial sector. It is why we are building hotels to complement private sector efforts. It is why we will make our Holiday Inn Express an institution where students in the adjacent Hospitality and Maritime Training Institute can gain real-world experience. It is why our Saint Vincent and the Grenadines Community College is currently preparing 249 young Vincentians for Associate Degrees in Hospitality Studies, Tourism Studies and Culinary Arts. It is why we impose a special, reduced tax rate on hotels. It is why we are reforming our legal and administrative procedures to make our destination more welcoming. It is why our Tourism Authority is defining and applying specific standards to our hospitality service providers. And it is why Budget 2020 invests in tourism to the tune of \$20.6 million in recurrent expenditure and \$24.1 million in capital expenditure¹¹ – increases of 240% and 675%, respectively, over the corresponding 2001 estimates.

(C). CLIMATE RESILIENCE & ENVIRONMENTAL PROTECTION

The latest scientific reports on climate change are a shocking indictment on global inaction and an alarming call to arms for Saint Vincent and the Grenadines. Climate change is accelerating. Global worst-case scenarios are becoming increasingly likely. Saint Vincent and the Grenadines must

¹¹ Including 2020 estimated capital expenditure on the Marriott and Holiday Inn Express Hotels.

prepare as best it can for a new reality of increasingly intense storms, droughts, disasters and weather fluctuations. While it is impossible to insulate Saint Vincent and the Grenadines from the impacts of climate change, Budget 2020 reflects the seriousness and the urgency of the Government's commitment to building resilience, protecting our infrastructure and safeguarding the Vincentian people.

Over the course of the last decade, the objective of Small Island Developing States has been to convince the world to limit global warming to an increase of less than 1.5° Celsius beyond pre-industrial temperatures. The Alliance of Small Island States (AOSIS)¹² coined the phrase “*1.5 to stay alive*”¹³ in an attempt to highlight the devastating impact of further global warming on our lives, livelihoods and ecosystems.

Today, we must candidly accept that efforts of governments and big businesses world-wide are failing to spur global action in the interest of our survival.

According to the Intergovernmental Panel on Climate Change, (IPCC) “Global warming is *likely* to reach 1.5°C between 2030 and 2052 if it continues to increase at the current rate.”¹⁴ The IPCC goes on to warn that “Some vulnerable regions, including small islands and Least Developed Countries, are projected to experience high multiple interrelated climate risks even at global warming of 1.5°C.”¹⁵ According to the IPCC, we will face “amplifie[d] exposure of small islands. . . to the risks associated with sea level rise for many human and ecological systems, including increased saltwater intrusion, flooding and damage to infrastructure.”¹⁶ Further, the global scientists of the IPCC point out that:

“Populations at disproportionately higher risk of adverse consequences with global warming of 1.5°C and beyond include disadvantaged and vulnerable populations, some indigenous

¹² See, Alliance of Small Island States website (<https://www.aosis.org/home/>)

¹³ See, e.g., Solomon, J., “The Rise, Fall, and Return of 1.5°C in the Global Climate Negotiations,” *Common Dreams*, 21 Oct. 2015 (<https://www.commondreams.org/views/2015/10/21/rise-fall-and-return-15degc-global-climate-negotiations>); Suzanne Goldenberg, “Climate change: Will ‘1.5 to stay alive’ deal be enough to save Seychelles?”, *The Guardian*, 12 Dec. 2015 (<https://www.theguardian.com/environment/2015/dec/12/climate-change-seychelles-cop21-economy-collapse>); Athanasiou, T., “1.5 to Stay Alive, Says a Landmark UN Climate Report,” *The Nation*, 9 Oct. 2018 (<https://www.thenation.com/article/1-5-to-stay-alive-says-landmark-un-climate-report/>); Simpson, M.C., Scott, D., New, M., Sim, R., Smith, D., et al, *An Overview of Modeling Climate Change: Impacts in the Caribbean Region with contribution from the Pacific Islands*, United Nations Development Programme (UNDP), Barbados, West Indies (2009) (https://coralreefwatch.noaa.gov/satellite/publications/UNDP_Final_Report.pdf)

¹⁴ IPCC, 2018: Summary for Policymakers. In: *Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty* [Masson-Delmotte, V., P. Zhai, H.-O. Pörtner, D. Roberts, J. Skea, P.R. Shukla, A. Pirani, W. Moufouma-Okia, C. Péan, R. Pidcock, S. Connors, J.B.R. Matthews, Y. Chen, X. Zhou, M.I. Gomis, E. Lonnoy, T. Maycock, M. Tignor, and T. Waterfield (eds.)]. In Press. (https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15_SPM_version_report_LR.pdf), p. 4

¹⁵ *Ibid.*, p. 10

¹⁶ *Ibid.*, p. 8

peoples, and local communities dependent on agricultural or coastal livelihoods. . . Regions at disproportionately higher risk include Arctic ecosystems, dryland regions, small island developing states, and Least Developed Countries . . . Poverty and disadvantage are expected to increase in some populations as global warming increases.”¹⁷

The economic fallout from climate change is similarly stark. The International Monetary Fund’s latest *World Economic Outlook* bluntly states that “the risks from climate change are playing out now and will dramatically escalate in the future, if not urgently addressed.”¹⁸ The IMF goes on to suggest that:

“Lowering the fallout from these events will require adaptation strategies that invest in disaster readiness and climate-smart infrastructure, incorporate appropriate technologies and zoning regulations, and deploy well-targeted social safety nets to help reduce vulnerability and improve countries’ ability to respond.”¹⁹

Globally, St. Vincent and the Grenadines is at the forefront of nations to ensure that the major contributors globally take decisive action to halt and reverse man-made climate change within the multilateral framework of three pivotal international conventions addressing respectively climate change, biodiversity, and desertification and land degradation. St. Vincent and the Grenadines contributes very little to man-made climate change but we are on the existential frontlines of its devastating effects. We must match our advocacy with corrective actions ourselves.

The Government is in strong agreement with these suggestions. In the face of a gathering and ominous climate threat,²⁰ Budget 2020 accelerates our investment in resilience, disaster preparedness and localized, people-centred vulnerability reduction. Climate change is a life-threatening and existential threat to Saint Vincent and the Grenadines. This Government will not shy away from the magnitude of the threat, or avoid the difficult and sometimes unpopular decisions that must be made in the interest of our future resilience, adaptation and survival.

¹⁷ *Ibid.*, p. 9

¹⁸ *World Economic Outlook*, p. xv

¹⁹ *Ibid.*, p. 28

²⁰ Climate Change is now projected to far exceed the 1.5°C target. See, e.g., Wang, X. X., D. B. Jiang, and X. M. Lang, 2018: Climate change of 4°C global warming above pre-industrial levels. *Advances in Atmospheric Sciences*, 35(7), 757–770, (<https://doi.org/10.1007/s00376-018-7160-4>);

Fountain, H., “Climate Change Is Accelerating, Bringing World ‘Dangerously Close’ to Irreversible Change” *The New York Times*, 4 Dec. 2019 (<https://www.nytimes.com/2019/12/04/climate/climate-change-acceleration.html>);

Leahy, S., “Climate change impacts worse than expected, global report warns,” *National Geographic*, 7 Oct. 2018 (<https://www.nationalgeographic.com/environment/2018/10/ipcc-report-climate-change-impacts-forests-emissions/>); Stieb, M., “‘Bleak’ U.N. Climate Report: World on Track for Up to 3.9 Degrees Warming by 2100,” *New York Magazine*, 26 Nov. 2019 (<http://nymag.com/intelligencer/2019/11/u-n-states-world-on-track-for-3-9-degrees-warming-by-2100.html>); Lombrana, L., “Global Warming Prediction Sounds Alarm for Climate Fight,” *Bloomberg*, 3 Dec. 2019; Miles, T., “Global temperatures on track for 3-5 degree rise by 2100: U.N.,” *Reuters*, 29 Nov. 2018 (<https://www.reuters.com/article/us-climate-change-un/global-temperatures-on-track-for-3-5-degree-rise-by-2100-u-n-idUSKCN1NY186>)

Over the last two years, the Government implemented two revenue measures to help finance a fund that will be available for immediate access in the event of a natural disaster. We placed a 1% charge on consumption, which is collected as VAT. We also implemented a small climate resilience levy on hotel guests. Today, our Contingencies Fund, which for decades only existed on paper, now holds over \$30.5 million.²¹ As such, the Contingencies Fund balance is now almost 1.5% of our GDP. In a small, resource-poor country with limited fiscal space, it is a tremendous achievement to set aside over \$30 million for a rainy day in such a short period of time.

The growth of reserves in the Contingencies Fund has prompted the Government to promulgate regulations governing its responsible and sustainable use. Last November, the Government adopted the Finance Administration (Contingencies Fund) Regulations. The Regulations govern the purposes for which the Fund may be utilized, minimum capital requirements, the management and control of the Fund, the conditions that may trigger withdrawals from the Fund and the principles that must guide the investment of Fund resources.

In addition to our home-grown Contingencies Fund, the Government has also decided to set aside some of its World Bank International Development Association (IDA)²² allocation to another disaster-related line of financing. This facility, called a Catastrophe Deferred Drawdown Option (Cat DDO),²³ can be immediately accessed after a declared state of emergency. The Government is setting aside an additional US\$20 million in a Cat DDO, which will further enhance our ability to respond quickly in the event of a natural disaster.

Budget 2020 represents a massive investment in climate resilience, disaster response, renewable energy and vulnerability reduction. The Capital Budget reflects \$99.6 million in planned 2020 expenditure on these areas.²⁴ This allocation is \$17 million more than the corresponding number in

²¹ On 17 January 2020, total savings in the Contingencies Fund stood at \$30,502,852.32. This comprised of \$28,961,841.15 from the VAT, \$1,053,373.63 from the Climate Resilience Levy and \$487,631.54 in earned interest. An additional \$2,163,944.92 collected during December 2019 had not yet been formally brought to account.

²² See, <http://ida.worldbank.org/>

²³ See, e.g., World Bank Treasury, "Product Note: IDA Catastrophe Deferred Drawdown (Cat DDO)," Oct. 2018 (<http://pubdocs.worldbank.org/en/563361507314948638/product-note-cat-ddo-ida-english-2018.pdf>)

²⁴ Contingency Fund Capitalisation, \$12,939,000; Saltwhistle Bay Sea Defence Project, \$300,000; Green Climate Fund Readiness Project, \$1,160,000; Glebe Land River Defence – Calliaqua, \$584,000; Regional Disaster Vulnerability Reduction Project (RDVRP), \$50,247,000; Third National Communication – United Nations Framework Convention on Climate Change, \$60,000; Montreal Protocol/National Ozone Project, \$163,000; Energy Efficiency and Solar PV Plant Project/ Solar PV Demonstration Project, \$2,122,000; Geothermal Development Project, \$11,989,300; Bequia Solar PV Plant, \$2,000,000; FAO Support for Climate Change Adaptation, \$120,000; Yarabaqua River Defence Project, \$648,000; Sandy Bay Sea Defences Resilience Project, \$1,167,800; Rehabilitation of Roads and Bridges – Dec 2013 Floods, \$700,000; Natural Disaster Management Risk Reduction and Climate Change Adaptation Project, \$5,509,500; Natural Disaster Management Rehabilitation and Reconstruction (Dec 2013 Trough Event), \$2,034,000; Natural Disaster Management Rehabilitation and Reconstruction (Hurricane Tomas), \$2,900,300; Housing Reconstruction/Rehabilitation Project, \$5,000,000

2019. Even in a year with large expenditures on hotels, the new port, and road reconstruction; resilience and renewable energy make up 34% of the Capital Budget. Further, with properly managed implementation, we expect to exceed the \$50.2 million budgeted for spending this year on the World Bank-funded Regional Disaster Vulnerability Reduction Project (RDVRP).

Budget 2020 makes provisions for coastal protection in Salt Whistle Bay, Sandy Bay, Georgetown and Sans Souci. It funds defences for the Yarabaqua, Warrowwarow, Buccament, Calliaqua and Carriere. It completes an emergency shelter in Kingstown and satellite warehouses in Bequia and Union Island. It funds slope stabilization in Belle Isle. It rehabilitates storm-damaged roads and bridges across Saint Vincent and the Grenadines. It affords our poorest and most vulnerable citizens the opportunity to upgrade their homes against increasingly intense weather events. Budget 2020 is a climate change budget. It is an adaptation budget, shaped by our times and the threats we face. No budget can insulate us from the ravages of climate change; but there is no doubt that Budget 2020 will make Vincentians that much safer than we are today. In 2001, less than 10% of our nation's public debt was incurred for adaptation and mitigation to climate change; today that number has risen to in excess of 50%.

The Government has taken bold, and sometimes difficult, decisions to protect our environment, our ecosystems, and the Vincentian people. Despite their utility, we have banned the sale of many single-use plastics. Despite its affordability, we are banning the mining of local beach sand. Despite its ubiquity, we banned the use of Styrofoam containers. Despite its efficiency, we have prohibited the use of popular pesticides like glyphosate, and halted the aerial spraying of crops. Despite their reported deliciousness, we have prohibited the hunting of Parrot Fish, sea turtles and dolphins. These decisions, individually and collectively, have disrupted the lives of consumers, retailers, contractors, farmers and fisherfolk in ways small and large. But they were the correct decisions. We are the stewards of an incredibly precious and fragile sliver of God's most inspired creativity. We have a special responsibility to preserve and protect Saint Vincent and the Grenadines. For ourselves, for our children, and for humanity.

The Government's environmental ambitions do not abate in 2020. We are continuing to study the best ways in which we can regulate the disposal of grey water from coastal businesses, and effluent from yachts and other pleasure craft. We plan to protect our reefs by restricting the types of sunscreen used by swimmers, divers and beachgoers. And we intend to take concrete, comprehensive actions that will slow beach degradation and protect our coastal assets. Budget 2020 also signals its commitment to our inland endowments with projects designed to enhance our forestry protection, conserve biodiversity, reduce land degradation, and protect the Georgetown Watershed.

However, budgetary and legal measures – however comprehensive – cannot save our environment. We need people and the private sector to actively participate in this quest.

Vincentians have been gifted an incredibly precious inheritance. We are all individually and collectively responsible for protecting our coastline, our rivers, the habitats of our rare plants and animals, and cleaning up waste. Some exemplary corporate citizens have already joined us in this quest. For example, All Island Recycling celebrated Renewal @40 by placing garbage disposal bins on almost every corner in Kingstown; and the CWSA has stepped up its public awareness campaign about solid waste disposal. We hope that their enthusiasm is contagious, and that their stellar examples inspire others.

(D). DECENT WORK & JOB CREATION

In the litany of capital projects listed and private investments detailed in this Budget Speech, we cannot lose sight of the fact that they all represent excellent direct and indirect employment opportunities for Vincentians. Budget 2020 places job creation front and centre among the Government's multifaceted plans and priorities. In creating jobs today, and laying the foundation for high quality jobs in the coming years, Budget 2020 accelerates economic and social transformation by placing decent work within reach of thousands of Vincentians. Further, by increasing wages and salaries and improving conditions of employment, the Government continues to position itself as a model employer and natural ally of labour in Saint Vincent and the Grenadines; indeed, we are a Labour government!

The latest data from the National Insurance Services show that the total number of active employees rose by 3% between 2018 and 2019, to 41,512. This reflects an increase of 11,451 active employees since the year 2000 – a 37% increase. The three per cent year-over-year increase in employees was driven mainly by six per cent growth in the construction and public administration sectors, and a five per cent rise in manufacturing jobs.

This year, in addition to the 106 posts created in the central government, Budget 2020 points to an immediate spike in construction and agriculture employment, with rapid growth on the horizon in the hospitality sector. The construction of announced public and private sector hotels – Royal Mills, The View, Black Sands, Marriott, Myah's Luxury Suites, and Holiday Inn Express – will employ over 600 workers in 2020. The rehabilitation of the resort at Buccament Bay, tentatively expected to begin by mid-year, will employ hundreds more. Recently-commenced works under the Government's Regional Disaster Vulnerability Reduction Project will provide an additional 350 construction jobs. Other major growth drivers in the construction sector include the construction of new schools and community centres, the retrofitting of the former ET Joshua terminal building, and the rollout of the PAVE, cargo Port and modern Parliament projects.

Beyond construction, and the jobs that typically accompany projected economic growth, the Clear Harbor Call Centre plans to employ over 300 young Vincentians by year-end. The Rainforest Seafood facility, scheduled to open in September, will create 50 direct jobs, and sustain scores of fisherfolk. As the medicinal cannabis industry begins production in 2020, the licenced farmers' cooperatives, local, regional and international companies will undoubtedly ramp up employment of

skilled cultivators and processors. Job growth in the retail sector will be led by the opening of the shopping and entertainment plaza in Arnos Vale, and planned expansions of existing retailers. Similarly, surveys of local manufacturers suggest that many plan incremental expansions in 2020.

The Government also remains committed to seeking and creating employment opportunities for Vincentians around the world. As will be explained throughout this Budget debate, scores of Vincentian nurses are about to begin work in the United Kingdom, joining hundreds of their countrymen and women who serve in the British armed forces. Employment of Vincentians on cruise ships continues to be the source of the second highest aggregate number of jobs for our nationals after the state sector of the central government and public enterprises. The Ministry of Labour has positioned Saint Vincent and the Grenadines as the leading OECS provider of employees to the Canadian Seasonal Agricultural Worker Program, while also creating opportunities for security and construction personnel across the region. We remain resolute in our stout defence and advocacy for our local farmers and traffickers who sell Vincentian agricultural products to neighbouring countries.

Small businesses, microenterprises, entrepreneurs and self-employed Vincentians can find ample support for their ambitions in Budget 2020. So too can individuals seeking internships, training, or higher education. If you are a small business seeking financing, the Eastern Caribbean Partial Credit Guarantee Corporation can help. If you are a young entrepreneur, the \$2.4 million programme for Promoting Youth Microenterprises (PRYME) can provide you with a cash grant. If you are a farmer or fisher, \$1 million in soft loans are available under the Farmers' Support Revolving Fund. If your business involves technology, CARCIP grants are on offer. If you seek vocational training or certification, the Ministry of Education, the Zero Hunger Trust Fund, the Skills for Youth Employment (SKYE) and Youth and Adult Training (YATE) programmes stand ready to assist. If you seek to make yourself more marketable through tertiary education, the Government is offering more scholarships and assistance than ever before. If you seek internships or practical job experience, over 700 positions in the SET and YES programmes are on offer this year.

In 2020, the Government kept its 2019 pledge to increase public sector salaries by a further two per cent. Inclusive of a retroactive one per cent increase from July 2018, and a 1.5% raise in January 2019, this year's two per cent salary hike means that public sector workers start 2020 with a salary 4.5% over the 2018 baseline – not including the usual increments, which, in the aggregate, amount to another two per cent on the salaries of public servants.

2020 marks the third consecutive year that the Government has raised salaries, or lowered taxes, or both. Further, this year, there is a 25% of increase in salaries for a range of non-unionised minor-salaried workers, including part-time workers such as cleaners and janitors. No part-time worker will receive less than \$400 monthly. As such, all such workers will earn wages above the minimum hourly rate for casual workers.

Domestic workers, who are overwhelmingly women, are particularly vulnerable and often subject to humiliating working conditions and economic marginalisation. A review is being done of their condition through the Ministry of Labour with the aim of ensuring practical correctives. Meanwhile, this Government urges employers of domestic workers to treat their employees better, cease the unwarranted abuse of these household workers, and make sure that they are registered and paid up at the NIS.

Within the parameters of our fiscal realities and those of our recently published Fiscal Responsibility Framework, we will continue to seek opportunities to improve the conditions of workers. The examples of this commitment are numerous: Today, 237 Government officers are off on study leave. Budget 2020 provides resources to operationalize our recent Occupational Safety and Health Act. Similarly, Budget 2020 allocates resources to the enhancement and retrofitting of office space for a number of departments, increasing the comfort and safety of employees.

This is a Labour Government! Much more remains to be done but we are doing more and more!

Cumulatively, there are unprecedented opportunities available to spur job creation and improve work conditions. We are under no illusions about our continuing serious challenges with unemployment, underemployment and informal sector employment. We will continue to work hard to overcome these challenges. However, the data show that, despite difficulties, it has never been a better time to be a Vincentian worker. Budget 2020 is a manifestation of our continued commitment to improve job prospects for all.

(E). CITIZEN SECURITY

Almost every human rights treaty, convention or declaration enshrines the citizens' rights to life, liberty and security of person. Our Constitution, the supreme law of Saint Vincent and the Grenadines, similarly enshrines "life, liberty, security of the person and the protection of the law" as the first of our enumerated fundamental rights and freedoms.²⁵ This is an individual right, a Constitutional entitlement of "every person in Saint Vincent and the Grenadines." The affirmative responsibility of the State to work for the security of all Vincentians is therefore a sacrosanct duty, logically assumed and legally enshrined in our founding documents.

In that context, we discuss citizen security as distinct from other formulations, like "national security," "border security," "public security," or "internal security." While each of those concepts is important, our concept of "citizen security" speaks to the people-centred, rights-based nature of our obligation to protect and serve Vincentians.

²⁵ See, *Constitution of Saint Vincent and the Grenadines*, Chapter 1 (http://www.oas.org/juridico/PDFs/mesicic4_svg_const.pdf)

The Police data show that most categories of violent and property crimes decreased in 2019. For example, murders decreased by over 40%, robberies by 30% and woundings by over 50%. The brave and hardworking staff of the Saint Vincent and the Grenadines Police Force – from Commissioner to Constable – must be commended for their commitment to making Saint Vincent and the Grenadines safer and more peaceful.

But citizen security is not measured simply by the peaks and valleys of annual statistics, subject as they are to factors as diverse as the willingness to report crimes, the weather, or the skill of medical practitioners. Indeed, a lifesaving surgeon can sometimes reduce the murder rate even as violence increases.

As such, in addition to the quantitative data, citizen security also rests on more subjective determinations, like how safe people feel walking the streets at night, how confident they are in the ability of authorities to solve crimes, or how tightly the police are interwoven into the fabric of village and community life.

Budget 2020 intensifies our continuing battle against criminality, and seeks to improve both the objective and subjective measures of citizen security across Saint Vincent and the Grenadines.

In 2019, the Government put more boots on the ground, with over 120 new personnel added to the Police, Coast Guard and Fire departments. Because of those additions, there are now over 1000 Police officers, 100 members of the Coast Guard and 100 fire fighters in Saint Vincent and the Grenadines. This year, Budget 2020 augments those boots on the ground with eyes in the sky – in the form of 200 Closed-circuit television (CCTV) cameras. These CCTV cameras will add video surveillance to the citizen security toolbox, and enhance the ability of the Police to solve, deter and respond to crimes. As promised in the 2019 budget, the CCTV installation began last year with the construction of a surveillance command centre in Questelles and the rollout of cameras in Kingstown. Eighty cameras will go live in late February, with additional installations on the Leeward and Windward coasts continuing up to mid April. We are grateful to the Government and people of Taiwan for this important project, and for the training that Vincentians have received in camera installation and repair, video surveillance analysis and drone operation.

With the recent start of the 2020 law term, Saint Vincent and the Grenadines welcomed additional judicial resources, in the form of a new criminal court judge and a new criminal courtroom. We expect that this new judge will help to reduce the backlog of criminal cases, and expedite the delivery of justice to the benefit of the victim, the accused and the wider society. An addition will also be made to the Magistracy.

In anticipation of the increased caseload triggered by an additional judge, Budget 2020 adds five new positions to the Office of the Director of Public Prosecutions, including that of Assistant DPP,

Crown Counsel and Case Manager. An additional \$359,000 is also budgeted to retrofit and enhance the office of the Director of Public Prosecutions and her staff.

No government in the history of Saint Vincent and the Grenadines has spent more money on the construction of new and improved accommodations for our police and security services. The reinvigorated thrust to refurbish and upgrade public facilities – which began in 2019 – is extended to police stations this year. Budget 2020 allocates \$1.3m to upgrade electrical, plumbing and structural works at 17 Police Stations and three other security facilities across Saint Vincent and the Grenadines.²⁶ The Coast Guard Base at Calliaqua, which received upgrades to the female dormitories last year, is budgeted \$400,000 worth of renovations in 2020.

Additionally, in light of the policy decision to establish three substations in Mayreau, Belair and Fancy, Budget 2020 allocates resources for the establishment of the Mayreau and Fancy facilities.

Budget 2020 also earmarks \$2,000,000 for the construction of a Modern High Court Complex. This allocation, part of a US\$10 million Taiwanese loan, will cover design and preliminary work on a facility that will improve the efficiency of judicial administration and improve public access to our legal system.

Last year, the Government launched the Sports Against Crime initiative, which will complement the Pan Against Crime, Police Youth Club and Coast Guard Summer programmes. Sports Against Crime seeks to engage at-risk youth in productive athletic activities and increase Police presence in communities across Saint Vincent and the Grenadines. The Ministry of National Security, in collaboration with the Ministry of Sports, has planned an ambitious series of nationwide events to engage young Vincentians at our new and upgraded sporting facilities.

Last year's generally exemplary work of our security services was not without serious shortcomings. A tiny minority of Police officers allegedly engaged in criminal activities that sullied the good name of the Police Force and, if proven true, exploited the very individuals that they were most obligated to protect. There is no space for such individuals, or such alleged actions in our citizen security services. The leadership of the Police Force have undertaken to stamp out ill-discipline and any behaviour that violates the bond of trust between the public and our conscientious constabulary.

Our vision is that Saint Vincent and the Grenadines remains a safe, secure place to visit, live, work, and raise children. Budget 2020 materially advances this vision, within the framework of the Government's 14-point strategy to combat crime and the causes of crimes, issued in 2003, and the

²⁶ Barrouallie Police Station; Biabou Police Station; Calliaqua Police Station; Chateaubelair Police Station; Colonaire Police Station; Georgetown Police Station; Inspector's House Calliaqua; Layou Police Station; Mesopotamia Police Station; Old Montrose Police Station; Owia Police Station; Paget Farm Police Station; Port Elizabeth Police Station; Questelles Police Station; Rapid Respond Unit (RRU) Layou; Rapid Respond Unit (RRU) Port Elizabeth; Rose Hall Police Station; Sandy Bay Police Station; Spring Village Police Station; Vermont Police Station

Police Force's comprehensive "Crime Strategic Plan 2018-2021." However, no amount of Government expenditure, by itself, can make Vincentians safe. The participation of our churches, schools, parents, community leaders and the general public are indispensable components of any successful citizen security programme. We must all work together for a safer Saint Vincent and the Grenadines.

(F). HEALTH & WELLNESS

Health remains at the forefront of the minds of our government and the Vincentian public. This year the Government has increased healthcare spending every year that it has been in office. From \$50.6 million in 2001, this Government will spend \$103.7 million in 2020. From 66 doctors, we now employ 113. From 526 nurses, we now have 678. We spent \$6.9 million on medicine, now we spend \$15.4 million. Our commitment to the national healthcare apparatus is tangible.

In 2019, as promised in last year's budget, the Government opened two top-class clinics in Buccament and Chateaubelair. The Government also refurbished and reopened the Levi Latham Health Centre in Mesopotamia. Coupled with the world-class Modern Medical Complex in Georgetown, now in its second year of operations, these facilities represent an unparalleled advance in the quality of our healthcare infrastructure and a welcome decentralization of primary health services.

The Modern Medical Diagnostic Centre continues to expand the Healthcare services offered to Vincentians. In 2019, its accident and emergency division received 10,169 visits, and an additional 3,870 visits from non-emergency patients, like those seeking oncology, ophthalmology, gastroenterology and nephrology services. The Outpatient department saw an additional 3,000 visitors. Staff at the Modern Medical Diagnostic Centre performed 974 surgical procedures, administered 5,869 X-rays, 5,587 ultrasounds, 1,100 EKGs and conducted 125 chemotherapy sessions. The Pharmacy Department in Georgetown filled 10,578 prescriptions. Visiting medical missions from our generous friends in Taiwan and Palestine provided cardiology and acupuncture services, repaired hernias and performed testicular surgeries to the benefit of over 150 patients.

As predicted in the 2019 Budget Speech, all of these numbers represent increases over the 2018 data. The Modern Medical Diagnostic Centre continues to grow and expand its services our people.

The A&E at MMDC now sees about 50% as many patients as that of the MCMH. While the A&E at MMDC is visited roughly 850 times per month, the department at MCMH receives approximately 1,700 monthly patients. Similarly, MMDC performs, on average, 80 surgeries per month, compared with over 200 at the MCMH.

The recently-opened Levi Latham Health Complex, Buccament Polyclinic and Chateaubelair Smart Hospital have significantly expanded the reach and scope of medical care. The Levi Latham Health

Complex was operational for the last eight months of 2019, and saw 1,843 cases at its accident and emergency unit. Levi Latham welcomed 1,073 visits to the 37 sessions held with the District Medical Officer in 2019. Additionally, 344 Children were seen for child health sessions and three children were delivered at the facility. The Hospital at the Health Complex had 309 admissions.

The Buccament Polyclinic was similarly busy. At this new facility, in operation for the last seven months of 2019, there were 4,230 clinic visits that were seen by a doctor. The Polyclinic dealt with 359 casualties, welcomed 143 visits for diabetes and hypertensive care, and saw hundreds more visits for family planning services, pap smears, and pre- and post-natal care. One baby was also born at the Polyclinic.

The Chateaubelair Smart Hospital, in turn, saw 4,745 casualties, admitted 112 for further care, delivered seven babies, and referred 169 patients to the Milton Cato Memorial Hospital in the nine months since its opening. The residents of the North Leeward District now enjoy vastly improved, 24-hour, primary care service.

In sum, these new facilities in Georgetown, Buccament, Mesopotamia and Chateaubelair received well over 30,000 visits in 2019. Prior to 2019, many of those visitors would have taken the long trip to Kingstown to cram themselves into the Milton Cato Memorial Hospital. Worse, many of them may have decided to delay or forego medical care altogether. By taking quality primary healthcare to the people, we are making a healthier Saint Vincent and the Grenadines.

Budget 2020 continues the Government's focus on improving the quality of our clinics and the medical care offered in all corners of Saint Vincent and the Grenadines. Following on the heels of last year's \$6.5 million investment in school repair, Budget 2020 will spend \$7.8 million on refurbishing, equipping and upgrading medical facilities in Barrouallie, Bequia, Buccament, Calliaqua, Cedars, Chateaubelair, Clare Valley, Georgetown, Greiggs, Mayreau, Sandy Bay, Sion Hill, Stubbs and Union Island. An additional \$1 million will be spent to upgrade the outpatient clinic at the Milton Cato Memorial Hospital. This \$8.8 million is an unprecedented investment in the quality of existing medical facilities, and further evidence of the Government's commitment to the health and wellbeing of all Vincentians.

Last year's budget speech discussed the Government's progress in constructing a 140-bed acute referral hospital at the site of the decommissioned ET Joshua Airport in Arnos Vale. The renowned global architectural firms of Pinearq²⁷ and Mallol Arquitectos,²⁸ of Spain and Panama, respectively, were hired to complete the designs for the hospital. Pinearq and Mallol have extensive experience in designing medical facilities throughout Europe and Latin America. To date, structural designs have been submitted, and the mechanical, electrical and plumbing designs are nearing completion.²⁹ All

²⁷ See, <https://pinearq.es/ENG>

²⁸ See, <http://www.mallolarquitectos.com/>

²⁹ See, e.g., <https://pinearq.es/ENG/projects/detail/hospital-de-saint-vincent-and-grenadines>

final designs will be submitted in March 2020. The Government is finalising funding arrangements for the construction of this facility, and expects to begin construction in 2021.

As discussed elsewhere in this Address, the Government is proud of its decision to relocate the residents of the Lewis Punnett Home from their unsatisfactory accommodations in Glen. The \$3 million temporary facility is superior to the former Lewis Punnett Home in every respect. However, it is only a temporary home. Budget 2020 allocates \$400,000 for the demolition and design of a new Lewis Punnett Home at its original location. We look forward to welcoming those residents to a new first class facility in East Saint George in the coming years.

Last year, the Government published its first-ever *Charter of Patient Rights and Responsibilities*. In that *Charter*, the Government reiterated its recognition of the right to health as a fundamental human right. However, the *Charter* went further, detailing patients' rights of access, confidentiality, quality care, information, non-discrimination and the right to pursue grievances against healthcare providers. In 2020, the Government, through the Ministry of Health and its hardworking team of medical professionals, will continue to ensure patients' rights and embody both the letter and the spirit of the *Charter*.

(G). EDUCATION

Central to our accelerated economic transformation is the continuation and consolidation of the Education Revolution. From its admirable focus of ensuring quality primary education and universal access to secondary education, the Government's sustained emphasis on education has expanded early childhood instruction, trained hundreds of teachers, introduced cutting-edge technology, enhanced vocational and technical training, increased the capacity and course offerings at the Community College, provided unprecedented access to quality tertiary education, and built and refurbished schools, libraries and learning resource centres.

Today, with the help of the Government, there are Vincentians in the United States studying Aeronautical Science, Cyber Security and Biomedical Engineering. There are Vincentians in Russia earning degrees in Power Systems Engineering, Informatics and Linguistics. Vincentians in the UK are doing Aviation Management and Climate Change. Vincentians in Cuba are pursuing qualifications in Medicine and Architecture. Vincentians in Taiwan are studying Animation and Engineering. And Vincentians at various University of the West Indies campuses doing Cardiac Surgery, Radiology, Ecology, Biotechnology, Theatre Arts Management, Art, and Actuarial Science. We are in Mexico, Brazil, the Netherlands and New Zealand, to name a few countries. Our youth are soaring, as eagles, with wings unclipped.

Today, according to the Office of the Chief Personnel Officer, 1,295 Vincentians are currently pursuing tertiary education through State scholarships or other government assistance. Last year, a record 50 National Scholarships, National Exhibitions and Bursaries and 247 tuition scholarships

were awarded. A further 61 students received \$3.3 million in student loans last year through the Economically-Disadvantaged Student Loan Programme of the National Insurance Services. The NIS' total active student loan portfolio now spans 550 students and \$28.3 million.

The Government has assisted other students who have demonstrated athletic prowess and potential. Today, there are students pursuing educational opportunities on the strength of their football, tennis and track and field talents. This cohort includes a gifted young female footballer, who is at a university in the United States, with vital state assistance to supplement her partial scholarship.

We remain committed to our goal of achieving an average of one university graduate per Vincentian household by 2030. In 2020, we expect to meet or exceed last year's record numbers of students receiving State assistance for tertiary education. As more and more of our youth seek out and qualify for diverse educational opportunities, this Government will dedicate more and more resources to support their boundless ambition.

We believe in you.

But our Education Revolution is so much more than sending students off to University. Budget 2020 strengthens our educational system at every level, with record commitments to improving educational quality, access, and opportunity. This year, Budget 2020 allocates \$156 million in recurrent and capital expenditure to education.³⁰ This is a 100% increase over the corresponding number in 2001.

Last year, we pledged to spend \$6 million to refurbish our primary and secondary schools. We fulfilled that pledge, spending \$6.8 million. This year, Budget 2020 begins the process of upgrading and rebuilding those schools that required more substantial repairs. Under the BNTF programme,³¹ the Calliaqua Anglican, New Grounds Primary and Park Hill Government Schools will be significantly expanded and upgraded. The Government has also crafted a special \$40 million school enhancement programme, in partnership with the Caribbean Development Bank, to rebuild the Sandy Bay Secondary School and conduct significant repairs on eight other facilities – the St. Clair Dacon Secondary, Girls High School, Saint Vincent Grammar School, Thomas Saunders Secondary, Bequia Community High School, Kingstown Anglican, Barrouallie Anglican and Barrouallie Primary School. The Mary Hutchinson Primary School in Union Island will also be rebuilt. Naturally, this massive school enhancement programme will be carefully phased and timed over the next two years so as to minimise disruptions to students' instructional time.

³⁰ Including budgeted expenditure on school construction under the BNTF, and TVET services under the Human Development Service Delivery programme.

³¹ Caribbean Development Bank, Basic Needs Trust Fund (<https://www.caribbank.org/our-work/programmes/basic-needs-trust-fund>)

As indicated last year, the Government is committed to significantly enhancing Vincentians' opportunities to receive quality technical and vocational education at all levels. Even as more Vincentians than ever before are hanging degrees and diplomas on their walls, we are facing a crippling shortage of formally certified tradespersons and technically skilled individuals. With the massive expansions expected in construction, hospitality, agriculture and services, this shortage is becoming ever more acute. There are myriad profitable opportunities available to Vincentians with formally recognised technical skills. Vincentians have long enjoyed regional renown as being among the Caribbean's best tradespersons and craftspersons. This Government seeks to capitalise on that reputation, and the opportunities available in our rapidly-transforming economy, by solidifying technical and vocational education as a vehicle for development and wealth creation.

Twelve years ago, a World Bank report questioned whether the Eastern Caribbean education system adequately prepared youth for the global economy.³² The Report, observing that economic transformation will increase demand for skills, concluded that there was a "general disconnect between education and the world of work in the Eastern Caribbean."³³ Buttressing this conclusion was the World Bank's observation that:

"Even during recent economic booms, youth unemployment remained high, indicating a mismatch between skills acquired in school and the critical skills demanded by the labor market. There is a clear need for more relevant education and training to prepare young people for the demands of work."³⁴

Those decade-old observations remain relevant today. Despite considerable work in this area by the Government of Saint Vincent and the Grenadines, there remains some degree of mismatch between what our education system is churning out, and what our labour market requires.

This Government has been determined to close this gap, further reform our curricula, and to equip our youth with the in-demand skills and qualifications to further accelerate personal and national development.

In 2019, the Government engaged in a number of important initiatives to formally certify and train young Vincentians in various in-demand areas. For example, the ZHTF provided training to 37 youth in cosmetology, welding, and basic food preparation and handling. The ten students who received Caribbean Vocational Qualifications (CVQs) in cosmetology through this programme were the first Vincentian recipients of this formal certification. The ZHTF then attached those students

³² "School and Work: Does the Eastern Caribbean Education System Adequately Prepare Youth for the Global Economy?" The World Bank Human Development Sector Caribbean Country Management Unit, Report No. 38555, 5 Nov. 2007, (<http://documents.worldbank.org/curated/en/509531468231538172/pdf/385550OECS0whi1ool0andWork01PUBLIC1.pdf>)

³³ *Ibid.*, at p. 11.

³⁴ *Ibid.*, at p. 1.

to various local establishments, and provided them with a monthly stipend. Those trained in welding received equipment that would allow them to meaningfully participate in the market for skilled welders. This year, the Zero Hunger Trust Fund plans to expand its skills training offerings to vulnerable youth in Saint Vincent and the Grenadines.

In November, 2019, 152 young Vincentians graduated with internationally recognised qualifications as computer service technicians, network technicians, and cybersecurity specialists. These graduates were trained by the National Centre of Technological Innovation (NCTI).³⁵ The NCTI will continue to equip more youth with these important modern qualifications.

Similarly, Budget 2020 continues to deepen the diversification of our educational offerings to the Vincentian people. This year, the Government will rehabilitate and retrofit technical institutes in Georgetown, Bequia, Campden Park and Barrouallie, and reactivate the facility at Petit Bordel, while improving access to those facilities.

Further, Budget 2020 includes \$4 million for the World Bank-funded Human Development Service Delivery Project. This year, the Government will purchase Technical and Vocational Education and Training (TVET) equipment for secondary schools, retrofit schools' TVET labs and provide TVET training to teachers. Additionally, the Human Development Service Delivery Project will include a Labour Demand Survey, which will provide information to better align workforce demands with educational outputs.

Saint Vincent and the Grenadines is also the headquarters of the “Youth Skills for Economic Growth in the Eastern Caribbean” programme, which is funded by the United Kingdom’s Department for International Development (DFID).³⁶ This £9 million programme, also known as Skills for Youth Employment (SKYE),³⁷ began operations in mid-2019 and will provide TVET instruction, internships and on-the-job training in areas such as renewable energy, tourism and construction. Over 2,000 Vincentians will receive training under this programme over a three-year period.

The Division of Technical and Vocational Education of the Saint Vincent and the Grenadines Community College³⁸ now has 813 full-time students, the majority of whom are earning Associate's Degrees in fields of study as diverse as Automotive Repairs, Air Conditioning and Refrigeration, Building Construction Technology, Culinary Arts, and Entrepreneurship. Another 220 part-time students have worked towards certificates in Garment Construction, Plumbing, Welding, Electrical Installation and Bar Service and Operations, among others. This enrolment represents an increase in

³⁵ Saint Vincent and the Grenadines National Centre of Technological Innovation website, (<http://web.svgncti.org/>)

³⁶ Department for International Development website,
<https://www.gov.uk/government/organisations/department-for-international-development>

³⁷ See, e.g., “About SkYE,” (<https://www.skyecaribbean.com/about-skye/>)

³⁸ Division of Technical and Vocational Education, SVGCC website (<https://svgcc.vc/division-programmes/dtve>)

the Technical College enrolment of two decades ago by over 330%.³⁹ Indeed, there are more students pursuing degrees and certificates in the Division of Technical and Vocational Education today than there were in the combined year-2000 cohort of Community College, Teachers' College and Technical College.⁴⁰

We are on the right track. But there is more work to be done. There is still demand for formal skills training that outstrips the number of seats in the Community College. In 2020 and beyond, we must better utilise our schools, community centres and Learning Resource Centres to deliver these life-changing skills and certifications to our ambitious young people.

The Education Revolution continues to progress. Our goal is a highly educated, highly adaptable, well-trained, formally certified population, properly equipped to take advantage of the myriad opportunities in a rapidly-transforming economy – locally, regionally and globally. As blessed as we are in Saint Vincent and the Grenadines, our greatest gifts are our intelligent, innovative, active, adaptable and hardworking people. The Government of Saint Vincent and the Grenadines will continue to ensure that all Vincentians have the opportunity to develop their minds, skills and talents.

(H). ICT & INNOVATION

In the 2019 Budget, this Government stated that “the existence of adequate ICT infrastructure is a basic prerequisite for growth in investment, commerce and education – much as widespread and reliable electricity or telephone service was fundamental to earlier growth.” As such, 2019 was a year dedicated to installing and expanding first-world fibre-optic infrastructure in Saint Vincent and the Grenadines. As part of the Caribbean Regional Communications Infrastructure Program (CARCIP) initiative, we now have a high-speed, 140-mile fibre-optic broadband backbone that encircles mainland Saint Vincent and runs undersea through the Grenadines and down to Grenada.

In 2020, that backbone, which connects government buildings, hospitals, and police stations, will be expanded to educational institutions across Saint Vincent and the Grenadines. By connecting schools to our Wide Area Network, we will have the capacity to offer students superior connectivity – allowing for remote delivery of instruction, online examinations and improved research.

Our first practical use of the CARCIP network will be to complete the installation of a Government-wide PBX (private branch exchange) telephone system, which will connect all Government departments on a single, modern, internal telephone network. We are in the process of installing 1,200 state-of-the art telephones in Government offices throughout Saint Vincent and the

³⁹ See, *Saint Vincent and the Grenadines 2001 Estimates*, p. 203, indicating a Technical College Enrollment of 187 students.

⁴⁰ *Ibid.*

Grenadines. We hope that these phones will reduce communication costs and improve efficiency of the civil service.

The CARCIP network also undergirds the first phase of our Closed Circuit TV camera installation programme, which is discussed elsewhere in this Budget Speech.

With the completion of the CARCIP network, Budget 2020 makes provision for additional programmers, systems administrators, technicians and help desk personnel. These new posts are necessary to fully manage and operationalize our improved ICT capacity.

Going forward, the Government is committed to leveraging our CARCIP connectivity in tangible ways to benefit Vincentians. 2020 is focused on this goal. Many of our recent ICT investments have been targeted on improving communications infrastructure, improving cybersecurity, and enhancing the efficiency of government offices. Going forward, we want to revolutionise the ways in which citizens interact with their Government.

Budget 2020 makes a nominal \$20,000 allocation to something called the “Digital Transformation Project,” but the allocation belies the future impact of the programme. As we transition from network installation to service delivery, the Digital Transformation Project will become the centrepiece of our ICT thrust. This World Bank-funded project will have regional and local components designed to create an innovative digital ecosystem that reinvents service delivery in Saint Vincent and the Grenadines. It will encompass digital identification, payment platforms, land registration and administration, and the ability to conduct business with the Government – from paying taxes to renewing passports and drivers’ licences – through a single e-Government platform. As part of delivery of digital public services to individuals, the project will also ensure that the requisite reforms are in place to ensure citizen security, privacy and data protection.

The project will also continue CARCIP’s investment in digital skills training and entrepreneurship. This year, the National Centre of Technological Innovation (NCTI)⁴¹ will utilise \$500,000 in CARCIP funding to continue its training and certification of Vincentians in various areas of ICT competence and innovation. Over the last three years, more than 700 people have received this training. As discussed elsewhere in this Budget Speech, a further \$770,000 will be granted to nine ICT-enabled entrepreneurs, who join 16 earlier beneficiaries. This is an important investment in technical capacity and a national culture of innovation.

Throughout Budget 2020, the Government makes investments in upgrading computer systems available to schools and departments.⁴² These programmes are central to our mission of improving and modernising service delivery across all areas of responsibility.

⁴¹ Saint Vincent and the Grenadines National Centre of Technological Innovation website, (<http://web.svgncti.org/>)

⁴² See, e.g., *Estimates of Revenue and Expenditure for the Year 2020*, pp. 677-722, including, *inter alia*, Enhancement of the Director of Public Prosecutions Office; Purchase of Equipment – API; Computer Replacement

We remain convinced that ICT and innovation – properly deployed and nurtured – are developmental accelerants and indispensable elements of our economic transformation. Many of the challenges of smallness, multi-islandness and inefficiency can be ameliorated with the effective deployment of various ICT solutions. While the implementation of forward-looking technology solutions is oftentimes costly, the returns on investment are worth it. In achieving the Honourable Prime Minister’s vision of crafting a modern, competitive, many-sided, post-colonial economy, we must first be modern. We are committed to adopting and deploying ICT to our people’s benefit.

(I). **SPORTS**

In a youthful, developing country like Saint Vincent and the Grenadines, it is almost impossible to overstate the importance of sports. Sport builds health, skill, discipline, teamwork, communities and national pride. Sport is entertainment. Sport is tourism. Sport is a social magnet. Sport is a productive outlet for youthful energy. Sport is an opportunity – for education, travel, employment and a rewarding career.

The development of sports and the development of a people-centred society are objectives that are inextricably interwoven. It is impossible for either objective to advance independently.

This year, there will be multiple investments in sports development across Saint Vincent and the Grenadines. Through the efforts of the central Government and the National Lotteries Authority, multiple sporting facilities will be constructed. This year, new hard courts, playing fields and multipurpose facilities will be opened in Choppins, Evesham, Rose Hall, Sans Souci and West Kingstown, while significant rehabilitative work will take place at venues in Clare Valley and Rose Bank. Yesterday, the Calliaqua Playing Field received a state-of-the-art upgrade to its lighting fixtures, significantly enhancing its capacity to host night-time sporting events. The National Lotteries Authority will supervise minor rehabilitative work on several other facilities nationwide. The Government is building sports from the ground up, community-by-community, one facility at a time.

In the 2019 budget, the Government stated that “we hope to conclude negotiations this year for the necessary funding to construct an athletic track for our long-suffering runners, with a 2020 target date for the start of construction.”⁴³ The Government got an early start on this pledge, commencing construction in December 2019. The athletic track, being installed by an internationally-recognised German company, is part of an exciting \$4 million project, that represents the latest step in our progress towards a dedicated football and track and field facility. By mid-2020, the full-sized, top quality athletic track will be installed, and the football field will be grassed. Other ancillary facilities

for Secondary Schools; Enhancement of Bureau of Standards; Electoral Office Enhancement Project; Agricultural Modernisation and Development Programme; Electrical Re-Inspection Programme; Overseas Mission Enhancement Project

⁴³ 2019 Budget Speech, p. 42

and amenities, including temporary bleachers, washrooms, a separate warm-up field and parking areas, will also be completed in 2020.

Among the track and field community, the enthusiasm and anticipation for this long-awaited project is palpable. While 2020 will not deliver the full-fledged track and field stadium that remains an objective of the Government, this year will be remembered by the sporting community as the year that we took a momentous step in that direction, and provided our athletes with a practice and competition surface that – outside of the Olympics or the World Championships – is as good as or better than any other such surface in the world.

Budget 2020 also allocates significant resources for the upgrade of the Arnos Vale Sporting Complex, our premier cricketing facility. These upgrades include general repairs to all stands at the ground, and the installation of a state-of-the-art electronic scoreboard. After a lengthy absence from the hosting of senior men's international cricket – an absence that coincidentally coincided with the tenure of certain regional cricketing executives – Arnos Vale is slated to host back-to-back T20s between Australia and the West Indies in mid-2021. We have no doubt that we will remind fans globally that Arnos Vale is one of the most picturesque and alluring venues in the world to enjoy a game of cricket.

As indicated elsewhere in this Budget Speech, this Government believes that the link between sporting development and crime prevention is real. At-risk, misguided or idle hands are better occupied holding a bat or a ball than a gun. Community rivalries are better settled on a netball court or football field than on the streets. Pent-up energy is better spent running to the goal than running from the law.

As such, the Sport Against Crime programme, launched in 2019, will expand its reach and activities in 2020. This collaboration between the Ministries of Sport and National Security is a major part of this Government's plan to improve the safety, security, health and unity among our citizens. Along with the rehabilitation of sporting facilities in communities across the country, the Sports Against Crime programme is the vehicle that will bring novel and exciting sporting activities to the villages and towns of Saint Vincent and the Grenadines.

(J). YOUTH & WOMEN

It is a wonderful time to be young in Saint Vincent and the Grenadines! Never before have young people been so embraced, so exposed to opportunities and so encouraged to explore and exploit their skills, talents and ideas.

Today, Vincentian youth are truly soaring. More young people than ever before are pursuing tertiary and vocational education. More young people than ever before have access to new and upgraded athletic facilities. More young people than ever before are receiving assistance to start and develop

their small businesses. More young people than ever before are assuming leadership roles and making their presence felt in all facets of civil society, the private and public sector. More young people than ever before, in all corners of the world, are flying the Vincentian flag high and proud in academic, athletic, employment and cultural pursuits.

We could not be prouder of the energy, creativity, and work ethic of our youth. The future of Saint Vincent and the Grenadines is in extremely capable hands.

Budget 2020 is replete with youth-focussed programmes and initiatives. This Budget Speech has already outlined the increased educational opportunities available, including the exponential increase in vocational training opportunities. It has detailed the jobs being created, and the imminent addition of new jobs in hospitality, entertainment, agriculture and the information economy. It has reminded of the hundreds of YES and SET programme internships, which build upon the cash awards given for outstanding examination performance. It has quantified investments in ICT and innovation, and support for technology entrepreneurs. It has listed the new and upgraded athletic facilities in the pipeline, including the Athletic Track at Diamond. It has reiterated its support for the dream of home ownership and the assistance provided in obtaining or upgrading lands and houses. It has explained the steps being taken to bequeath to their generation a safer, cleaner and more climate-resilient Saint Vincent and the Grenadines.

But there is more.

Budget 2020 introduces a special, youth-focussed initiative that merits discussion today. That initiative, called the Promotion of Youth Microenterprises (PRYME) programme, seeks to put \$2 million in grant funds in the hands of young businesspersons in 2020.

Youth-run microenterprises face a number of challenges to growth, including capital constraints, inadequate skills, and insufficient discipline. The PRYME programme will complement existing entrepreneurial-support initiatives by identifying promising microenterprises and start-ups that could benefit from appropriate injections of financial or managerial capital.

The PRYME programme will employ a seed capital grant strategy to facilitate its clients' movement toward empowerment and greater economic self-reliance. By and large, PRYME clients would not be able to risk taking a loan because they have no spare income to make payments if their enterprises do not generate an immediate profit. A PRYME grant, in contrast to credit, exposes clients to much less risk and allows them to grow a business without immediate loan servicing pressures.

However, a PRYME grant is not an unconditional giveaway. Clients will have to meet various preconditions or on-going reporting obligations, based on the type of business and size of grant. At a minimum, all clients will have to successfully complete basic training in bookkeeping and sound

financial management. Recipients of larger grants will have to complete an approved business plan, allow for scrutiny of their accounts by PRYME officials, and have their grants awarded in stages, with later stages contingent upon the achievement of agreed prior actions and targets.

The PRYME programme expects to reach over 200 young entrepreneurs in 2020, with cash grants between \$3,000 and \$40,000. The young microentrepreneur might be a fashion designer in need of sewing machines; a barber in need of equipment; a food processor in need of packaging materials; or any number of other creative and original business pursuits. Our PRYME clients will be screened and shepherded by the Centre for Enterprise Development and Invest SVG, and will also be eligible to occupy space in one of three pilot PRYME Community Enterprise Zones – small retail or service spaces that will be located in various communities nationwide.

Successful PRYME implementation will not be measured simply by the profitability, expansion or long-term survival of the particular business, or in the clients' contribution to economic growth. Rather, it will focus on how the programme enhances self-sufficiency, empowerment and catalyses entrepreneurial activity among the youth. We hope that tomorrow's major businessperson or entrepreneur will be incubated and empowered by PRYME today.

Budget 2020's focus on the youth, and faith in the youth, is exemplified by the PRYME programme, but is demonstrated in countless ways throughout our developmental plan. Only the youth – energetic, engaged, educated, and innovative – can hasten economic transformation in Saint Vincent and the Grenadines. We cast our developmental lot with the youth, fully confident that they will stand ably on the shoulders of those who came before, seize today's opportunities, and lift Saint Vincent and the Grenadines to greater levels of achievement.

Last August, Her Excellency Susan Dougan was sworn in as this country's first female Governor General. Before her, every single colonial Governor and post-independence Governor General was a man. Our Governor General joins the ranks of other trailblazing female "firsts" in Saint Vincent and the Grenadines over the last few years, and a list of high profile, powerful women in all facets of life, from the Speaker of the OECS House of Assembly to our Chief Magistrate to our Director of Public Prosecutions and Chief Medical Officer; from our Cabinet Secretary to our hosts of women Permanent Secretaries; from our Calypso monarch to our distance running champions, to the first Caribbean woman to be certified as a level 3 cricket coach by the England and Wales Cricket Board.⁴⁴ Our ambassadors to the United States, the United Nations and Taiwan are all women, and our developing pipeline of future international representation promises even greater such representation. Vincentian females now regularly outnumber their male counterparts as graduates of tertiary educational institutions.

⁴⁴ See, St. Vincent and the Grenadines Cricket Association, "Samantha Lynch pursues her ECB Level 3 Coaching Certificate," 3 May 2016 (<https://svgcricke.org/samantha-lynch-pursues-ecb-level-3-coaching-certificate/>)

The presence of women at the highest levels of achievement in Saint Vincent and the Grenadines is now, thankfully, increasingly commonplace. However, this Government is committed to ensuring that women's advancement is not the exclusive province of the trailblazers and high achievers, paying special attention in 2020 to the structural challenges confronting women at all rungs of the socioeconomic ladder.

Poverty and inequality, in and of themselves, disproportionately impact women. A series of low-wage jobs, that are typically occupied by women in Saint Vincent and the Grenadines, offer little scope to break the cycle of poverty. Some exhausting but essential jobs that are overwhelmingly done by women in our country – like mother, caregiver, and housekeeper – earn no wages at all. NIS data indicate that domestic workers – again overwhelmingly women – are severely underrepresented on the rolls of workers whose employers are making legally-required social security payments.

With Budget 2020, the Government seeks to address the discriminatory impact of poverty on women in bold and creative ways. For example, this year's 25% increase to low-wage part time workers at schools, hospitals and offices, will undoubtedly be a boost to the women who dominate these job categories. So too will our work to regularise teacher appointment and nurses' allowances. Similarly, given the disproportionate number of women who are supported by the social safety net – including single mothers and elderly women – recent efforts to supplement that support have measurable benefits. Our recently-passed Occupational Safety and Health Act makes significant advancements in codifying protections available to women in the workplace.

The Ministry of National Mobilisation, Social Development, Family, Gender Affairs, Persons with Disabilities and Youth performed important work in 2019 in providing social empowerment services to women, including female heads of households and victims of domestic violence. This year, Budget 2020 supports the Ministry's objective to mainstream women's rights through the promulgation of a national Gender Equity Policy and Action Plan.

In a year of generally downward-trending crime statistics, violence against women remained a glaring and disconcerting anomaly. In recent days, multiple incidents of such violence have galvanised national discourse. It is a sickeningly-familiar characteristic of violence against women that much of it is committed by cowardly men who are in positions of trust – spouses, partners, close friends, family members, teachers and bosses, and to name a few. Such crimes are maddeningly difficult to prevent, police, prosecute or punish. The law, and law enforcement, generally presume that the home is a safe place, and that threats to security come from the outside, not from within. Victims of violence often decline to report or prosecute for a host of complex reasons – including a web of cultural and historical norms that are tacitly supported by layers of structural and institutional biases. The problem does not lend itself to easy solutions, but it is a problem that demands our redoubled efforts. The State has a role to play, from working harder to reach and educate men, to better responding to reports of domestic violence, to ensuring safe respite to battered women, to more

vigorous prosecution, to enforcing a zero tolerance policy as an employer. The Government will continue to confront this crime aggressively in 2020.

But violence against women will not be solved by Government action alone. There are conversations, actions and cultural reorientations that must take place within families, within churches, within civil society, within the private sector and between individuals. It is time – it is past time – for us all to abandon hand-wringing, opportunism, blind anger or glib social media sanctimony; and instead commit to doing the hard work necessary to move our society inexorably away from violence against women.

This Government, and all right-thinking Vincentians will continue to celebrate and champion the achievements of those women who reach the highest peaks of individual excellence. We yearn for the day when such achievements are so commonplace as to no longer be noteworthy. But we are deeply committed to addressing the structural, cultural and historical norms or obstacles that uniquely confront women on their developmental journey. These challenges are particularly acute among the poor. Budget 2020 is resolute in advancing this crucial task, not only in the interest of a generalised sense of equity, or in support of individual aspiration, but for the acceleration of national development.

The women of Saint Vincent and the Grenadines continue to be the backbone and the heart of our communities. We stand ready to listen to them and to respond when they ask us to lead, follow, partner, or get out of their way.

(K). FOREIGN AFFAIRS

2019 was a proud and triumphant year for Vincentian foreign policy. We opened a new embassy in Taiwan, to facilitate increased opportunities for trade and investment, to improve service to our hundreds of university students there, and to strengthen the bonds of friendship with our ally and with other Asian governments. We welcomed the Presidents of Ghana and Taiwan, and hosted the Prince of Wales, on official visits. We oversaw official visits by the Prime Minister to a number of countries, including the United Arab Emirates, the Seychelles and India. Our Foreign Minister, the indefatigable Sir Louis Straker, crisscrossed the globe to advocate on behalf of Saint Vincent and the Grenadines in multilateral forums, and to seek opportunities for Vincentians in bilateral engagements. Our consular representatives in Canada and New York, as well as our representatives in the UK, Cuba and Venezuela, continued to exceed expectations in their facilitation of business opportunities, their service to Diaspora communities and their delivery of tangible benefits to Vincentians at home. At the United Nations, our Ambassador concluded Saint Vincent and the Grenadines' successful tenure as President of the Economic and Social Council – an extraordinary achievement at the heart of shaping the global development agenda.

By those accomplishments, 2019 would have been an impressive – even unprecedented – year for

our country on the world stage. But in last year’s budget speech, we staked out an even greater ambition. We predicted that “[2019] has the potential to be an historic one in the annals of Vincentian and Caribbean foreign policy,” and set the nation’s eyes on the 7th June, 2019 election of countries to serve a two-year term on the United Nations Security Council the world’s highest deliberative body on matters of global peace and security. Our bid was ambitious and audacious. No country as small as Saint Vincent and the Grenadines had ever been elected to the Security Council. Measured by population, by economic power, or by military might, the Vincentian candidacy represented an unheard-of attempt by a small, poor and marginalized nation to sit as one of only 15 countries on the most exclusive and influential multilateral institution in the world. But measured by the strength of our convictions, the power of our ideas, or the accuracy of our Prime Minister’s frequent mantra that “we are not better than anybody, but nobody is better than us,” our candidacy was timely, necessary and merited. The international community overwhelmingly agreed. By a vote of 185 to six against our opponent, Saint Vincent and the Grenadines became the smallest country in the 75-year history of the United Nations elected to the Security Council.

Our election has triggered an outpouring of national and regional pride. We began our two-year term last month, and now sit daily with high officials from China, France, Russia, United Kingdom, United States, Belgium, Dominican Republic, Estonia, Germany, Indonesia, Niger, South Africa, Tunisia, and Vietnam. Ours is one of only 15 voices discussing, debating and deciding the thorniest and most contentious issues of war, peace, life and death. While the responsibility is profound, our pride is immense. We have every confidence that we will represent the perspectives of small island states, our Caribbean region and the Vincentian people with intelligence and principled activism.

Budget 2020 adds 10 posts to the Ministry of Foreign Affairs to help support our new responsibilities and influence. In addition to staffing support at our foreign missions, Budget 2020 strengthens foreign policy, planning and research departments locally. These additions will ensure that we have the capacity to effectively represent the interests of Vincentians at this time of heightened global influence and access.

Fortuitously, Saint Vincent and the Grenadines will chair the Caribbean Community (CARICOM) during its tenure on the Security Council. Our chairmanship begins in July 2020, with the hosting of the Conference of CARICOM Heads of State and Government. Budget 2020 makes appropriate provisions for these additional responsibilities.

According to data from the Economic Commission for Latin America and the Caribbean (ECLAC), the Vincentian Diaspora includes 60,655 citizens who now live abroad – more than half of our local population.⁴⁵ These 60,655 Vincentians do not include the tens of thousands more who are eligible to claim Vincentian citizenship by descent. Our Diaspora is large, and it is an important component of our Vincentian family – culturally, historically and economically. Indeed, some estimates of

⁴⁵ Economic Commission for Latin America and the Caribbean (ECLAC), Social Panorama of Latin America, 2019 (LC/PUB.2019/22-P/Rev.1), Santiago, 2019. pp 156-161
(https://repositorio.cepal.org/bitstream/handle/11362/44989/1/S1901132_en.pdf)

remittances from the hardworking Vincentian Diaspora place their value in excess of 5% of GDP,⁴⁶ a significant contribution.

A firm pillar of our foreign policy is to build and enhance our familial and business connections with the Vincentian Diaspora. As repositories of experience, of new perspectives, and of overseas political clout, our Vincy Diaspora is underutilised. So too are opportunities in Saint Vincent and the Grenadines under-exploited by Diaspora residents seeking to invest and expand their businesses.

We can do more together. Our consular officers in the main centres of Vincentian migrants are committed to drawing us closer together, and in finding areas of common interest. Our tourism officials are anxious to bring you home to visit on direct flights to Argyle. Our investment officers are keen to explain the opportunities available to returning residents and Diaspora investors. Let us work together. Our Regional Integration and Diaspora Unit plans important activities in 2020 to develop these natural ties for mutual benefits that go beyond remembrances and remittances.

Importantly, 2020 promises to be a year of unprecedented prominence and influence for Vincentian foreign policy, owing to our position on the Security Council, our upcoming Chairmanship of CARICOM, and our commitment to act as a friend to all as we strive for a better world. Crucial, crosscutting developmental issues, from climate change to correspondent banking to hemispheric and international tensions will all require Vincentian input and guidance. Our voice will be heard, and heard to benefit the Vincentian and Caribbean people.

At all times, our foreign policy and our advocacy will be firmly rooted in immutable principles of sovereignty, non-interference, international law and Small Island Exceptionalism. There are those people who see principle as an ever-changing, malleable concept, to be surrendered at the first sign of adversity or opportunity. And there are those people who see sovereignty, birth right and patriotism as cheap commodities to be bartered and traded for a metaphoric 30 pieces of silver. Those people exist. But not within this Government.

The global respect that we have earned, the independent path that we have forged, and the pride that we have engendered in the Vincentian people, is priceless. Steered by the guiding light of principle, and fortified by the courage of our convictions, we know that this government is a worthy descendent of those national and regional heroes who have helped forge our great Caribbean civilisation. We are ready to etch our name in the history books, and, more importantly, to advance the humanisation of the Vincentian and Caribbean people.

⁴⁶ *Ibid.*, pp 195-197

(L). **PRIVATE SECTOR, ENTREPRENEURSHIP & FDI**

Saint Vincent and the Grenadines is open for business like never before, and the private sector – both local and foreign – is recognising the diverse investment opportunities that exist in our country. This Government has been active and energetic in the pursuit of partnerships that advance our developmental aspirations. We have worked hard to create facilitating environments for businesses – both legislatively and administratively. We have aggressively targeted businesses and sectors that we consider to be ripe for growth and expansion. And we have worked with individual investors to understand their needs, while aligning those needs with our goals of people-centred development, wealth and job creation.

Since the opening of the Argyle International Airport, we have called on the local, regional and international private sector to take another look at the investment opportunities available in Saint Vincent and the Grenadines. The private sector is answering that call. The constant drumbeat of ground breakings and ribbon cuttings by private sector entities is music to our ears.

In the hospitality sector, private sector entities are building Royal Mill, Black Sands, Myah's Luxury Suites. The Liming Hotel in Bequia has just enjoyed its first year of activity, and it has already joined existing hotels nationwide in expanding to capitalise on increased demand.⁴⁷ The Sandy Lane Yacht Club and Residences in Canouan⁴⁸ is now fully operational. The luxury residences and spectacular 120-berth marina uniquely position Saint Vincent and the Grenadines as the potential epicentre for high-end, super yacht tourism.

In agriculture, the Saint Vincent Cocoa Company is the largest private landowner, largest private employer of farmers, and exporter of high quality chocolate, while Shenton Coffee Farms has produced a new specialty coffee that will be exported this year. In fisheries, Ocean Marine Shipping Agencies and the Bequia Seafood Company are hiring hundreds of Vincentians and exporting millions of dollars worth of fish and seafood. As promised, Rainforest Seafoods will also commence operations this year, further expanding our fisheries sector. Our Digicel and Clear Harbor call centres, continue to grow, with Clear Harbor, in particular, scheduled to have hundreds of Vincentians on their payroll by year's end. This year, many of the recipients of medicinal cannabis licences will commence operations, adding to the growing private sector momentum. Existing investors – from the One Saint Vincent Group in Glen to Kendra's Aluminium in Campden Park to the Sandy Lane investors in Canouan – have ambitious expansion plans.

This year, National Properties plans to convert the vacant passenger terminal building at the former ET Joshua Airport to a modern retail and entertainment plaza. National Properties has been

⁴⁷ See, e.g., "Scottish developer announces multi-million dollar growth plans for Caribbean resort," *Scottish Business News*, 29 Jan. 2020 (https://scottishbusinessnews.net/2020/01/29/scottish-developer-announces-multi-million-dollar-growth-plans-for-caribbean-resort/?fbclid=IwAR10y-F57-BQyh_KzH2sg2pG-yXGcpYC0-0UTHQJRI8J11WI35HourH4ShQ)

⁴⁸ Sandy Lane Yacht Club & Residences website (<https://slycr.com/>)

overwhelmed by the number of expressions of interest from local business entities. That facility, to be anchored by existing Kingstown-based companies, will open in the second half of 2020.

Last October, the Government continued to showcase the diversity and depth of the Vincentian private sector with the Agri Expo⁴⁹ and the Everything Vincy Expo.⁵⁰ These two events highlighted hundreds of local producers, manufacturers and service providers to thousands of Vincentian consumers. The popularity of these Expos, with consumers and exhibitors alike, means that they will continue to solidify their status as can't miss events in our annual calendar.

Over the last decade, Saint Vincent and the Grenadines has routinely been one of the largest per capita attractors of Foreign Direct Investment in Latin America and the Caribbean.⁵¹ Our pursuit and facilitation of business, investment and entrepreneurship continues in 2020. In May, Invest SVG⁵² will host Saint Vincent and the Grenadines' first-ever Investment Forum, which will showcase our nation and certain well-researched opportunities to targeted regional and international investors. In addition to the work of Invest SVG, our consulates and investment facilitation officers abroad continue to do invaluable work in providing information and steering foreign investors to Saint Vincent and the Grenadines.

Our newly-established Ease of Doing Business Unit, announced in last year's budget, is in the process of identifying and analysing impediments to establishing and engaging in business in Saint Vincent and the Grenadines. These impediments, from banking and customs regulations to legislative or information deficits, will be comprehensively addressed in 2020.

A central focus of Budget 2020 is the development and support of an entrepreneurial culture in Saint Vincent and the Grenadines, particularly among the youth. Our objective is to encourage entrepreneurship and institutionalise systems of support for entrepreneurs and microenterprises. In addition to placing an additional \$1 million in the Farmers' Support Revolving Fund and launching the \$2.4 million Promoting Youth Microenterprises (PRYME) programme, both discussed elsewhere in this Speech, this Government continues its careful nurturing of entrepreneurial spirit in Saint Vincent and the Grenadines.

⁴⁹ See, e.g., "Agricultural sector in spotlight at four-day Expo," *Searchlight*, 18 Oct 2019 (<https://searchlight.vc/searchlight/front-page/2019/10/18/agricultural-sector-in-spotlight-at-four-day-expo/>)

⁵⁰ See, e.g., "Invest SVG launches 'Everything Vincy' 2019," *Searchlight*, 25 Oct 2019 (<https://searchlight.vc/searchlight/news/2019/10/25/invest-svg-launches-everything-vincy-2019/>)

⁵¹ See, e.g., Economic Commission for Latin America and the Caribbean (ECLAC), *Foreign Direct Investment in Latin America and the Caribbean, 2019* (LC/PUB.2019/16-P), Santiago, 2019 (https://repositorio.cepal.org/bitstream/handle/11362/44698/10/S1900447_en.pdf)

⁵² See, Invest SVG website (<https://www.investsvg.com>)

The Invest SVG Angel Investor programme,⁵³ launched in 2019, provided local entrepreneurs the opportunity to pitch their products and services directly to interested investors, and to receive constructive analysis of their business plans. Meanwhile, micro, small, and medium-sized enterprises that have been unable to secure loans from local banks can take advantage of the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC),⁵⁴ which becomes fully operational this year. The ECPCGC, which is funded by the Government of Saint Vincent and the Grenadines and other OECS governments, helps these small businesses by partially guaranteeing their loans, thereby increasing banks' willingness to lend. We expect scores of local businesses to benefit from these partial guarantees in 2020.

By the end of 2019, 25 entrepreneurs were awarded \$2.6 million in CARCIP grants for their technology-enabled businesses.⁵⁵ These entrepreneurs – whose businesses ranged from agriculture to media production to engineering – each received an average grant of over \$70,000 to help fund their business establishment and growth. In 2020, nine of these entrepreneurs will continue to receive the requisite training, and are slated to drawdown \$420,000 in grants. Never before have entrepreneurs and ICT adopters in Saint Vincent and the Grenadines received such massive grant support to pursue their dreams.

Of course, not every entrepreneurial foray will end with success. Entrepreneurship is, by definition, risky. Not every foreign investor will deliver on its initial objectives or promises – such is the nature of private enterprise. However, this Government recognises that a vibrant business and entrepreneurial sector plays an indispensable developmental role within our existing economic structure. While the Government will itself continue to be aggressively entrepreneurial in helping to expand and develop opportunities in Saint Vincent and the Grenadines, we rely on our private sector as an engine for growth. We stand ready, as partner and facilitator, to assist businesses, investors and entrepreneurs in the interest of national, people-centred development.

The Government has made a number of diligent efforts to optimise the potential of the Ottley Hall Marina and Shipyard, partnering with a variety of local and foreign investors over the years. Unfortunately, the results of those investors' stewardships have been suboptimal. However, we continue to hold the view that the Marina and Shipyard can maximise its economic and developmental impact through effective investment and management of an experienced and well-

⁵³ See, "Invest SVG launches Angel Investing Pilot Programme, Searchlight, 14 May 2019 (<https://searchlight.vc/searchlight/news/2019/05/14/invest-svg-launches-angel-investing-pilot-programme/>)

⁵⁴ See, Eastern Caribbean Partial Credit Guarantee Corporation website (<https://ecpcgc.com>)

⁵⁵ The 16 CARCIP grantees were Ekofinez (Manufacturing/fabrication using wood and metal); Ekapps (customized software development); ITFX Solutions (ICT audio and visual services); Konservi (mobile application development); Auxano (website development/mobile applications); Net Media Information Solutions (web development); 3A's Solutions (maintenance and repairs of mobile devices); Stormy Windz Production (video and media production); My Caritech (facilitation and online training/robotics); ICT Orbit (database management consultancy); Fsimages (photography); Metro Caribbean (online travel consultancy); Modern Language School (online language school); MHR Holdings (call centre/social media advertising agency); Green Finger Farms (agriculture); and Paris Engineering (engineering consultancy)

run private sector entity. As such, the Government is currently in active discussion with such a private sector entity, which has the means and the willingness to rehabilitate and operate the facility.

Last year, the Government noted the potential for banking mergers and amalgamations in Saint Vincent and the Grenadines. In support of the Eastern Caribbean Central Bank’s “Consultative Paper on the Consolidation of National Banks in the Eastern Caribbean Currency Union,”⁵⁶ the Government also reiterated its intent to encourage and facilitate amalgamation of small local banks. Further, we recalled our previously-stated commitment “to divest, in the medium-term, a significant portion of [Government’s shareholding in the Bank of Saint Vincent and the Grenadines] to other individuals and corporate partners in the region”⁵⁷

Republic Bank’s recent acquisition of Scotia Bank assets in Saint Vincent and the Grenadines is likely to portend additional movements in the banking sector. While encouraging strengthening and amalgamation, we will continue to ensure, through the Eastern Caribbean Central Bank, that our banking system remains secure and well-regulated.

(M). INFRASTRUCTURE & HOUSING

One of the pillars of Budget 2020 is an ambitious capital works programme that seeks to accelerate the economic transformation of Saint Vincent and the Grenadines. Cumulatively, the infrastructure projects contained in Budget 2020 are nothing short of transformative. We are beginning a state-of-the-art cargo port in Kingstown. We are continuing our quest for geothermal energy in Bamboo Range. We are constructing hotels in Diamond and Mount Wynne. We are building replacement schools in Sandy Bay and Ashton. We are beginning the process of building a modern Parliament building and hall of justice. We are constructing a world-class athletic track in Diamond. We are conducting river defence work in Buccament, Yambou, Caratal, Carriere and Calliaqua. We are erecting tourism sites in Brighton and Villa. We are installing solar and desalination plants in Bequia. We are at the completion stage if the detailed designs of an ultramodern Acute Referral Hospital for Arnos Vale. We are developing PAVE footpaths to villages nationwide. We are installing housing infrastructure in Colonaire, Fair Hall, Cumberland, Diamond and Sandy Bay. We are refurbishing clinics, police stations and schools. We are relocating and reorganising vendors in Kingstown. We are building bridges in Dauphine, Dixon, Fenton, Grand Sable, Green Hill, and O’Brien’s Valley. We are rebuilding roads in Brighton, Fair Hall, Enhams, Calder, Greiggs, Ottley Hall, Gomea,

⁵⁶ Eastern Caribbean Central Bank, *Consultative Paper on the Consolidation of National Banks in the Eastern Caribbean Currency Union*, Saint Kitts and Nevis, June 2018 (<https://www.eccb-centralbank.org/files/documents/Consultative%20Paper%20on%20Consolidation%20of%20National%20Bank%20for%20ECCB%20Website.pdf>)

⁵⁷ Gonsalves, R. E., “Statement on Sale/Purchase of Shares in Bank of St Vincent and the Grenadines,” *Searchlight*, 4 July 2017 (<https://searchlight.vc/searchlight/news/2017/07/04/statement-on-sale-purchase-of-shares-in-bank-of-st-vincent-and-the-grenadines/>)

Richland Park, Langley Park, to name a few. We are addressing coastal defences at Georgetown, San Souci, and Rose Bank/Dark View.

That list only begins to capture the scope of our ambition and optimism. We have a country to build, and time is of the essence.

Among the impressive projects slated for commencement, continuation and completion in Budget 2020, a few merit special discussion today.

1. Modern Cargo Port

A modern cargo port is an indispensable cornerstone of the Government's vision to transform the Vincentian economy. Increased, improved and more efficient trade is at the heart of any economic growth strategy in today's globalised world. However, that trade cannot take place without a seaport, and is stymied by our existing antiquated infrastructure. Our dilapidated and decaying port infrastructure is a developmental albatross that must be addressed. We have long recognised the need for seaport development. Indeed, the National Economic and Social Development Plan, 2013-2025, emphasises the modernisation and expansion of seaport facilities as a developmental necessity.

In 2019, preparatory work for the Port Modernization Project was significantly advanced. In December 2019, the project was submitted to the Board of Directors of the Caribbean Development Bank (CDB), which approved the necessary funding.⁵⁸ The CDB's approval of the Port project was historic. It is the largest single capital project ever approved by the CDB. As is already known, this modern cargo port is the second-largest capital project undertaken by the Government of Saint Vincent and the Grenadines, after the Argyle International Airport.

This port modernisation project will be implemented in two phases. The first phase is the construction of new cargo port facilities, while phase two involves the construction of Inter- and Intra-island terminals.

Following the CDB's approval – which includes a concessionary loan component and a grant from the United Kingdom Caribbean Infrastructure Partnership Fund (UKCIF)⁵⁹ of close to US\$32 million – the project has now entered its active implementation phase. In addition to the main cargo port, this first phase also includes the rerouting of an existing sewer line; associated road works, and the completion of preparatory activities for the resettlement of fisherfolk and project-affected residents of Rose Place. Altogether, the first phase of the project, is estimated at US\$185 million.

⁵⁸ Caribbean Development Bank, "CDB, UK to assist modernising Kingstown Port in St. Vincent," 12 Dec 2019 (<https://www.caribank.org/newsroom/news-and-events/cdb-uk-assist-modernising-kingstown-port-st-vincent>)

⁵⁹ See, e.g., "United Kingdom Caribbean Infrastructure Partnership Fund," Caribbean Development Bank website (<https://www.caribank.org/our-work/programmes/united-kingdom-caribbean-infrastructure-partnership-fund-ukcif>)

In 2020, we continue the process of procuring suitably qualified contractors for this first phase. This process is very involved, and more than thirty potential contractors are engaged in this initial stage. We expect to award contracts to the successful bidders by the third quarter of 2020. The main construction activity anticipated to take place before the end of this year relates to the relocation of the sewer line, which must be completed before the main works. Construction works on the main cargo port are expected to be completed by June 2023.

This year, in addition to the works on the cargo facilities, the Government shall accelerate the resettlement of affected Rose Place residents and vendors along the sea wall. In the coming months, we will set about the construction of houses to facilitate the relocation of the residents. We hope to have all residents relocated by November 2020. As we have done with all projects requiring relocation, this Government works creatively and compassionately to ensure that material conditions of affected persons are measurably better than they were before relocation.

2. Regional Disaster Vulnerability Reduction Project (RDVRP)

The Regional Disaster Vulnerability Reduction Project (RDVRP)⁶⁰ accounts for over \$50 million in Budget 2020, the largest single item of capital expenditure. However, the RDVRP is not a single project, but a variety of diverse and diffuse infrastructure works that are designed to collectively build national resilience to climate change, while enhancing our disaster response capacity. In recent years, the RDVRP has, among other works, completed satellite warehouses in Rose Hall, Sandy Bay⁶¹ and Georgetown,⁶² completed slope stabilisation and road construction in Ginger Village,⁶³ and additional slope stabilisation works at English and German Gutter in Troumaca. The RDVRP has also completed embankment protections at the North and South Rivers, and is finalising river defence works at the Warrowwarrow River in Arnos Vale.

2020 marks the most ambitious programme of works in the eight-year history of the RDVRP. There are 14 recent infrastructure works that have commenced under the RDVRP and are slated for completion by year's end. Another, the Buccament River Defence, will begin in late March. The total value of these works is over \$65 million, not including various design and consultancy fees. For ease of reference, these on-going RDVRP works have been compiled as an appendix to this Budget Speech.⁶⁴

Major 2020 RDVRP projects include coastal defence works in Georgetown and Sans Souci, river defence work in Carrièrre, construction of the Chateaubelair Jetty, slope stabilisation and road

⁶⁰ See, Government of Saint Vincent and the Grenadines, RDVRP information website (<http://www.gov.vc/index.php/regional-disaster-vulnerability-reduction-project-rdvrp>)

⁶¹ "NEMO opens satellite warehouse at Noel, Sandy Bay," *Searchlight*, 12 Oct. 2018 (<https://searchlight.vc/searchlight/front-page/2018/10/12/nemo-opens-satellite-warehouse-at-noel-sandy-bay/>)

⁶² "New satellite warehouse opens at Georgetown," *Searchlight*, 4 June 2019 (<https://searchlight.vc/searchlight/front-page/2019/06/04/new-satellite-warehouse-opens-at-georgetown/>)

⁶³ "Ginger Village/Belmont main road reopens," *Searchlight*, 6 Nov. 2018 (<https://searchlight.vc/searchlight/news/2018/11/06/ginger-village-belmont-main-road-reopens/>)

⁶⁴ See, Appendix 2, "On-going works under the Regional Disaster Vulnerability Reduction Project (RDVRP)"

realignment in Belle Isle, upgrading of the Kingstown Government School to be used as an emergency shelter, rehabilitation of the Firebun Road and Longline Road and bridge, and bridge work in Dauphine, Fenton, Grand Sable, Green Hill and coastal defence works at Georgetown and San Souci. The previously-discussed design work for the Acute Referral Hospital at Arnos Vale is also funded under the RDVRP.

Satellite warehouses in Bequia and Union Island will be commissioned in 2020, bringing the total number of satellite warehouses in Saint Vincent and the Grenadines to six. These warehouses – in Bequia, Georgetown, Mesopotamia, Rose Hall, Sandy Bay and Union Island – are specially designed and located to be able to provide urgent supplies and relief to surrounding residents in the event of a natural disaster.

3. Geothermal Energy

We continue to progress in our quest to generate geothermal energy from the heat and water in the foothills of our La Soufrière volcano. If successful, we will generate cheaper energy, save foreign exchange, insulate ourselves from the wild fluctuations of oil prices, and move our country closer towards its renewable energy goals. Our energy independence and predictability of price will also help to unlock more diverse investment opportunities in Saint Vincent and the Grenadines.

To date, we have spent US\$32 million in the drilling of three wells and other preparatory works. The vast majority of this expenditure has taken the form of grants or contingent grants from friendly governments and development partners. The three wells are generating heat between 150°C and 250°C, more than adequate for geothermal energy production. However, the naturally occurring fractures in the rocks surrounding the wells have been too tight to achieve the type of water flow, or permeability, needed for optimal production. This is common in geothermal exploration. The three wells are therefore being stimulated to widen the fissures and increase flow capacity

In late March, equipment will arrive from Iceland that will measure the energy production capacity of each of the wells. We will then have the information necessary to guide the next phase of the project and the timelines for constructing our first geothermal power plant. This is an exciting period in our long-discussed pursuit of geothermal energy. While not without risk, we remain optimistic about the potential of this game-changing developmental advancement.

4. Road Repair and Reconstruction

Ask any Vincentian, and he or she can identify a strip of roadway in urgent need of repair. Despite record expenditure on construction and rehabilitation over the past two decades, the condition of our road network remains a sore point. The generally excellent condition of our Windward, Leeward and Vigie Highways is belied by the uneven quality of the secondary and feeder roads that take most commuters to those main thoroughfares.

Our road network requires constant and very expensive upkeep, due to our mountainous terrain, heavy rainfall, and an upsurge in the number of cars on the road. In the last two decades, we have experienced an eightfold increase in the number of automobiles in Saint Vincent and the Grenadines, an increase that shows no signs of abating. As recently as 2013 and 2014, an annual average of 940 cars were imported to Saint Vincent and the Grenadines. However, over the last four years, that average has shot up to 1,680 cars per year, a 79% increase. Last May, a record 263 vehicles arrived at Port Kingstown, an ominous harbinger of future traffic jams and escalating pressure on our road network.

This Government is committed to maintaining our highways and roads in a responsible and sustainable manner. Budget 2020 allocates over \$39 million to the repair and construction of roads and bridges this year, not including the \$15 million subvention to the Buildings, Roads and General Services Authority (BRAGSA). These resources – and additional support that is being creatively sourced – will form part of a multipronged programme of road repair, rehabilitation and reconstruction, taking into account our fiscal constraints, the increasing stresses on our road network, and our desire to build back better.

Two overlapping road reconstruction projects, funded by Kuwait and the OPEC Fund for International Development (OFID), will spend \$14 million on the reconstruction of roads in Belair, Benjamin Bristol, Brighton, Calder, Carriere, Chapmans, Colonaire, Copeland Mountain, Erie Hill, Enhams, Fair Hall, Gomea, Greiggs, Lammie Mountain, Maloney Mountain, Mongoyia, Ottley Hall, Palmyra, Richland Park, Sayers Village, Veryvine Mountain and Montreal Gardens. These represent almost 50 kilometres of roadway that will be repaired under this programme. While construction work on the Kuwaiti-funded rehabilitation programme began in earnest in 2019, it was plagued by administrative challenges that unduly lengthened contractors' approval and payment processes. The Ministry of Transport and Works, in consultation with our Kuwaiti partners, has resolved these challenges. As such, we expect accelerated progress on these roads in 2020.

Road reconstruction will also take place under the CDB-funded Natural Disaster Management Programme (NDM). Budget 2020 allocates \$10 million to the NDM programme of works. Roads and bridges in Langley Park, Maroon Hill, Dickson Village, Gracefield Mountain, and Ferguson, among others, will receive attention under the NDM in 2020.

In addition to the complete reconstruction of roads envisaged by the Kuwait, OFID and NDM programmes, BRAGSA plans a comprehensive campaign of patching and repairs to less seriously affected thoroughfares. The Minister of Transport and Works will likely speak to this far-reaching patching and repair programme over the course of our debate on Budget 2020.

5. Pedestrian Access for Village Enhancement (PAVE)

Last year, we introduced the Pedestrian Access for Village Enhancement (PAVE) programme, which is funded through grant financing from the United Arab Emirates. Phase One of the PAVE

programme began in late 2019, with physical works in many communities commencing last month. The PAVE access paths, walkways, steps, handrails, wheelchair ramps and inter-village connections will markedly and measurably improve the quality of life, comfort, access and safety of the most vulnerable populations in Saint Vincent and the Grenadines. Many of our commitments under the Sustainable Development Goals – to reduce poverty, improve infrastructure, build climate resilience and make communities accessible and sustainable – are partially addressed by the PAVE programme. Over the two-year life of PAVE, the project will build almost 40 miles of access paths in villages across Saint Vincent and the Grenadines.

6. Modern Parliament and High Court Complex

Our modern Government and judiciary have outgrown the ageing parliament and high court building that we now share. The Government has obtained a US\$20 million concessionary loan from Taiwan to construct individual buildings to house our Parliament and High Court Complex. These buildings will be located in Beachmont, along Richmond Hill Road and adjacent to our existing National Library and National Archives buildings. We hope that the buildings will share a common, Caribbean design aesthetic, and will begin construction in the second half of 2020. The restoration and preservation of our historic existing facility will also form part of this project.

7. Kingstown Clean-Up

The traditional laissez-faire approach to commerce and maintenance in Kingstown has masked some of our Capital's inherent charms and made it less navigable to pedestrians and motorists alike. In addition to an unregulated proliferation of informal vendors, many major commercial enterprises operate buildings that are in poor repair. The Government, too, is guilty of the occasional neglect of official offices. In 2020, the Government will continue to act on its pledge to clean-up Kingstown. We are currently preparing sites for the relocation of some vendors, and finalising designs for the improvement of public gathering spaces, like Heritage Square. As is our practice, we will engage the informal sector fully about the implications of this clean-up. We also call on the business community to reconsider the lighting and upkeep of their façades, in the interest of a cleaner, safer and more welcoming city. The Honourable Minister of Works will speak in more detail on this important initiative.

A host of other major infrastructural works are discussed elsewhere in this Budget Speech and need only be mentioned at this point. These works include our two state-owned hotels, 12 schools being repaired or rebuilt under special CDB and BNTF programmes, upgrades to Grenadines airports, refurbishments to Police stations and health clinics nationwide, the Bequia desalination project and the Diamond Athletic Track.

Several of these infrastructure projects will have a completely transformational impact on communities. Take Diamond for example: What was until recently an open field of grazing livestock is being rapidly reinvented. In the coming months, that field will transform to the site of a hotel, the home of a world-class athletic track, and the location of a community centre and a restaurant. Next

door, a private sector entity is planning new warehouse and shopping facilities. When added to the presence of our existing ICT Centre of Excellence, our Tourism and Maritime Institute, the National Properties headquarters and a thriving private supermarket, Diamond will quickly become a fast-growing centre of commerce, education, hospitality, sport and community interaction.

Similarly, the construction of the new cargo port in Kingstown will spur a renaissance in the Rose Place community and act as a commercial anchor in west and central Kingstown. The multiyear development of the former ET Joshua Airport site – to include a hospital, retail, residential, entertainment and hospitality attractions – will have even greater impact.

The Ministry of Housing, Informal Human Settlements, Land and Surveys, and Physical Planning is at the centre of this Government’s efforts to build resilience, reduce poverty and inequality, and help fulfil the Vincentian dream of home ownership. Since 2001, this Government’s housing and planning policies have had a transformative impact on the lives of thousands of Vincentians. Budget 2020 furthers the revolutionary people-centred objectives of our housing and land policies.

Like education, a major distinction between this Government and its predecessor administration is our far-reaching and transformative housing and land use policies. While, the past administration saw no role for the state in the construction, distribution or maintenance of citizens’ homes, this Government has built thousands of middle-, low- and no-income homes, distributed millions of dollars in material assistance to vulnerable homeowners, and ensured that civil servants have an easier path to home ownership through the establishment of 100% mortgages. Hundreds of disabled, infirm and vulnerable Vincentians have similarly benefitted from homes or repairs through the Lives to Live programme. While, in the past, a blind eye was turned to chaotic, unregulated, informal settlements, we have engaged in structured land distribution to thousands of Vincentians, ensuring that they have affordable and secure title to their property.

Budget 2020 demonstrates that the Ministry of Housing, Informal Human Settlements, Land and Surveys, and Physical Planning remains focussed on its core mandates. In addition to the continued provision of construction support to vulnerable Vincentians, Budget 2020 apportions \$5.6 million of the Capital Budget to the installation of infrastructure in existing divisions and housing developments. A further \$1.7 million is invested in the enhancement of low- and middle-income housing developments in Green Hill, Clare Valley and Richland Park.

Additionally, the Honourable Minister of Housing has initiated a series of crucial regulatory and administrative reforms, including amendments to the Town and Country Planning Act and its related Building Regulations. Those amendments will strengthen our resilience to the increasing effects of climate change. The amended Town and Country Planning Act will include mandatory provisions on Environmental Impact Assessment, and subdivisions of land, to strengthen land use and development planning with a view to increasing climate resilience and coastal protection. The revised Building Regulations set new standards and procedures for obtaining Planning Board

approval in the construction of new buildings; the alteration of existing structures; inspection; and environmental impact.

In addition to these legislative innovations, the Cabinet has adopted, or is in the process of adopting, a series of resilience-building policy measures. These include a new Housing Policy, which will similarly seek to improve resilience and manage the growth of informal settlements.

V. STATE-OWNED ENTERPRISES

State-owned enterprises, are, ultimately, instruments of government policy that contribute tangibly to the strategic development of our economy. In addition to employment and service delivery, the commercial, or self-financed bodies among our State-owned enterprises make significant capital investments. These capital investments often go unacknowledged in Budget Speeches, but represent powerful drivers of growth, development and economic transformation.

In 2020, the Saint Vincent Electricity Services Limited (VINLEC), the Central Water and Sewerage Authority (CWSA), the National Lotteries Authority (NLA), the Saint Vincent and the Grenadines Port Authority (SVGPA), the Housing & Land Development Corporation (HLDC), the National Telecommunications Regulatory Commission (NTRC), the National Insurance Services (NIS) and the National Properties Ltd (NPL) will spend significant resources on their capital programmes. The cumulative capital programme of those entities for fiscal year 2020/21 is projected to exceed \$46 million.

For example, among the \$24.5 million that VINCLEC has budgeted in 2020 capital expenditure are investments of \$7 million in generating capacity at Cane Hall, \$2.5 million for a new battery system and \$2 million on transmission and distribution line upgrade. The CWSA's planned capital works include over \$3.6 million in water storage improvements and transmission pipeline upgrades, as well as a \$1.5 million investment in improving water supply in Bequia. Similarly, the National Lotteries Authority will spend in excess of \$7 million on the construction of new sporting facilities, a comprehensive maintenance programme, and other capital investments. As discussed elsewhere, the 2020 capital programme of the NIS includes \$3.2 million worth of land development at Peter's Hope and the \$2.5 million commercial development of Ju-C property in Kingstown.

As such, the combined capital expenditure of the Central Government and local State-owned enterprises in 2020 is budgeted in excess of \$356 million. By any measure, this is a transformative capital injection in the context of Vincentian economic development.

New legislation designed to enhance the oversight of state-owned enterprises, discussed elsewhere in the Budget Speech, will add greater levels of transparency to the crucial developmental work that these entities regularly conduct.

VI. GRENADES DEVELOPMENT

The Government is committed to further enhancing the quality of life and developmental potential of the Grenadines. As such, Budget 2020 targets the Grenadines with significant resources in the education, environment, safety, health, and tourism sectors. These investments, coupled with scheduled work on roads and infrastructure, represent over \$20 million in capital expenditure on the islands of Bequia, Canouan, Mayreau and Union Island.

The terminal buildings in the Bequia, Canouan and Union Island Airports will be refurbished to the tune of \$1.3 million in 2020, while the Canouan Airport runway will receive \$2.8 million in rehabilitation.

Budget 2020 allocates \$1.5 million for demolition and redesign of the Mary Hutchinson Primary School on Union Island. The Bequia Community High School is part of the CDB school rehabilitation programme, and the Bequia Technical Institute is one of four technical and vocational centres that will be rehabilitated in 2020. Secondary schools on Bequia and Union Island are part of a nine-school, \$2.5 million programme to provide new computer equipment, which will be used to administer new computer-based assessments from the Caribbean Examinations Council.

In addition to opening the Mayreau solar plant in 2020, work will commence on the 2.5 megawatt solar farm in Bequia, which is partly funded by a US\$10 million loan from the Abu Dhabi Fund for Development. Bequia will also see the completion of the \$1.7 million satellite warehouse for disaster preparedness under the RDVRP programme, as well as a state of the art water desalination facility, to which Budget 2020 allocates \$4.8 million in funding. The Union Island satellite warehouse, a \$1.6 million facility, will be completed in the coming weeks. This year, the CWSA will spend \$1.5 million upgrading the Port Elizabeth water supply system. Further, the NIS will spend \$1.8 million in 2020 to establish an office in Union Island. As mentioned earlier, Budget 2020 also provides \$300,000 for the design of a sustainable solution to challenge of rapid erosion at Salt Whistle Bay in Mayreau.

Additionally, health facilities in Bequia, Mayreau and Union Island will be refurbished and upgraded. The Government will also establish a police substation in Mayreau and upgrade infrastructure at the Canouan Coast Guard sub-base.

The Government is also partnering with the major private investors and NGOs in the Grenadines to ensure that they meet their commitments to enhance the local communities of the Grenadines. The Canouan investors, the Mustique Company and a host of environmental NGOs on Union Island have continued to support education, the environment and village enhancement. These public-private partnerships will continue in 2020, to the benefit of the Grenadines' residents and visitors.

Recently, the CARCIP project facilitated the connection of many Grenadine islands to a high speed undersea fibre-optic cable. This is potentially transformative. Many of the challenges that Grenadines' residents encounter in their interactions with the State bureaucracy can be addressed by technology. So too can countless other features of relative remoteness or isolation. We look forward to exploring the potential of the CARCIP infrastructure with residents of the Grenadines, in particular.

The Grenadines are unique, collectively and individually. The islands of the Grenadines have played an outsized role in attracting foreign direct investment, creating employment and generating wealth. The true extent of the Grenadines' contribution to our economy is simultaneously underreported and underutilized, due to the persistent data gathering and revenue collection challenges. However, as Budget 2020 makes clear, the Government values and cherishes the unique character and contribution of the Grenadines – not as little sister islands in our archipelago, but as powerful engines of growth, employment and development.

VII. REDUCING POVERTY, PROTECTING THE VULNERABLE & COMBATTING INEQUALITY

Chapter 25 of the Book of Matthew codifies the Christian obligation to feed the hungry, clothe the naked, provide shelter to those who need it, attend to the sick and infirm, and visit those who are locked away and shut in. The scripture explains that, inasmuch as one performs these kindnesses for the least of society, one performs them to the Lord himself. The Honourable Prime Minister has publicly and explicitly aligned the policy of the Government of Saint Vincent and the Grenadines with this Biblical advice, and pledged his Administration's commitment to work ever more conscientiously on behalf of the poor, the infirm, the elderly, and the vulnerable of society.

Budget 2020 demonstrates that looking after each other is a firm policy commitment, reflecting the best of Saint Vincent and the Grenadines and our values.

Our Government's steadfast commitment to poverty reduction is well known. We have achieved measurable and significant reductions in indigence and poverty during our time in office. Thousands of Vincentians have felt tangible quality-of-life improvements and enjoyed the benefits of a growing economy, more jobs, targeted interventions, and a strengthened social safety net.

But there is much more work to be done.

Stubborn pockets of poverty remain entrenched across our country, well beyond the reach of broad, macroeconomic indicators. These flesh and blood manifestations of poverty and inequality must be addressed directly and individually, with focussed attention.

Inequality remains one of the greatest impediments to equitable, people-centred development. Small Island Developing States like ours cannot afford the inefficiency of inequality. Inequality exacerbates health and social problems, compromises efforts to reduce poverty, reduces productivity, and shackles succeeding generations into vicious cycles of indigence and learned helplessness. In a small country, inequality is an unacceptable drag on our developmental aspirations.

In this period of accelerated economic transformation, with new sectors emerging and traditional pillars receding, there is a special necessity to focus on inequality. Employment insecurity and informality are exacerbated at these times of rapid change, and we must work to ensure that people are not left behind. Too often, gaudy economic growth numbers in neighbouring States have reflected the wealth of a select few, while displaced workers and beneficiaries are nothing more than collateral damage to economic change. This Government does not abandon Vincentians to the vagaries of trickle-down economics, or view them as collateral statistical damage in times of change. Our economic transformation is accelerating, but this Government will not race ahead so quickly that it leaves poor and vulnerable people by the wayside. If development is a right – and it is – then entrenched inequality is a violation of that right.

As such, we must continue to devise effective strategies to address inequalities of opportunity, access and infrastructure in all facets of policy and practice. These strategies rest on three basic pillars, all of which are championed by this Government: Firstly, we must create more productive and more rewarding jobs, across all sectors. Secondly, we must continue to invest heavily in education and skills development, to make people more employable and independent. Thirdly, we must maintain efforts to strengthen our social safety nets, while reforming tax and targeted benefit policies to improve income distribution.

In addition to the previously-discussed emphasis on jobs and education, Budget 2020 sharpens this Government's laser focus on alleviating poverty and reducing inequality. A number of advancements and initiatives merit mention:

Budget 2020 fulfils the Honourable Prime Minister's 2019 Independence Announcement by making provision to increase monthly Public Assistance payments by at least 10%: Recipients over 65 years-old will receive \$275 per month, while those under 65 will be eligible for \$250. This is a more than fivefold increase of the Public Assistance provided when this Government first took office. This most recent increase will no doubt be welcomed by those in need of such assistance. It represents an additional commitment to our poor and vulnerable brothers, sisters, children, and grandparents.

Additionally, those part-time workers who perform invaluable duties preparing meals and cleaning public buildings, including schools, hospitals and Government offices, will receive a 25% increase in their wages. Although part-time, these workers are expected to work at times that make it difficult for them to accommodate their cooking and cleaning responsibilities with additional supplemental employment. In many cases, their wages have been unreasonably low and inexplicably inconsistent.

This 25% increase is a first step to recognising and rewarding the important work done by these hardworking citizens.

Vincentians deserve to age with dignity. Our vulnerable elderly population, who have contributed so much to nation-building, have earned the right to expect high standards of geriatric care services. Too often, we have fallen short of what they deserve. In 2019, we called the conditions of the Lewis Punnet Home at Glen a “stain on the collective conscience of all Vincentians” and pledged to relocate the elderly and infirm residents of that facility before the end of the year. We honoured that pledge, moving residents to a refurbished home that is leaps and bounds ahead of the facility they vacated. Budget 2020 provides \$400,000 for the demolition of the old Lewis Punnett Home, and for the design of a modern home for the aged.

Further, Budget 2020 will hire 20 additional providers of Home Help for the Elderly, while regularising salary inconsistencies among those providers. The Home Help for the Elderly programme continues to do important work in visiting elderly and shut-in residents to provide care and companionship.

The effects of poverty and inequality are felt more acutely in the era of climate change. Just as small island developing states are disproportionately affected by climate change, so too do poor people bear an inordinate amount of the burden of global warming.⁶⁵ The United Nations Department of Economic and Social Affairs identifies a “vicious cycle,” where “*initial* inequality causes the disadvantaged groups to suffer disproportionately from the adverse effects of climate change, resulting in greater *subsequent* inequality.”⁶⁶ The vicious cycle of climate change is a three-step process for poor and vulnerable people:

“First, inequality increases the *exposure* of the disadvantaged social groups to the “adverse effects of climate change”... Second, given the exposure level, inequality increases the disadvantaged groups’ *susceptibility* to damages caused by climate hazards. Third, inequality

⁶⁵ See, e.g., Ivanova, I., “Climate change worsens economic inequality, scientists say,” *CBS News*, 26 April 2019 (<https://www.cbsnews.com/news/climate-change-global-warming-worsens-inequality-scientists-say/>); Leichenko, R. and Silva, J.A. (2014), Climate change and poverty: vulnerability, impacts, and alleviation strategies. *WIREs Climate Change*, 5: 539-556. doi:10.1002/wcc.287; Dodman, D., and Satterthwaite, D., “Institutional Capacity, Climate Change Adaptation and the Urban Poor,” *IDS Bulletin* Volume 39 Number 4 September 2008, Institute of Development Studies (https://opendocs.ids.ac.uk/opendocs/bitstream/handle/20.500.12413/8193/IDSB_39_4_10.1111-j.1759-5436.2008.tb00478.x.pdf?sequence=1); Worland, J., “Climate Change Has Already Increased Global Inequality. It Will Only Get Worse,” *Time*, 22 April 2019 (<https://time.com/5575523/climate-change-inequality/>); Chappell, C., “Climate change in the US will hurt poor people the most, according to a bombshell federal report,” *CNBC Markets*, 26 Nov. 2018 (<https://www.cnbc.com/2018/11/26/climate-change-will-hurt-poor-people-the-most-federal-report.html>)

⁶⁶ Islam, S. N., and John Winkel, J., “Climate Change and Social Inequality,” United Nations Department of Economic & Social Affairs, DESA Working Paper No. 152 ST/ESA/2017/DWP/152, October 2017 (https://www.un.org/esa/desa/papers/2017/wp152_2017.pdf)

decreases these groups' relative ability to *cope* with and *recover* from the damages they suffer.”⁶⁷

The poor homeowner, whose house is perched precariously on a mountainside, or the mother whose home is inundated with heavy rains, or the elderly resident who must navigate a steep and treacherous unpaved path to and from her house, cannot be left to face the intensity of climate change alone. Our Government cannot simply secure coastlines and bridges without also helping to secure the homes of those most vulnerable to climate change.

Over the last three years, the Ministry of Housing has distributed \$14 million in building materials to homeowners affected by past weather events or those vulnerable to future storms. Those materials helped to fix or fortify unsound and unsafe homes across Saint Vincent and the Grenadines, in particular those in areas with the greatest vulnerability to climate change. The dream of home ownership is shared by all Vincentians, as is the right to safety in one's home. Even in the ominous face of climate change, Budget 2020 will continue to confront the vicious cycle of inequality and climate vulnerability by making citizens safer and more secure in their dwelling places.

The Ministry of Housing also continues to make special provision to disabled and infirm Vincentians through its on-going Lives to Live programme. Since inception?, a total of 247 people have benefitted from refurbishments, rehabilitations and new homes provided by the Lives to Live programme, free of charge. This programme, too, will continue in 2020.

The Zero Hunger Trust Fund is another important innovation in the battle against poverty and undernourishment, particularly among children and the elderly. In 2019, the ZHTF's Golden Years Nutrition Support Programme provided quarterly \$300 contributions to over 320 elderly Vincentians. For the Renewal @ 40 celebrations, this payment was raised to \$500. Additionally, under the “Adopt a Classroom” programme, the ZHTF provides annual support to 330 students at 12 primary schools.⁶⁸ These 330 students, who were “adopted” by the ZHTF in Kindergarten, are now in Grades 2 and 3. Each September, these students receive all prescribed textbooks and a \$350 cash contribution to assist in the purchase of school uniforms and other supplies. All students at each of the 12 schools receive free school meals under the programme.

An additional 409 Grade 6 students at 15 primary schools⁶⁹ received special assistance from the ZHTF to help them prepare for their CPEA examinations. The assistance takes the form of free

⁶⁷ *Ibid.*, p.2 (emphasis in original text)

⁶⁸ The Zero Hunger “Adopt a Classroom” programme benefits the following 12 primary schools: Barrouallie Government; Barrouallie Anglican; Calliaqua Government; Chateaubelair Government; Fair Hall Government; Gomea Methodist; Mayreau Government; Rose Hall Government; Chauncey Government; Fancy Government; Sandy Bay Government; and Lauders Government

⁶⁹ The Zero Hunger “CPEA Support” programme benefits the following sixth grades of the following 15 primary schools: Barrouallie Anglican; Belmont Government; Buccament Government; Diamond Government; Fancy Government; Greiggs Primary; Gomea Methodist; Kingstown Anglican; Kingstown Government; Lowmans

textbooks to the students, an extra teacher for each grade 6, as well as computers and supplies at the schools to improve the children's performance in the examination.

The Zero Hunger Trust Fund also initiated Agriculture Science Programmes at two secondary schools, seeking to encourage interest of the youth in agriculture. The ZHTF supported the purchase of agricultural implements, seeds, fertilizer, chickens and animal feed, while also paying the examination fees of students who plan to write CSEC examinations in Agricultural Science.

Important work remains to be done. For example, the data that informs our poverty reduction efforts must be kept up-to-date. Our last poverty assessment was concluded before the onset of the decade-long global economic and financial crisis, which no doubt slowed or reversed the effects of some of our ambitious poverty reduction programmes. Budget 2020 makes provision for the completion of a new poverty assessment, with new metrics, which will better equip us to address our remaining pockets of poverty in a scientific manner.

Administratively, the clients and staff of the Ministry of National Mobilisation, Social Development, Gender Affairs, Persons with Disabilities and Youth will be made more comfortable in 2020. The staff of that Ministry will be relocated to improved offices as soon as the Inland Revenue Department transitions to its expanded location. We hope that the quality and efficiency of service delivery will continue to improve in the enhanced surroundings.

Our battle against poverty, inequality and vulnerability is as sincere as it is complex and multifaceted. From the legislative work aimed at better protecting the rights of children, to the infrastructural work of upgrading the Liberty Lodge Boys Training Centre, to the expansion of the Education Revolution, Budget 2020 never strays far from our common objective of combating these social challenges with creativity and compassion.

As always, we welcome the participation of the private sector in our battle against poverty. For example, the Tus-T Water "Start Bright Breakfast Programme" serves Government-sanctioned meals to over 700 children each day in 75 schools across Saint Vincent and the Grenadines. Since its inception in 2015, the programme has delivered over 105,000 meals to children from Fancy to Canouan. We applaud this remarkable act of sustained good corporate citizenship, and encourage other businesses to consider how they can contribute to our common goal of poverty reduction.

VIII. IMPLEMENTATION

Very few rational, reasonable analysts of Budget 2020 will take issue with the ambitions and proposed programmes of Budget 2020. Some, however, may sensibly ask whether our ambition is

Windward; Mary Hutchinson Primary; Richland Park Government; Sandy Bay Government; Sion Hill Government; and South Rivers Methodist

achievable. Our Capital Budget, in particular, is large – whether judged by what we have budgeted or spent in the past.

The estimated capital expenditure in Budget 2020 represents an extraordinarily ambitious programme of action for the coming year. In dollar terms, the \$311 million capital estimates are over \$88 million higher than last year’s approved capital estimate – a 40% increase. That increase means that the 2020 capital estimates are among the most ambitious in Vincentian history. Measured against what we actually spent in 2019, Budget 2020 is projecting that we will double last year’s work output.

Such a radical increase in projected capital work demands explanations of not only why and how we plan to spend so much more money in 2020, but whether we have the human or financial capacity to get it done. Such explanations are critical to the credibility of the budgetary process and the Government’s developmental roadmap. Accordingly, this Budget Address will devote more time to the details of our implementation agenda than is traditionally spent in such speeches.

Since 1990, capital expenditure in SVG has averaged \$87 million annually, from a low of \$27 million in 1995 to a high of \$151 million in 2013. In the ten years between 2009 and 2018, inclusive, that average has been \$102 million. In that context, our \$99 million in capital expenditure in 2018 was more or less average.

However, 2019 was well above average. Preliminary estimates indicate that capital expenditure in 2019 should surpass \$152 million. When the accounts are finalised, 2019 is likely to represent the largest year of capital expenditure in Vincentian history, surpassing the 2013/2014 numbers, which were inflated by disaster response spending. The anticipated \$53 million jump in capital expenditure between 2018 and 2019 is one of the largest such year-over-year increases in the last two decades. We see this increase not as an anomaly, but as the beginning of a trend, spurred by the Government’s increased focus on efficient implementation of capital projects, and a fortuitous “bunching” of projects that are ready to be executed.

Our ambition and optimism for 2020 implementation is based on five critical factors, which, combined, will allow for an early, efficient, and well-funded start to our 2020 capital programme.

First, the bulk of the capital expenditure is concentrated in a few large projects, with the 10 largest projects in the 178-project portfolio accounting for over 50% of the Capital budget.⁷⁰ This will allow our implementation teams to more efficiently focus their efforts on high-value, high-impact projects.

⁷⁰ The 10 largest capital projects, totalling \$158.4 million, are: RDVRP – \$50.2 million; Port Modernisation – \$24.4 million; Secondary and Feeder Roads Programme – \$13.9 million; CARCIP – \$13.9 million; Geothermal Development – \$11.9 million; Natural Disaster Management Project – \$10.4 million; Mt. Wynn Hotel – \$10 million; Diamond Hotel – \$9.6 million; BNTF 9 – \$7.2 million; Technical/Vocational Project – \$6.9 million

Second, the overwhelming majority of the capital budget is funded through grants or soft loans that have already been secured by the Government. Indeed, 76% of the expenditure set aside for capital projects⁷¹ is funded by grants and concessionary external loans. This is a 10% improvement over last year's ratios, which bodes well for the ready availability of project funding.

Third, many of the projects have already started in 2019, or are ready to begin during the first quarter of 2020. For example, in the case of the Regional Disaster Vulnerability Reduction Project (RDVRP), which is allocated over \$50 million of capital expenditure, the overwhelming majority of subcomponents have already proceeded through the design, tendering and contracting phases. Indeed, all remaining RDVRP projects are currently scheduled to be completed in 2020.

Fourth, the Government begins 2020 with local resources in hand to commence the 2020 capital works programme, and does not have to await the annual raising of local loans on the Regional Governments' Securities Market, which can take several months to materialise. As such, we can immediately begin work on some locally-funded projects that typically commence only after we have secured local loans. These resources include over \$25 million in cash on-hand from last year's \$81 million World Bank Development Policy Loan. We anticipate a further \$54 million installment on this facility in the first half of 2020. As such, we have taken the novel step of specifically allocating certain capital works to be financed using these budget support funds. In addition to enhancing transparency, this specific allocation will ensure that certain high-value developmental accelerants are promptly started.

Fifth, we have added human resources to remove bottlenecks in the implementation process. Budget 2020 creates additional posts for two Engineers, a Quantity Surveyor, and a Quantity Surveyor's Assistant and four Procurement Officers of varying degrees of seniority. Further, the Project Management Implementation Support Project, a \$500,000 capital programme, supports the hiring of additional critical support staff, including engineers from our friends in the Republic of Cuba.

The Government's last two Budget Speeches have stressed the importance of implementation, and the work being done to improve the amount of money spent on capital works each year. While the implementation problems have not been solved, our focus on removing bottlenecks is promises continued improvements in the way we get things done.

There are specific threats to our 2020 implementation ambitions that require focussed attention. One is the status of certain "problem projects" that are facing external administrative hurdles that we cannot resolve on our own. Last year, the Natural Disaster Management Programme and the Kuwaiti-funded road repair programme experienced these external challenges. Due to the conscientious work of the Honourable Minister of Transport and Works in reforming the administrative arrangements, we hope to significantly accelerate these programmes in 2020.

⁷¹ Not including the \$12.9 million Contingencies Fund capitalization.

Another significant potential hurdle is the availability of aggregate – a basic building block of roads and most construction projects. There is simply not enough aggregate on-island to satisfy the demand that this capital programme will create – to say nothing of private sector works. Budget 2020 allocates \$2 million revolving fund for the importation of aggregate from overseas – an amount sufficient to provide a revolving supply of aggregate for sale until we can expand local capacity. The well-chronicled travails of the Honourable Minister of Works – whose quest to find a suitable location for stone-crushing and asphalt plants is being stymied by repeated cries of “not in my backyard” – will hopefully yield positive results in the near future.

Finally, private contractors need to expand their capacity. Heavy equipment – trucks in particular – may be in short supply once the multitude of private and public sector projects come on stream. The Government is incentivising the purchase of heavy-duty trucks. In this Budget we will slash the excise duty on those trucks – which stood at 60% two years ago – all the way to 30%. This will make it cheaper for contractors to import those vital vehicles. In light of the predicted construction boom, the Government is beseeching local contractors to ramp up their capacity. We have the plans. We have the money. We need you to have the equipment.

Of course, it is highly unlikely that we will achieve every single one of our implementation goals in 2020. In the last 30 years, no government has ever implemented more than two-thirds of its revised capital budget in a 12-month period. Unpredictable events could derail or delay our plans, from natural disasters to lengthy dispute settlement procedures. But our 2020 target is realistic and, with sustained hard work, achievable. To those who reasonably ask us “can you do it?” Our answer is “yes, we can.”

IX. NIS & PENSION REFORM

The National Insurance Services (NIS), a principal component of the national social protection system, has fortified and expanded the national social safety net by broadening and deepening its coverage of the working population including the informal sector workers. The NIS coverage of the working population grew by 3.7% moving from 40,041 in 2018 to 41,512 in 2019. This represented a coverage rate of over 80% of the working population.

The NIS fuelled internal demand within the local economic space by its significant benefit outlay of \$70 million in 2019. The major component of benefit payments was to pensioners in the sum of \$64.4 million. The escalation of benefit payments reflects both the generous design and the maturing nature of the plan, where new pensioners are receiving higher levels of benefits as time progresses. The average new weekly pension advanced from \$134.88 in 2018 to \$153.60 in 2019.

The unaudited financial position of the National Insurance Fund (Fund) markedly improved. This is evident by the healthy asset growth of 4.0% in 2019. The nominal value of assets increased from

\$482 million to \$501 million. The strong asset performance was propelled by the robust upswing of the international equity and bond sub-portfolios. This asset base provides adequate buffer to the Fund over the short to medium terms.

Notwithstanding the progress made in some core areas of operations, the Fund is clearly maturing as indicated by the faster growth in the pension payments relative to contribution collections. The dependency ratio (which measures the ratio of contributors to pensioners) is increasing and causing financial pressure on the system, under the current benefit and contribution provisions. In addition, the Fund ratio (the ratio of the reserves to recurrent expenditures) continued the gradual downward trajectory.

The global reality of population ageing is having profound impact on the future financial sustainability of global social security systems. The International Social Security Association in its publication “*10 Global Challenges for Social Security*” cited population ageing as one of the debilitating challenges facing global social security systems. This phenomenon is compounded in the Caribbean by emigration among the working population. An increasing number of our people of working ages are leaving the Caribbean shores to seek job opportunities in North America and Europe. We in Saint Vincent and the Grenadines have not escaped this reality and we are experiencing the increase in life expectancy coupled with the decline in fertility rates, which are narrowing the future contribution base and increasing the pension base.

Along with demographic challenges, the Fund’s contribution and financial bases are inextricably linked to our small, open, and resource challenged economy, which is prone to devastating impacts of natural disasters. Accordingly, the financial conditions of the Fund are susceptible to global, regional and local economic and labour market developments.

Against this backdrop of exogenous challenges and in meeting its statutory requirements, the NIS through prudent, steadfast and enterprising leadership will ensure the regular assessment of the current and future financial sustainability of the Fund. In this regard, the NIS will engage a suitably qualified and independent actuarial firm to conduct the 11th Actuarial Review of the Fund by July 2020. The purpose of the review is to determine whether the Social Security System in Saint Vincent and the Grenadines operates on sound financial and actuarial bases and if the Fund provides adequate and affordable levels of income protection. Moreover, the upcoming review will take account of the principal objectives;

- ***Coverage*** – How well are workers of all sectors covered under the social security system?
- ***Pension Adequacy*** – Are the current levels of benefit payments enough to afford beneficiaries a decent standard of living and will they maintain real value over time?

- *Financial Sustainability* – Is the system operating on sound actuarial and financial bases and therefore able to meet financial obligations when they fall due without creating significant burdens to future generations?
- *Administrative Efficiency* – How efficient are the administrators in delivering social security services to the people of Saint Vincent and the Grenadines?

The Board and Management of the NIS look forward to the advice and recommendations from the Actuary to improve the adequacy and affordability of the social protection system. In the meantime, the NIS Board and Management will continue the strategic focus on enhancing the Fund's sustainability and improving the lives and livelihoods of its covered population by placing sharpened emphasis on the following strategic priorities:

- To engage in economically targeted investments that fuel economic growth and create employment. The NIS earmarked around \$20 million to invest locally in wealth and job creating projects.
- To broaden its socially responsible investments in education and health to enhance the well-being and productivity of the local labour force. For instance, the NIS will expend resources to assist with the reduction of health risk factors (including factors driving Non-Communicable Diseases) that are threatening the size, structure and productivity levels of the national work force and by extension the contributing base of the NIS.
- To hone focus on enhancing governance in the administration of the social security system. This will involve meeting all statutory and reporting requirements to the Government and people of Saint Vincent and the Grenadines and increase members' participation in various fora through public education and outreach programs.
- To intensify the efforts on broadening coverage to self-employed persons and workers in rural areas and the Grenadines. The NIS intends to establish a service centre in Canouan in 2020.
- To build the resilience of its investment portfolio through further de-risking and diversifying of the portfolio across issuers, sectors, countries and geographies. Notwithstanding this thrust, the NIS will further invest approximately \$10 million in local capital projects including the land development project in Peter's Hope, the development of the Ju-C property in Kingstown into commercial office spaces and the refurbishment of its real property in Union Island.
- To enhance administrative efficiency by automating core areas of operations including e-payment, a new management system and on-line benefit and registration services. Also, the Management will continue to exercise prudence in the use of the Fund's financial resources.

The NIS is at a critical stage in its operations where it is financially sound today but faces exogenous demographic, labour market, economic and environmental challenges that threaten its future financial sustainability. However, the Board and Management will fashion efficacious policies and

programmes to ensure that the NIS provides adequate and affordable income security to the people in Saint Vincent and the Grenadines amidst a challenging operating environment.

In the 2018 and 2019 budget speeches, the Government highlighted the urgency of pension reform in the near term. In 2018, the Budget listed six options for pension reform, in an attempt to initiate public debate on the issue. The response was tepid. Last year, we established a Pension Reform Steering Committee of senior officials, and mandated them to study the options, make recommendations to the Government and manage the public consultation process. In 2020, the Committee will engage extensively with stakeholders and the general public as we attempt to both educate and learn from others about the most efficient way to implement pension reform. In recent consultations with leaders of the labour movement, the Government was encouraged by the willingness to engage frankly and constructively on the issue. By year's end, we hope to have arrived at a common understanding about how necessary reforms will be implemented.

X. **PRUDENCE & ENTERPRISE**

The Honourable Prime Minister has consistently set out his guiding principle of marrying the complementary objectives of Prudence and Enterprise in his progressive vision for economic growth and people-centred development.⁷² In his 2014 Budget Speech,⁷³ the Prime Minister asserted that “[o]ur fiscal policy stance . . . will therefore continue to be a mix of prudence, patience and enterprise.”⁷⁴ He stated that:

to suit the specific, unique circumstances of our country’s economy and fiscal condition, we advanced the fiscal framework of “prudence and enterprise.” “Prudence” on all fronts especially on recurrent expenditure, but focussed enterprising fiscal activity through the targeted capital spending of the central government and the capital budgets of state

⁷² See, e.g., Gonsalves, R. E., 2009 Budget Address: Socio-Economic Development, Competitiveness, and Fiscal Consolidation at a Time of Financial Turmoil and Economic Uncertainty Internationally, 1 Dec. 2008 (<http://finance.gov.vc/finance/images/PDF/budgetaddress/budget-address-2009-.pdf>); Unity Labour Party, *Unity Labour Party Manifesto 2010: We Naaah Tun Back*, Nov. 2010, pp. 3, 13-14, 24-25 (<https://www.yumpu.com/en/document/read/53825098/our-vision-for-svg>); Gonsalves, R. E., “On-Going Development Amidst Continuing Challenges: Address on the Occasion of the 34th Anniversary of Independence of Saint Vincent and the Grenadines,” 27 Oct. 2013 (<http://pmoffice.gov.vc/pmoffice/images/stories/Speeches/2013%20official%20independence%20message%20to%20the%20nation.pdf>); Gonsalves, R. E., “The Quest To Build A Modern, Competitive, Many-Sided, Post-Colonial Economy, Part 2,” *News784*, 29 June 2018 (<https://news784.com/feature/the-quest-to-build-a-modern-competitive-many-sided-post-colonial-economy-part-2/>)

⁷³ Gonsalves, R. E., *Budget Address 2014: Strengthening the Socio-Economic Base for Recovery and Reconstruction After a Natural Disaster in a Context of On-Going Global Economic Uncertainty and Downside Risks*, 20 Jan. 2014 (<http://finance.gov.vc/finance/images/PDF/budgetaddress/2014budgetspeech.pdf>)

⁷⁴ *Ibid.*, p. 43

enterprises. . . At the same time, vital reforms were introduced in tax administration so as to enhance tax collection without increasing the rate of taxation.⁷⁵

The Honourable Prime Minister went on to explain that:

“Prudence” is to be distinguished from “austerity”. Prudence means careful spending; it demands sensible expenditure controls; it calls for the elimination of waste, and an efficiency in expenditure. It summons a fair and efficient system of taxation and its administration. Austerity, on the other hand, means a harsh application of spending cuts and the avoidance of necessary and desirable expenditure; and an increase in the tax burden. Prudence, when coupled with enterprise, leads to economic growth; austerity presages continued low-growth and socio-economic hardship, particularly in the current global and regional economic circumstances. . . [F]iscal prudence, reasonable enterprising risks, and manageable public debts are an admixture worth pursuing to engender economic growth, create wealth and jobs, and strengthen the social safety net.⁷⁶

Budget 2020 hews closely to this sensible vision of prudential fiscal consolidation, revenue collection and enterprising capital expenditure. We continue to eschew any short-sighted advice to make a series of reckless bets on the next big economic gimmick, which invariably take people on wild and unsettling cycles of boom and bust. We are instead committed to doing the painstaking work that is necessary to consolidate our finances, solidify our macroeconomic foundations, and accelerate our developmental transformation.

In November 2019, the Government made a series of measures to institutionalise the policy of fiscal prudence. Those measures included the publication of our first-ever Fiscal Responsibility Framework, and a series of regulations to govern public procurement, the monitoring and oversight of statutory bodies, and the administration of our growing Contingencies Fund.

Our Fiscal Responsibility Framework is aimed at promoting sustainable and inclusive growth, controlling fiscal deficits, limiting debt accumulation and improving fiscal transparency and accountability. The Framework is a rules-based mechanism aimed at establishing parameters to guide the attainment of predetermined fiscal objectives and targets. The fiscal anchor of the Framework is the attainment of a debt to GDP ratio of 60 per cent by the year 2030. The Fiscal Responsibility Framework includes a primary balance rule, an expenditure rule and a personal emoluments rule, as well as the conditions under which the Government may deviate from the parameters of the overarching Framework.

The Fiscal Responsibility Framework provides for a Fiscal Responsibility Mechanism which will be responsible for evaluating Government’s fiscal performance and compliance with the fiscal rules. By

⁷⁵ *Ibid.*, p.14

⁷⁶ *Ibid.*, p.15

achieving and maintaining a sustainable fiscal balance, prudent levels of public debt; and prudently managed fiscal risks, the Framework:

- (a) establishes the principles, procedures and mechanisms for a rules-based Fiscal Responsibility Framework;
- (b) guides the formulation and implementation of fiscal rules;
- (c) guides and anchors fiscal policy during the annual budget process within a medium-term macro-fiscal framework; and
- (d) facilitates effective oversight and public scrutiny of the fiscal management of the Government

The public and this Honourable House are respectfully encouraged to familiarise themselves with the Fiscal Responsibility Framework, which, in addition to its publication in the *Gazette*, is appended to this Budget Speech. The parameters of the Fiscal Responsibility Framework have guided the formulation of Budget 2020, and it is an important anchor of our fiscal discipline going forward.

In addition to the Fiscal Responsibility Framework, a number of other regulatory innovations were established to enable improved public scrutiny and enhancement of Parliamentary oversight on fiscal matters.

First, a comprehensive set of Public Procurement Regulations were Gazetted. The Regulations provide in-depth operational guidance to procurement methods, including stipulation of the various procurement approval thresholds, and procedures for use in particular procurement methods – including what should be contained in the bidding documents among others. Clear procedural definitions of various systems, what constitutes substantial responsiveness, and delineation of the power to reject bids – among other issues – are all covered in the Regulations.

Second, regulations governing the monitoring and oversight of statutory bodies were also promulgated. These regulations are designed to improve the ability of the Central Government to identify and manage any fiscal risks that may emerge from the state-owned enterprise sector.

Third, the growth of the Contingencies Fund – now over \$30 million – prompted greater regulatory control. The Fund is now effectively ring-fenced by clear rules under which advances can be made. The investment principles and the accountability requirements also ensure that the finances of the Fund will be safeguarded from unwarranted use.

In addition to these policy and regulatory innovations, the Government passed the Tax Administration and Procedures Act (TAPA) last December. The TAPA is aimed at increasing transparency, consistency, and increasing domestic resource mobilization by facilitating compliance.

Budget 2020 does not raise taxes. Indeed, some excise taxes and duties are reduced. However, the TAPA and other reforms at the Inland Revenue Department (IRD) are designed to improve efficiency and equity among taxpayers. For too long, administrative inertia, intransigence, and a stubborn resistance to a culture of more aggressive tax collection have stymied the effectiveness of the IRD. The result has been uneven and unfair burdens being placed on compliant taxpayers, and insufficient emphasis on applying the law to the more recalcitrant among us. In 2020, armed with legislative changes, human resource improvements and physical enhancements to the work environment, the IRD has resolved to address certain geographical and occupational black holes in revenue collection. Some locations, and some professions, simply do not pay their fair share of taxes. Others disproportionately withhold VAT and PAYE monies owed to the Government. The IRD has pledged to be more aggressive in the pursuit and collection of these outstanding amounts.

Through these reforms, enhancements and improved methods, the Government expects to collect more revenue in 2020 than it did in 2019. Any system of taxation must be rooted in equity and compliance. We are asking all citizens to acknowledge this truism, and recognise our resolve to make revenue collection in Saint Vincent and the Grenadines more efficient, balanced and just.

An important and necessary reform to our prudential planning and policy decisions is an enhancement of our ability to collect and analyse new statistical data. This year, because of administrative turnover in the leadership of our statistics department and sloppy work by some officers charged with data collection in various departments, we were unable to submit crucial and accurate information to the Eastern Caribbean Central Bank in a timely manner. This tardiness has resulted in incomplete and inaccurate reflections of our 2019 growth, which was published based on the data available at the time.

The available data failed to include a number of tremendous growth areas in the Vincentian economy, such as cocoa, coffee and medicinal cannabis production, non-banana agricultural exports, like livestock and root crops, the occupancy and value-added of villa and cottage rentals in exclusive Grenadines enclaves, and the performance of those manufacturers that have grown tremendously through the export of building products to our storm-ravaged neighbours in Dominica, the British Virgin Islands and Antigua and Barbuda. Similarly, the expenditure of over US\$25 million on geothermal drilling and ancillary construction was not reflected. Legitimate, unresolved disputes between the Comptroller of Customs and the main fuel importers also produced inaccurate data as to imports, which is a key proxy for retail and wholesale activity. The Statistics Department, in and of itself, was largely blameless for these delays. The problems existed in the source data. However, these hiccups are more than fleeting inconveniences. Our Fiscal Responsibility Framework links far-reaching policy decisions to production data, making accuracy more critical than ever.

A decade ago, our Honourable Prime Minister outlined a rebasing process of national accounts.⁷⁷ The governments of the OECS realise that the time has come for an update of this process, which will more accurately reflect the current composition of our transforming economy. Indeed, the “base year” upon which such calculations are made is now 14 years old. In rapidly transforming economies, the gap between 2006 and 2020 can sometimes produce inaccurate results. However, a rebasing will not solve the gaps in our data collection and holes in our data analysis. As the Government of Saint Vincent and the Grenadines increasingly bases fundamental policy decisions on analysis of locally produced data, and as our development partners increasingly assess that data for clues about the effectiveness of their support, we must strengthen our data gathering and analytical capacity as a matter of priority.

XI. DEBT

As at December 31st 2019, the total public debt stood at \$1.7 billion. This figure up 0.8%, a marginal increase on the total disbursed outstanding public debt for the comparative period in 2018.

The total Domestic Debt, which amounted to \$494.7 million as at December 31st 2019 fell by 14.2% or \$81.9 million when compared with the domestic debt for the same period in 2018. The external debt for the same period stood at \$1.2 billion, an increase of 8.8% or \$95.6 million when compared with the 2018 external debt.

The main changes within the domestic debt portfolio over the period include:

1. A decrease on balance outstanding on overdrafts owed by the public sector of \$7.9 million or 20.0%. Similarly, the Local Loans portfolio fell by 29.5% or \$51.6 million, mainly reflecting the settlement of a National Property debt that was owed to the NIS.
2. Total Government Bonds and Notes issued and outstanding over the period increased by 7.0% or \$17.8 million. Similarly the total Treasury Bills outstanding also increased by 24.2% or \$2.5 million. The Ministry of Finance is to be commended for its hard work in optimising the rates and terms of these Bonds and Notes in the interest of our fiscal space.

In 2019, there was an increase in the external debt of \$95.6 million or 8.9% when compared to 2018. The main driver accounting for this change in the external indebtedness of the Government is the highly concessionary \$81 million Fiscal Reform & Resilience Development Policy Credit from IDA and other IDA loans for the CARCIP and RDVRP projects.

⁷⁷ Gonsalves, R. E., *Budget Speech 2010: Economic and Financial Stability, Social Cohesion and Fiscal Consolidation at a Time of Global Recession and Uneven Recovery*, p. 14
(<http://finance.gov.vc/finance/images/PDF/budgetaddress/2010-budget-address.pdf>)

Additionally, net repayments were recorded on a number of external loans during the period. Some of the more significant ones are:

- a. \$5.8 million repaid on a number of CDB loans;
- b. \$4.9 million repaid on ALBA loans;
- c. \$9.3 million repaid on loans owed to the IMF
- d. \$3.6 million paid on loans from ROC
- e. \$3.6 million paid to Scotiabank on loan for AIA tower and equipment.

The Public Debt as at December 31st 2019 is comprised as follows:

Type of Debt	Amount	% of total
Domestic	\$ 494.7 m	29.6 %
External	\$ 1,176.0 m	70.4 %
TOTAL	\$1,670.7 m	100.0 %

Total debt service for 2020 is estimated at \$267.9 million or 39.4% of the Current Revenue. The Debt Service requirements for 2020 are made up of:

Interest Payments	\$ 70.4 m
Amortization	\$152.5 m
Sinking Fund Contributions	<u>\$ 45.0 m</u>
	<u>\$267.9 m</u>

XII. RESOURCE REQUIREMENTS

The total resource requirements for the 2020 fiscal year amount to \$1.2 billion. This represents an increase of 9.1% when compared to the total Estimates for 2019. The recurrent expenditure budget (including amortization and sinking fund contributions) is \$875.6 million, while \$310.8 million will be required to finance the Government's capital expenditure programme for this fiscal year. The total estimated expenditure is comprised of current expenditure of \$678 million, amortization of \$152.5 million, and sinking fund contributions of \$45 million. Accordingly, Budget 2020 projects a small current account surplus.

The main source of funding for the 2020 Budget is current revenue, which is estimated at \$680 million, this figure is 3.6% more than 2019. This current revenue estimate reflects our best judgement of all the variables that impact revenue growth and collection. Based on the projected economic growth, specific reforms and revised approaches that have been elaborated in this Budget Speech, we consider our ambitious revenue targets to be attainable.

Financing for the capital budget will be provided from a mixture of external loans, local loans, grants, capital revenue and other receipts. We expect to raise external loans totalling \$165.3 million in 2020. We anticipate that multilateral creditors will provide \$139.7 million of this amount, including the Caribbean Development Bank, the International Development Association, the OPEC Fund for International Development, Climate Investment Fund and the Abu Dhabi Fund for Development. Draw-downs on bilateral loans are expected from the Government of Taiwan and the Government of Kuwait. All of these bilateral and multilateral loans are disbursed at highly concessionary rates.

Much of the Government's external loan portfolio has been negotiated on highly concessional terms, and grants continue to be an important source of financing for many of our investment projects. Grants totalling \$60.7 million are expected to come from a number of multilateral donors including the European Union, the Caribbean Development Bank, the Kuwait Fund for Arab Economic Development, the United Nations System⁷⁸ and the Green Climate Fund. Grants are also expected from a number of bilateral sources including the governments of Taiwan, Italy, India, Japan, the UK Department for International Development, the UK Caribbean Infrastructure Fund and UAE-MASDAR.

Local loans in the amount of \$71.9 million and Other Receipts of \$205.4 million will be raised to finance the Capital Programme.

XIII. FISCAL MEASURES & INCENTIVES

In the 2020 fiscal year, the Government proposes to institute moderate increases in some user fees across the public service, and to introduce additional fees for new services being offered by various Ministries and Departments.

A range of fees under the Maritime Administration will be increased for services such as the issuance of various licences, certificates of safety and seafarers' certificates. New fees will also be levied for the survey and inspection of different types of vessels.

⁷⁸ Including the Pan American Health Organisation (PAHO), the United Nations Childrens Fund (UNICEF), United Nations Environment Programme (UNEP) and the United Nations Development Programme (UNDP)

Four user fees charged by the Passport and Immigration Department will be increased in 2020. These are, fees paid by overstayers, by persons seeking an extension of stay and for new Passports. During the 2019 fiscal year, the Government entered into a new agreement with Canadian Bank Note for a comprehensive upgrade of the hardware and software required for the smooth operation of services and for the introduction of a 48-page ePassport which has enhanced security features. The new contract, which spans a seven-year period, amounts to \$18.45 million. Currently, the Government subsidises the cost of passports by 60%. The increase in the passport fees is aimed at improving the cost recovery for the service. Passports for children under 16 will move from \$80.00 to \$100.00, while passports for adults will go up from \$150.00 to \$200.00. Overstayers fees and Extension of Stay Fees will be increased from \$25.00 each to \$100.00 and \$75.00.

Expenditure in the health services sector, over the years, has focused on investments in new and upgraded infrastructure, and equipment across all services. In particular, the recent opening of the Modern Medical and Diagnostic Centre in Georgetown not only provided an improved physical space for the delivery of health care but also widened and deepened the range of medical services offered to the population. In addition, the opening of two Polyclinics, in Buccament and Marriaqua has led to a further decentralisation of certain health services in these districts. At the Milton Cato Memorial Hospital, new and additional hospital and laboratory equipment has been purchased. The end result of all these investments is an improved delivery of health services to the citizenry. In 2019, the fees collected at the Milton Cato Memorial Hospital as a percentage of the amount spent at that institution alone, amounted to eight per cent. Clearly, a cost recovery ratio of eight per cent is quite low. In an effort to make a marginal improvement to this ratio, the Government proposes moderate increases to several hospital, laboratory and dental fees paid by private patients. For the most part, the fees paid by public patients, who make up the vast majority of persons accessing these services, remain unchanged. The 2020 budgeted cost recovery ratio is expected to settle at nine per cent.

A small number of modest user fees within the Ministry of Agriculture, Forestry and Fisheries will also be increased in 2020. These fees, relate to, among other things, fishing licences, the cost of day-old chickens, and the purchase of chainsaws. The specific details of the various agricultural, immigration, maritime and medical fees are listed as an appendix to this Budget Speech.

In addition to these modest measures, the Government has taken a number of steps to address potential bottlenecks to our accelerated developmental roadmap.

First, in response to the shortage of tour buses available to our rapidly-growing cruise sector, the Government has decided to significantly reduce duties on those vehicles. As such, tour buses that are less than three years old and larger than 26 seats will enjoy a 90% waiver of customs duties. Similarly-sized buses that are between four and 12 years old will receive a 75% duty waiver. These duty waivers are conditioned on the exclusive use of these buses for tours and charters during the

cruise season. Out of season, there are no restrictions on use. Local banks have also signalled their willingness to modify their loan packages to make payments less onerous during the off-season.

A shortage of tour buses is now a serious constraint on the growth of our cruise sector. If there is insufficient uptake of this duty waiver, applicable State-owned enterprises might find it necessary to participate directly in the expansion of the tour bus fleet. However, we remain hopeful that the private sector will seize on this growing and urgent opportunity.

Second, and similarly, yachts and marine vessels used to offer tours will now receive a 100% duty waiver as a matter of course. The same flexibility displayed by the banking sector for tour buses is replicated in the case of loans for these watercraft.

Third, in consultations with the construction sector concerning the Government's ambitious upcoming capital programme, a number of contractors have identified a potential shortage of heavy trucks as a looming impediment to implementation. Last year, we reduced excise taxes on those trucks from 60% to 55% in an effort to incentivise fleet expansion. The data suggest that this reduction was insufficient. As such, Budget 2020 reduces the excise tax on heavy duty trucks from 55% to 30%. We encourage contractors and truckers to prepare themselves for the imminent construction boom.

Fourth, the rapid growth in fisheries and the potential of capacity constraints among fisherfolk make it imperative that the Government briefly outline the incentives available to the sector. All registered fishers are eligible to receive, on application, a seventy-five per cent waiver of duties and VAT on fishing vessels and engines of up to 115 horse power. Additionally, conditional duty exemptions are permitted on a wide array of ancillary items of fishing equipment and accessories, including nets, seine twine, line-haulers, pot-haulers, capstans, winches, trolling gurdies, safety gear, hooks, lures and materials for sail-making. For persons who may wish to purchase larger long-range fishing vessels, duty-free concessions are usually provided in keeping with the Government's policy to encourage investments in vessels that enable fishers to remain longer at sea and increase their catch.

Fifth, the local hospitality sector, and those interested in taking advantage of the inherent opportunities in the growth of tourism, are reminded that the Government has an attractive package of incentives available to local and foreign investors alike. Any person who is registered by the Ministry of Tourism can access various concessions to facilitate the development of their hotel plant. These concessions cover hotel improvement, expansion and construction, and allow the investor to receive duty free concessions on all or some building materials, hotel equipment and furnishing. In addition, depending on the number of rooms being developed, an investor may receive income tax exemption for a period not exceeding fifteen years. Depending on the size and type of investment, other concessions, like food and beverage exemptions, are available. All prospective investors should take note. Simply make an enquiry at the Ministry of Tourism or Invest SVG and you will be guided on how to take advantage of these very generous incentives.

Concessions in the sector extend also to ancillary services, such as restaurants, bars, tour buses and businesses that cater to the needs of the visitor, aimed at enhancing the visitor experience and increasing the visitor spend locally.

Sixth, and finally, it is necessary to also clarify the incentives and concessions available to manufacturers. The Fiscal Incentives Act is the principal piece of legislation governing the provision of incentives to the industrial sector. Under the Act, an industry is defined as manufacturing or processing entities, including deep sea fishing and shrimp once they are a part of “an integrated processing operation”, but excludes tourism and agriculture, which are covered under specific targeted legislation and policies. This Act classifies enterprises according to their percentage local value-added as follows:

- Group I - where the local value added is 50% or more;
- Group II – the local value added is 25% or more but less than 50%;
- Group III – where the local value added is 10% or more but less than 25%;

The greater the local value added the longer is the period of concession on the materials and manufacturing equipment. Manufacturing concerns that produce only for export, and enclave entities, are granted the same concessions. An income tax holiday, not exceeding fifteen years, is another benefit accorded to entities that qualify under the Act.

Apart from the incentives on offer under the Fiscal Incentives Act, any manufacturing or processing entity can apply, as the need arises, for a 100% duty free concessions on all raw materials used in the production of their final product.

These incentives and concessions prove not only that we are open for business, but that we are aggressive in our pursuit of investment, both local and foreign. We continuously adjust our incentive and concession policies to ensure that they strike the optimal balance between attracting investment and spurring economic growth and people-centred development. In 2020, we shall continue to seek out the best partners for the development of Saint Vincent and the Grenadines.

XIV. CONCLUSION

Between 1763 and the late 1990s, the economy of Saint Vincent and the Grenadines had, as its cornerstone, the export of a single agricultural product. Over the centuries, the export crop changed – from cotton to arrowroot to sugar to bananas – and the exploitation of enslaved Africans was abolished, but the remaining basic modes of production and economic structures remained in place. The substantial transition from subsidised monocrop agricultural export began in earnest 19 years ago, with the onset of the Education Revolution and the agricultural diversification around bananas to now include root crops, livestock, poultry, fish, cocoa, and coffee. A corresponding

infrastructural reinvention has included a jet airport in Canouan, the Rabbaca bridge, a proliferation of low- and middle-income homes, the Modern Medical Diagnostic Complex, the Windward and Leeward highways and the Argyle International Airport. Simultaneously, we grew our economy, reduced inequality, improved our healthcare apparatuses, strengthened our social safety nets, and slashed indigence, poverty and undernourishment.

Of course, our progress has not been linear. We have suffered setbacks and encountered obstacles, from natural disasters to the debilitating global economic and financial crisis. The developmental challenges that we face remain numerous and formidable. But we are undaunted, and God is Good. The fact is that the average Vincentian in 2020 is better educated, better compensated, better protected, and better equipped to access and take advantages of emerging opportunities in our rapidly-changing world, than the average Vincentian of the same age when we began our economic transformation two decades ago. Our economy is growing. Taxes are lower. Wages are higher. There are record numbers of Vincentians with a job. School and hospital funding are at record levels. Social safety nets are ever more robust. And the Budget is stronger.

Saint Vincent and the Grenadines is indisputably on the right track.

We have made real progress. Our country is stronger than it was in 2000 or 2010. But we know that the job is not done. The task of development is never complete, and it is ever more precarious in the context of a Small Island Developing State on the frontlines of climate change, the neighbourhood of a hegemon, and the periphery of the global economy, and quite vulnerable to the vicissitudes of a global political disorder and a profound unfairness of the globalised economy.

Budget 2020 considers our history, our triumphs and our challenges in charting a transformative path forward for Saint Vincent and the Grenadines. That path is bold and ambitious, building upon the strong foundation that we have built since 2001 and strengthened after batterings from external disasters – both natural and manmade. The limitations upon us are real but possibilities exist for the further enhancement of our sustainable development.

The progressive 2020 Vision of this government is clear, coherent and comprehensive. We recognise that ours is not the only developmental strategy, but we believe that it is the right one for our times, our country and our people. We reject austerity. We reject the crass commercialisation of our citizenship, and the race to the bottom of passport sales. We take note of, but not instruction from, institutions, indices and metrics that measure not progress, but our fealty to neoliberal orthodoxy. Our measures of development are people-centred, and rooted in Vincentian history and experience. We count the rising numbers of educated, employed and home-owning citizens. We tally the dwindling numbers of poor, indigent and hungry. We quantify investments to make us more resilient, improve our infrastructure, and diversify our economy. We weigh the ways that youth and women are empowered, and that elderly and vulnerable are supported. We celebrate business growth, and we link sustainable use of our landscape, seascape, people and the instruments of our sovereignty to the interest of our people's humanisation.

Of course, there will be dissenters and detractors. Ours is a robust democracy. We will consider constructive critiques and adopt good ideas as our own, in the interest of national development. But there will also be rising cacophony of negativity from the propagandists and opportunists who see every step forward through the prism of their own narrow self interest. Those naysayers will proclaim that Budget 2020 is unrealisable. They will critique serious developmental proposals with the vacuous taunts of the primary school yards. But we are comforted that they are the same naysayers who said the Argyle International Airport was impossible; the Rabbaca Bridge was impossible; the Education Revolution was impossible; and the Security Council was impossible. They will once again trot out their clichéd pronouncements of pessimism.

Let them talk. We will work. They will be heard but not heeded. Their negativity will be but a raindrop in the ocean of our optimism, ambition and hope.

Because we know that our country is heading in the right direction.

We know that we are blessed with visionary, experienced and compassionate leadership.

And we know that we are home to an enterprising, creative and hardworking Vincentian people, who have always faced challenges with resolve, with faith in God, and with an unshakeable optimism that we can accelerate this process of economic transformation for the benefit of all.

Let us continue to build a better Saint Vincent and the Grenadines.

* * *

APPENDIX I**Maritime Administration**

Fees	Current Rate	Proposed Rate
Minimum Safe Manning Certificate	\$ 80.00	\$ 100.00
Endorsement of Seafarer Certificate	\$ 80.00	\$ 100.00
Deletion of Ships	\$ 132.50	\$ 265.00
Extension of Registry Certificate	\$ 80.00	\$ 100.00
Endorsement of Yacht DOC	\$ 80.00	\$ 100.00
Boat Master Licence	\$ 80.00	\$ 100.00
Boat Engineer Licence	\$ 80.00	\$ 100.00
Survey and Inspection of Water Taxis	\$ -	\$ 280.00
Survey and Inspection of Pleasure Vessels	\$ -	\$ 800.00
Survey and Inspection of Decked Fishing Vessels	\$ -	\$ 400.00
Survey and Inspection of Ferries	\$ -	\$ 10,000.00

APPENDIX II

Health Services Fees

Fees	Current Rate	Proposed Rate
Hospital Fees (<i>see Appendix II (A)</i>)		
Medical Report Fees	\$ 25.00	\$ 40.00
Out-Patient (Surgery) Fees (private patients)	\$ 30.00	\$ 36.00
Radiology Fees (<i>see Appendix II (B)</i>)	-	-
Laboratory Fees (<i>see Appendix II (C)</i>)	-	-
Dental Services (<i>see Appendix II (D)</i>)	-	-
Mental Health - Pharmaceutical Prescriptions	-	\$ 5.00

APPENDIX II (A)

Hospital Fees

Service	Current		Proposed	
	Private Patients	Public Patients	Private Patients	Public Patients
Maintenance and nursing per day	\$ 75.00	\$ 10.00	\$ 82.50	\$ 10.00
Use of Operating Theatre surgical operations, anesthetic and gases -				
(a) Major	\$ 250.00	\$ 100.00	\$ 275.00	\$ 100.00
(b) Intermediate	\$ 175.00	\$ 75.00	\$ 192.50	\$ 75.00
(c) Minor	\$ 100.00	\$ 40.00	\$ 110.00	\$ 40.00
Labour Room				
Normal	\$ 80.00	\$ 30.00	\$ 88.00	\$ 30.00
Episiotomy	\$ 100.00	\$ 40.00	\$ 110.00	\$ 40.00
Physiotherapy				
Collars (non-returnable)	\$ 50.00	\$ 30.00	\$ 55.00	\$ 30.00
Crutches (returnable)	\$ 50.00	\$ 20.00	\$ 55.00	\$ 20.00
Splints (non-returnable)	\$ 30.00	\$ 20.00	\$ 33.00	\$ 20.00
Walkers (returnable)	\$ 50.00	\$ 20.00	\$ 55.00	\$ 20.00
Mortuary				
A fee of \$200.00 is chargeable on all bodies kept after 24 hours unless kept for medical and/or legal reasons#				
Outpatients (Public) (Adults) prescription (per visit)		\$ 5.00		\$ 5.00

APPENDIX II (B)

Radiology Fees

Service	Current		Proposed	
	Private Patients	Public Patients	Private Patients	Public Patients
Dental	\$ 10.00	\$ 10.00	\$ 12.00	\$ 10.00
Upper Extremities one part	\$ 15.00	\$ 10.00	\$ 18.00	\$ 10.00
Lower Extremities one part	\$ 15.00	\$ 10.00	\$ 18.00	\$ 10.00
Any part of the vertebral column	\$ 30.00	\$ 15.00	\$ 36.00	\$ 15.00
Any part of the skull and facial bones	\$ 25.00	\$ 20.00	\$ 30.00	\$ 20.00
Any part of the shoulder girdle	\$ 15.00	\$ 10.00	\$ 18.00	\$ 10.00
Any part of the pelvic girdle	\$ 30.00	\$ 15.00	\$ 36.00	\$ 15.00
Chest	\$ 20.00	\$ 10.00	\$ 24.00	\$ 10.00
Abdomen	\$ 30.00	\$ 10.00	\$ 36.00	\$ 10.00
Intravenous Pyelogram	\$ 60.00	\$ 30.00	\$ 72.00	\$ 30.00
Cystogram	\$ 70.00	\$ 35.00	\$ 84.00	\$ 35.00
Barium Swallow	\$ 35.00	\$ 20.00	\$ 42.00	\$ 20.00
Barium Meal	\$ 50.00	\$ 25.00	\$ 60.00	\$ 25.00
Barium Enema	\$ 70.00	\$ 35.00	\$ 84.00	\$ 35.00
Hysterosalpinogram	\$ 70.00	\$ 35.00	\$ 84.00	\$ 35.00
Cholecystogram (oral)	\$ 50.00	\$ 25.00	\$ 60.00	\$ 25.00
Venogram	\$ 80.00	\$ 40.00	\$ 96.00	\$ 40.00
Myelogram	\$ 110.00	\$ 50.00	\$ 132.00	\$ 50.00
Intravenous Cholecystogram	\$ 60.00	\$ 30.00	\$ 72.00	\$ 30.00
Sinogram	\$ 60.00	\$ 30.00	\$ 72.00	\$ 30.00
Petrograde Pyelogram	\$ 80.00	\$ 40.00	\$ 96.00	\$ 40.00
Arthrogram	\$ 60.00	\$ 30.00	\$ 72.00	\$ 30.00
Sialogram	\$ 60.00	\$ 30.00	\$ 72.00	\$ 30.00
Bronchogram	\$ 110.00	\$ 50.00	\$ 132.00	\$ 50.00
Discogram	\$ 110.00	\$ 50.00	\$ 132.00	\$ 50.00
Laryngogram	\$ 60.00	\$ 30.00	\$ 72.00	\$ 30.00
Dacryocystogram	\$ 60.00	\$ 30.00	\$ 72.00	\$ 30.00
Radioulogram	\$ 110.00	\$ 50.00	\$ 132.00	\$ 50.00
Air Encephalogram	\$ 110.00	\$ 50.00	\$ 132.00	\$ 50.00
Vesiculogram	\$ 70.00	\$ 30.00	\$ 84.00	\$ 30.00
Lymphogram	\$ 110.00	\$ 50.00	\$ 132.00	\$ 50.00
Angiogram	\$ 110.00	\$ 50.00	\$ 132.00	\$ 50.00
Urethrogram	\$ 70.00	\$ 30.00	\$ 84.00	\$ 30.00
Mammogram	\$ 60.00	\$ 30.00	\$ 72.00	\$ 30.00
Ultrasound	\$ 40.00	\$ 20.00	\$ 48.00	\$ 20.00

Laboratory Fees					
		Current Pricing Ceiling		Proposed Pricing Ceiling	
laboratory Test and Prices		Panel Cost		Individual test cpst	
Test Panel	Individual Test	Public	Private	Public	Private
CLINICAL CHEMISTRY					
Fasting Blood Sugar (FBS)			\$6.00	\$10.00	
Randum Blood Sugar (RBS)			\$6.00	\$10.00	
Full GlucoseToleranceTest (GTT)	\$15.00	\$25.00			\$35.00 \$60.00
Full GlucoseToleranceTest (GTT)	FBS		\$6.00	\$10.00	
Full GlucoseToleranceTest (GTT)	Trutol GTT Beverage		NCC	NCC	
Full GlucoseToleranceTest (GTT)	1hr Blood Sugar test		\$6.00	\$10.00	
Full GlucoseToleranceTest (GTT)	2hr Blood Sugar test		\$6.00	\$10.00	
Full GlucoseToleranceTest (GTT)	Fasting Urine glucose test		NCC	NCC	
Full GlucoseToleranceTest (GTT)	1hr Urine Glucose test		NCC	NCC	
Full GlucoseToleranceTest (GTT)	2hr Urine Glucose test		NCC	NCC	
Limited/Modified (LGT)	\$10.00	\$20.00			\$20.00 \$30.00
Limited/Modified (LGT)	FBS		\$6.00	\$10.00	
Limited/Modified (LGT)	2hr Blood Sugar test		\$6.00	\$10.00	
Limited/Modified (LGT)	Fasting Urine glucose test		NCC	NCC	
Limited/Modified (LGT)	2hr Urine Glucose test		NCC	NCC	
2hr Post Prandial (2hr PP)			\$10.00	\$20.00	\$15.00 \$25.00
Sugar Profile		NCC	NCC		\$35.00 \$50.00
Sugar Profile	FBS		\$6.00	\$10.00	
Sugar Profile	Post Breakfast		\$6.00	\$10.00	
Sugar Profile	Post Lunch		\$6.00	\$10.00	
Sugar Profile	post Supper		\$6.00	\$10.00	
Sugar Profile	10:00 PM		\$6.00	\$10.00	
Cardiac Enzymes	\$50.00	\$75.00			\$60.00 \$80.00
CK-MB			\$20.00	\$35.00	
Myoglobin			\$20.00	\$35.00	
Troponin I			\$20.00	\$35.00	
Fertility /Infertility Screen					
Semen Analysis			\$10.00	\$40.00	
Testoseron			\$50.00	\$60.00	
Progesterone			\$50.00	\$60.00	
Prolactin			\$35.00	\$35.00	
FSH			\$35.00	\$35.00	
LH			\$35.00	\$35.00	
Cholinesterase			\$0.00	\$25.00	
Cortisol			\$35.00	\$50.00	
Creatinine kinase (CK/CPK)			\$15.00	\$20.00	
Creative Protein (CRP)			\$25.00	\$25.00	
Vitamin B ₁₂			\$25.00	\$25.00	
Folate			\$25.00	\$25.00	
Acid Phosphatase			\$15.00	\$20.00	
Lipase			\$15.00	\$20.00	
Amylase			\$15.00	\$20.00	
Magnesium			\$15.00	\$20.00	
Phosphorus			\$15.00	\$20.00	
Calcium			\$15.00	\$20.00	
LDH			\$15.00	\$20.00	
Lithium			\$15.00	\$20.00	
Serum Protein Electrophoresis			\$20.00	\$25.00	
Renal Stone Analysis			\$20.00	\$25.00	
Stress Test			Discontinued		
Hemoglobin A1C (HbA1C)			\$25.00	\$25.00	
Liver Function test (LFT)	\$60	\$60			\$80.00 \$95.00
LFT	Albumin (ALB)		\$15.00	\$20.00	
LFT	Alkaline Phosphatase (ALP)		\$15.00	\$20.00	
LFT	ALT (SGPT)		\$15.00	\$20.00	
LFT	ALT(SGOT)		\$15.00	\$20.00	
LFT	Direct Bilirubin (DBIL)		\$15.00	\$20.00	
LFT	Total Bilirubin (TBIL)		\$15.00	\$20.00	
LFT	GGT		\$15.00	\$20.00	
LFT	Total Protein (TP)		\$15.00	\$20.00	
LFT	Globulin (GLOB)		\$15.00	\$20.00	
Renal function Test (RFT/UCE)	\$60	\$60			\$75.00 \$85.00
RFT/UCE	Urea		\$15.00	\$20.00	
RFT/UCE	Creatinine		\$15.00	\$20.00	
RFT/UCE (electrolyte)	Sodium (NA)		\$15.00	\$20.00	
RFT/UCE (electrolyte)	Potassium (K)		\$15.00	\$20.00	
RFT/UCE (electrolyte)	Chloride (CL)		\$15.00	\$20.00	
RFT/UCE (electrolyte)	Carbon Dioxide (CO ₂)		\$15.00	\$20.00	
RFT/UCE	eGFR (Calculated)		NCC	NCC	
PIH Profile (LFT, UCE, Uric Acid)		\$135.00	\$135.00		\$150 \$160

Laboratory Fees					
		Current Pricing Ceiling		Proposed Pricing Ceiling	
laboratory Test and Prices		Individual Test	Pannel Cost	Indicvidual test cpst	Pannel Cost
Test Pannel			\$45.00	\$45.00	\$55.00
Lipid Profile	Total Cholesterol		\$15.00	\$20.00	\$15.00
Lipid Profile	HDL		\$15.00	\$20.00	\$15.00
Lipid Profile	Triglycerides		\$15.00	\$20.00	\$15.00
Lipid Profile	LDL (Calculated)		\$15.00	\$20.00	\$15.00
Lipid Profile	VLDL (Calculated)		\$15.00	\$20.00	\$15.00
Thyroid Function Test (TFT)		\$40.00	\$40.00		\$135.00
TFT	FT3		\$35.00	\$35.00	\$35.00
TFT	FT4		\$35.00	\$35.00	\$35.00
TFT	T3		\$35.00	\$35.00	\$35.00
TFT	T4		\$35.00	\$35.00	\$35.00
TFT	TSH		\$35.00	\$35.00	\$35.00
TFT	T-Uptake		\$35.00	\$35.00	\$35.00
TFT	FTI (Calculated)		\$35.00	\$35.00	\$35.00
Tumour Marker					
Tumour Marker	Alpha Feti Protein (AFP)		\$80.00	\$80.00	\$80.00
Tumour Marker	CA125		\$80.00	\$80.00	\$80.00
Tumour Marker	Free PSA		\$60.00	\$60.00	\$80.00
Tumour Marker	Total PSA		\$60.00	\$60.00	\$80.00
Tumour Marker	CEA		\$80.00	\$80.00	\$80.00
Therapeutic Drug Monitoring (TDM)					
Therapeutic Drug Monitoring (TDM)	Carbamazepine/ Tegretol		\$40.00	\$50.00	\$40.00
Therapeutic Drug Monitoring (TDM)	Digoxin/Digetoxin		\$40.00	\$50.00	\$40.00
Therapeutic Drug Monitoring (TDM)	Dilantin/Phenytoin		\$40.00	\$50.00	\$40.00
Therapeutic Drug Monitoring (TDM)	Gentamicin		\$40.00	\$50.00	\$40.00
Therapeutic Drug Monitoring (TDM)	Theophylline		\$40.00	\$50.00	\$40.00
Therapeutic Drug Monitoring (TDM)	Valpuric Acid		\$40.00	\$50.00	\$40.00
Drugs of Abuse (DOA)		\$100.00	\$125.00		\$150.00
Drugs of Abuse (DOA)	Amphetamines		\$25.00	\$30.00	\$40.00
Drugs of Abuse (DOA)	Barbiturates		\$25.00	\$30.00	\$40.00
Drugs of Abuse (DOA)	cannabinoid		\$25.00	\$30.00	\$40.00
Drugs of Abuse (DOA)	Cocaine		\$25.00	\$30.00	\$40.00
Drugs of Abuse (DOA)	Ethanol		\$25.00	\$30.00	\$40.00
Drugs of Abuse (DOA)	Methadone		Discontinued		
Drugs of Abuse (DOA)	Opiates		\$25.00	\$30.00	\$40.00
Drugs of Abuse (DOA)	PCP		\$25.00	\$30.00	\$40.00
Drugs of Abuse (DOA)	Salicylates		Discontinued		
Drugs of Abuse (DOA)	Tricyclic Antidepressants		Discontinued		
Iron Studies					
Iron Studies	Ferritin		\$30.00	\$30.00	\$40.00
Iron Studies	Serum Iron		\$25.00	\$25.00	\$40.00
Iron Studies	Transferrin		NCC	NCC	\$40.00
Iron Studies	UIBC		NCC	NCC	\$25.00
Iron Studies	TIBC		\$15.00	\$20.00	\$25.00
Reproductive		B-Neoccept (Early pregnancy tesgt)		Discontinued	
Reproductive	Estradiol/Estrogen		\$35.00	\$35.00	\$40.00
Urine Chemistries					
Urine Chemistries	Urine Calcium		\$15.00	\$20.00	\$20.00
Urine Chemistries	Urine Chloride		\$15.00	\$20.00	\$20.00
Urine Chemistries	Urine Creatinine		\$15.00	\$20.00	\$20.00
Urine Chemistries	Urine Magnesium		\$15.00	\$20.00	\$20.00
Urine Chemistries	Urine Phosphorous		\$15.00	\$20.00	\$20.00
Urine Chemistries	Urine Potassium		\$15.00	\$20.00	\$20.00
Urine Chemistries	Urine Protein		\$15.00	\$20.00	\$20.00
Urine Chemistries	Urine Sodium		\$15.00	\$20.00	\$20.00
Urine Chemistries	Urin Uric Acid		\$15.00	\$20.00	\$20.00
Urine Chemistries	Bence Jones protein				\$30.00
Urine Chemistries	Vanillylmandelic Acid (VMA)		\$15.00	\$20.00	\$30.00
Urine Chemistries	Creatinine Clearance		\$20.00	\$25.00	\$30.00
MICROBIOLOGY					
All Cultures & Sensitivity (C&S)		\$10.00	\$20.00		\$25.00
	Endo Cervical		\$10.00	\$20.00	\$25.00
	Cervical		\$10.00	\$20.00	\$25.00
	Vaginal		\$10.00	\$20.00	\$25.00
	High Vaginal Swab		\$10.00	\$20.00	\$25.00
	Urethral Swab		\$10.00	\$20.00	\$25.00
	Ulcers / Surgical Wound		\$10.00	\$20.00	\$25.00
	Eye Swab		\$10.00	\$20.00	\$25.00
	Urine C&S		\$10.00	\$20.00	\$25.00
	Stool C&S		\$10.00	\$20.00	\$25.00
	Throat Swab		\$10.00	\$20.00	\$25.00
	Sputum C&S		\$10.00	\$20.00	\$25.00
	Bartholin Abscess		\$10.00	\$20.00	\$25.00

Laboratory Fees								
		Current Pricing Ceiling		Proposed Pricing Ceiling				
Test Panel	Individual Test	Panel Cost	Individual test cpst	Panel Cost	Individual test cpst			
	Blood C&S		\$10.00	\$20.00	\$25.00	\$40.00		
	Abscess (Pus)		\$10.00	\$20.00	\$25.00	\$40.00		
	Cannula Tip C&S		\$10.00	\$20.00	\$25.00	\$40.00		
	Cord C&S		\$10.00	\$20.00	\$25.00	\$40.00		
	Nasal C&S		\$10.00	\$20.00	\$25.00	\$40.00		
	CSF C&S		\$10.00	\$20.00	\$25.00	\$40.00		
	Other Fluid C&S		\$10.00	\$20.00	\$25.00	\$40.00		
	Routine C&S		\$10.00	\$20.00	\$25.00	\$40.00		
	Mouth (Oral) C&S		\$10.00	\$20.00	\$25.00	\$40.00		
	Anal (Sexual Abuse)		\$10.00	\$20.00	\$25.00	\$40.00		
	Scrotal		\$10.00	\$20.00	\$25.00	\$40.00		
	Penile Ulcers		\$10.00	\$20.00	\$25.00	\$40.00		
	Endotracheal Tube		\$10.00	\$20.00	\$25.00	\$40.00		
	Groin		\$10.00	\$20.00	\$25.00	\$40.00		
	PID		\$10.00	\$20.00	\$25.00	\$40.00		
	Semen		\$10.00	\$20.00	\$25.00	\$40.00		
	Knee		\$10.00	\$20.00	\$25.00	\$40.00		
	Chlamydia (not yet available)							
	Gram Stains		\$6.00	\$10.00		\$10.00	\$15.00	
	AFB Stains		\$0.00	\$0.00				
	IFA (Respiratory Virus Screen)		\$0.00	\$0.00				
	India Ink (Cryptococcus Stain)		\$0.00	\$0.00		\$0.00	\$0.00	
	KOH Prep					\$20.00	\$30.00	
	Mantoux (PPD)		\$0.00	\$10.00		\$0.00	\$15.00	
PARASITOLOGY								
	Stool Ova Cyst Parasite (OCP)		\$5.00	\$10.00		\$15.00	\$25.00	
	Fecal Occult Blood (OB/FOB)		\$10.00	\$15.00		\$10.00	\$15.00	
URINALYSIS								
	Routine Urinalysis & Microscopy (R&M)		\$5.00	\$10.00		\$10.00	\$15.00	
HAEMATOLOGY								
	Complete Blood Count (CBC/FBC)	\$10.00	\$10.00			\$20.00	\$25.00	
	CBC/FBC	White Blood Cell count (WBC)		\$5.00	\$10.00		\$10.00	\$15.00
	CBC/FBC	Red Blood Cell Count (RBC)		\$5.00	\$10.00		\$10.00	\$15.00
	CBC/FBC	Hemoglobin (HB)		\$5.00	\$10.00		\$10.00	\$15.00
	CBC/FBC	Hematocrit (HCT)		\$5.00	\$10.00		\$10.00	\$15.00
	CBC/FBC	Platelets		\$5.00	\$10.00		\$10.00	\$15.00
	CBC/FBC	MCV		NCC	NCC		\$5.00	\$5.00
	CBC/FBC	MCH		NCC	NCC		\$5.00	\$5.00
	CBC/FBC	MCHM		NCC	NCC		\$5.00	\$5.00
	CBC/FBC	RDW-SD		NCC	NCC		\$5.00	\$5.00
	CBC/FBC	RDW-CV		NCC	NCC		\$5.00	\$5.00
	CBC/FBC	MPV		NCC	NCC		\$5.00	\$5.00
		Auto Differential (Diff) Abs& Rel Counts		\$5.00	\$10.00		\$10.00	\$10.00
		Manual Differential (Man Diff) Rel counts		NCC	NCC			
		Reticulocyte Count (Retic)		\$6.00	\$10.00		\$10.00	\$15.00
		Sickle Cell prep/Screen (SCP)		\$6.00	\$10.00		\$10.00	\$15.00
		Hemoglobin Electrophoresis		\$15.00	\$20.00		\$30.00	\$30.00
		Blood Group		\$6.00	\$10.00		\$10.00	\$15.00
		Osmotic Fragility Test (OFT)						
		Bone Marrow Smear		NCC	NCC		\$30.00	\$50.00
		G-6-P-D		\$0.00	\$25.00		\$15.00	\$30.00
		ESR		\$6.00	\$10.00		\$10.00	\$15.00
	Blood Parasites Screen	Malaria Smear		\$0.00	NCC		\$0.00	\$0.00
		Microfilaria Smear		\$0.00	NCC		\$0.00	\$0.00
		Babesia Microti Smear		\$0.00	NCC		\$0.00	\$0.00
Coagulation								
	Prothrombin Time (PT/INR)		\$6.00	\$10.00			\$15.00	\$20.00
	A-Partial Thromboplastin Time (APTT)		\$6.00	\$10.00			\$15.00	\$20.00
	Thrombin Time (TT)		\$20.00	\$20.00			\$15.00	\$20.00
	D-Dimer		\$20.00	\$20.00			\$35.00	\$35.00
	Fibrinogen levels		\$20.00	\$20.00			\$35.00	\$35.00
	Factor Assays (I-XII)		\$25.00	\$25.00			\$41.65	\$35.00
	Mixing Studies		NCC	NCC			\$50.00	\$50.00
	Clotting Time, alone or with bleeding time		\$6.00	\$10.00			\$10.00	\$15.00
IMMUNOLOGY / SEROLOGY								
	Syphilis Screen (VDRL)		\$6.00	\$10.00			\$15.00	\$20.00
	Syphilis Conformation (TPHA/TPPA)		\$6.00	\$10.00			\$15.00	\$20.00
	Antinuclear Antibody (ANA)		\$6.00	\$10.00			\$15.00	\$20.00
	Antistreptolysin-O Titre (ASOT/ASTO)		\$6.00	\$10.00			\$15.00	\$20.00
	Infectious Mononucleosis (IM/Mono Spot)		\$6.00	\$10.00			\$15.00	\$20.00
	Systemic Lupus (sLE)		\$6.00	\$10.00			\$15.00	\$20.00
	Rheumatoid factor (RF/RA)		\$6.00	\$10.00			\$15.00	\$20.00

Laboratory Fees					
Current Pricing Ceiling			Proposed Pricing Ceiling		
Test Panel	Individual Test	Panel Cost	Individual test cpst	Panel Cost	Individual test cpst
	Dengue Titre		\$0.00	NCC	\$0.00 \$0.00
	Leptospirosis Titre		\$0.00	NCC	\$0.00 \$0.00
	CD4		\$0.00	NCC	\$0.00 \$0.00
	Viral load		\$0.00	NCC	\$0.00 \$0.00
	GeneXpert (MTB/RIF)		\$0.00	NCC	\$0.00 \$0.00
	HIV I+II (Rapid test)		\$0.00	\$50.00	\$0.00 \$50.00
	HIV I+II (Confirmatory test)		\$0.00	NCC	\$0.00 \$0.00
	HIV DNA (New borns)		\$0.00	NCC	\$0.00 \$0.00
	B-HCG (Urine)		\$20.00	\$20.00	\$33.32 \$30.00
	B-HCG(Blood)		\$35.00	\$35.00	\$58.31 \$52.50
	H.Pylori Ab (serum)		\$60.00	\$60.00	\$99.96 \$90.00
	H.Pylori Ag (Stool)		NCC	NCC	\$60.00 \$75.00
HEPATITIS SCREEN		\$80.00	\$130.00		
	Heptitist A Antibod test (HAV)		\$25.00	\$40.00	\$30.00 \$50.00
	Heptitist B Antibod test (HBV)		\$25.00	\$40.00	\$30.00 \$50.00
	Heptitist C Antibod test (HCV)		\$30.00	\$50.00	\$30.00 \$50.00
	HeptitistB Surface Antigen (HBsAg)		\$25.00	\$40.00	\$30.00 \$50.00
BLOOD BANK					
	Compatibility test (Crossmatch)		\$0.00	\$50.00	\$25.00 \$100.00
	Blood Group		\$6.00	\$10.00	\$10.00 \$15.00
	Direct Coombs Test (DCT)		\$0.00	\$20.00	\$0.00 \$30.00
	Indirect Coombs Test		\$20.00	\$20.00	\$35.00 \$35.00
	Paternity Testing (Per person)		\$0.00	\$50.00	\$75.00 \$75.00
Blood Derived Products	Red blood cells		\$0.00	\$0.00	\$5.00 \$5.00
	Platelets		\$5.00	\$10.00	\$5.00 \$5.00
	Fresh frozen plasma		\$0.00	\$0.00	\$5.00 \$5.00
	Whole Blood		\$0.00	\$0.00	\$5.00 \$5.00
Blood Donor Screen for TTI					\$0.00 \$60.00/dnr
	HIV I+II		\$0.00	\$0.00	\$0.00 \$20.00
	HTLV I+II		\$0.00	\$0.00	\$0.00 \$20.00
	Hepatitis B		\$0.00	\$0.00	\$0.00 \$20.00
	Hepatitis C		\$0.00	\$0.00	\$0.00 \$20.00
	Syphilis (VDRL)		\$0.00	\$0.00	\$0.00 \$20.00
	Sickle Cell Screen (SCP)		\$0.00	\$0.00	\$0.00 \$20.00
HISTOLOGY & CYTOLOGY					
	Aspirates (? type)		\$10.00	\$25.00	\$25.00 \$35.00
	Biopsy (? Surgical)		\$30.00	\$50.00	\$40.00 \$60.00
	Fine Needle Aspiration Biopsy		\$0.00	\$0.00	\$25.00 \$35.00
	Fine Needle Aspiration Cytology		\$0.00	\$0.00	\$25.00 \$35.00
	Fluid (? Cytology)		\$10.00	\$25.00	\$25.00 \$35.00
	PAP Smears (Liquid base)				\$25.00 \$35.00
	PAP Smears (Conventional)		\$10.00	\$25.00	\$15.00 \$25.00
	CRYO (Frozen Sections)		\$0.00	\$50.00	\$40.00 \$60.00
GENERAL LABORATORY					
Cerebrospinal Fluid Analysis (CSF)		\$40.00	\$50.00		
	CSF C&S		\$10.00	\$20.00	\$25.00 \$40.00
	CSF Gram Stain		\$6.00	\$10.00	\$10.00 \$15.00
	CSF India Ink Preparation		NCC	NCC	\$10.00 \$15.00
	CSF Chemistry (Protein & Glucose)		NCC	NCC	\$10.00 \$20.00
	CSF Cell Count		NCC	NCC	\$10.00 \$20.00
Other Fluid Ana. (PD,Pleural, Synovial)		NCC	NCC		
	C&S		\$10.00	\$20.00	\$25.00 \$40.00
	Gram Stain		\$6.00	\$10.00	\$10.00 \$15.00
	Chemistry (Protein & Glucose)		NCC	NCC	\$10.00 \$20.00
	Cell count		NCC	NCC	\$10.00 \$20.00
	Cytology		NCC	NCC	\$15.00 \$25.00
Antenatal Profile /Prenatal labs		\$53.00/58.00	\$90.00/\$100.00		
	CBC		\$10.00	\$10.00	\$20.00 \$25.00
	Sickle Cell prep/Screen (SCP)		\$6.00	\$10.00	\$10.00 \$15.00
	Blood Group		\$6.00	\$10.00	\$10.00 \$15.00
	Stool Ova Cyst Parasite (OCP)		\$5.00	\$10.00	\$15.00 \$25.00
	Routine Urinalysis & Microscopy (R&M)		\$5.00	\$10.00	\$10.00 \$15.00
	HIV I+II		\$0.00	\$50.00	\$0.00 \$50.00
	Heptitist B Antibod test (HBV)		\$25.00	\$40.00	\$30.00 \$50.00
	Syphilis (VDRL)		\$6.00	\$10.00	\$15.00 \$20.00

APPENDIX II (D)

Dental Services

Service	Current		Proposed	
	Public Patients	Public Patients	Public Patients	Public Patients
Prophylaxis (Cleanings)	\$ 15.00	\$ 25.00		
Restorations (Fillings)	\$ 20.00	\$ 25.00		
Extractions	\$ 5.00	\$ 10.00		
Root-Canal Treatment	\$ 20.00	\$ 40.00		

APPENDIX III

Passports & Immigration Fees

Fees	Current Rate	Proposed Rate
Overstayers Fee	\$25.00	\$100.00
Extensions of Stay Fee	\$25.00	\$75.00
Passports		
Children 16 and under	\$80.00	\$100.00
Adults	\$150.00	\$200.00

APPENDIX IV

Fees for Agricultural Services

Fees	Current Rate	Proposed Rate
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Sale of Day Old Chicks

Broiler	\$ 1.75	\$ 2.00
Layer	\$ 4.25	\$ 5.00

Forestry

Administrative Fee for Chainsaw Licence	\$ -	\$ 15.00
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APPENDIX V

Fisheries Fees

Fees	Proposed Rate
Local Fishing Licences	
Vessels 10ft to 30ft	\$ 25.00
Vessels 30ft to 60ft	\$ 50.00
Fishers ID Card	\$ 5.00
Health Certificates	\$ 5.00
CITES Certificates	\$ 10.00

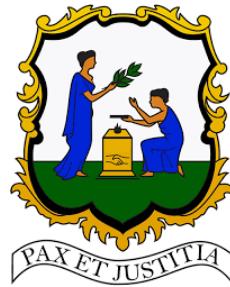
Appendix 6

On-going works under the Regional Disaster Vulnerability Reduction Project (RDVRP)

ACTIVITY	CONTRACTOR	VALUE (US\$)	START/ END DATES
Emergency Shelters – Kingstown Government School	JV:* Franco & Williams Engineering	269,583	7/2019 7/2020
Bequia Satellite Warehouse	JV: Bally & Bally and Raghunath Singh	611,763	6/2019 6/2020
Union Island Satellite Warehouse	Franco	595,330	5/2018 1/2020
Arnos Vale Referral Hospital (Design)	JV: Pinearq and Mallol Architectos	1,296,760	2/2018 3/2020
Belle Isle Slope Stabilisation Works	Dipcon Engineering Services	987,208	4/2019 5/2020
Firebun Road	O.B. Sadoo Engineering Services	843,553	1/2019 5/2020
Grand Sable Bridge and Longline Roads -Design and Supervision of Works Consultancy Contract	AIC Progetti	798,040	Ongoing contract
Rehabilitation of Longline Road and Bridge - Works Contract	Dipcon Engineering Services	2,405,547	9/2019 9/2020
Design & Supervision of Coastal Works	Mott MacDonald	966,042	Ongoing contract
Coastal Works - San Souci	JV: Kelectric Company & Belvedere Place Dev.	3,167,633	3/2020 12/2020
Georgetown Coastal Works, Lot 1B	O.B. Sadoo Engineering Services	5,184,953	1/2020 12/2020
Design and Supervision of Chateaubelair Jetty	DLN Consultants	503,930	10/2018 ongoing
Chateaubelair Jetty – Works Contract	Kelectric Company	1,951,692	6/2019 6/2020
ECN* for SVG – Consultancy Contract	Mr. John Melville	218,049	1/2015 ongoing
ECN* for SVG – Supply and Install Contract	Cable & Wireless/FLOW	3,645,572	9/2019 6/2020
Green Hill Bridge and Fords – Works Contract	O.B. Sadoo Engineering Services	1,361,625	4/2019 4/2020
Dauphine Bridge and Fords	JV: Franco and Sea Operations Construction	846,161	4/2019 4/2020
Fenton Bridge and Fords	Trinidad Contractors	1,415,328	4/2019 4/2020
Buccament River Defense	TBD (15/2/2020)	TBD	3/2020 TBD
River Defense Works - Carriere	Hutchinson Construction Company	427,254	1/2020 10/2020
National Curriculum Development in Climate Change Adaptation and Disaster Risk Reduction	Sustainability Frontiers	141,867	2/2019 2/2020
Development of an Integral Wastewater Management Strategy and Effluent Regulatory Standards for SVG	TBD	TBD	TBD

*JV – Joint Venture

**ECN – Emergency Communication Network



FISCAL RESPONSIBILITY FRAMEWORK -

A rules-based fiscal framework for St. Vincent and the Grenadines

Published in the Government Gazette on the 7th day of January 2020

**FISCAL RESPONSIBILITY RESOLUTION
OF THE
GOVERNMENT OF ST. VINCENT AND THE GRENADINES**

Fiscal Responsibility Framework Resolution Government of St. Vincent and the Grenadines

WHEREAS the GOSVG is committed to enhancing the long-term fiscal resilience, stability and sustainability of St. Vincent and the Grenadines whilst at the same time fostering broad-based, inclusive economic growth and development;

RECOGNISING that the Government of St. Vincent and the Grenadines (GOSVG), in its National Economic and Social Development Plan (NESDEP) 2013 to 2025, has committed to maintaining strong macroeconomic fundamentals by continuing to implement sound fiscal policies and reducing the debt-to-GDP ratio to a prudential level; within the overall macro-economic context of financial stability, growth, competitiveness and equity;

REAFFIRMING that the GOSVG, being a member of the Eastern Caribbean Currency Union, has committed to attaining the debt-to-GDP target of sixty (60) percent by 2030;

BEING COGNIZANT that the GOSVG is aware of the myriad attendant risks that confront a small island developing state like St. Vincent and the Grenadines;

ACKNOWLEDGING that the GOSVG has expressed the desire to enhance further transparency and accountability in all matters related to the macro-economic and fiscal affairs of the state thereby deepening the involvement of all stakeholders;

BEING MINDFUL that a strong public financial management system, a comprehensive and credible budget, an internally consistent and coherent, well-structured Medium-Term Fiscal Framework and a properly designed rules-based fiscal framework are fundamental to enhancing fiscal discipline in the furtherance of its long-term fiscal policy objectives;

AND BUILDING upon all efforts hitherto to adhere to fiscal responsibility grounded in prudence and enterprise:

The GOSVG has adopted the Fiscal Responsibility Framework attached hereto and is hereby submitted to the Parliament and people of St. Vincent and the Grenadines and Gazetted.

Dated the 7th day of January, 2020

FISCAL RESPONSIBILITY FRAMEWORK FOR ST. VINCENT AND THE GRENADINES

FISCAL RESPONSIBILITY FRAMEWORK, 2019

**THIS FRAMEWORK IS TO ESTABLISH THE PRINCIPLES AND PROCEDURES OF
RESPONSIBLE FISCAL MANAGEMENT AND TO FACILITATE EFFECTIVE
PARLIAMENTARY OVERSIGHT AND PUBLIC SCRUTINY OF THE FISCAL
PERFORMANCE OF THE GOVERNMENT**

A document of the House of Assembly of St. Vincent and the Grenadines

[Published in the Government Gazette on the 7th day of January 2020]

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1. Interpretation.

In this framework —

- “**annual budget**” means the annual estimates of revenues and expenditures and other annual budget documents submitted to House of Assembly;
- “**Committee**” means the Standing Committee on Finance established by section 61(1) of the Standing Orders of the House of Assembly;
- “**Constitution**” means the Constitution of St. Vincent and the Grenadines;
- “**fiscal balance**” means unless otherwise explicitly stated, the balance of revenues and expenditure;
- “**Fiscal Responsibility Mechanism**” means the mechanism established pursuant to Article 9;
- “**fiscal policy**” means decisions or actions undertaken by public authorities regarding public revenue, expenditure, assets and liabilities to influence the economy and achieve public policy objectives;
- “**fiscal responsibility principles**” means the specific principles of responsible fiscal management in Article 4;
- “**fiscal risks**” means the exposure of the government to short -term and medium-term deviations in fiscal variables compared to what was anticipated in the budget, the financial accounts, the fiscal strategy report or other statements or projections of public finances;
- “**fiscal rules**” means the measurable fiscal indicators for the fiscal policy to achieve the fiscal responsibility principles formulated in accordance with the *First Schedule* and stated in the Medium-Term Economic and Fiscal Outlook report;
- “**fiscal sustainability**” means the ability to conduct a given fiscal policy for a significant period of time in a manner that does not breach the general principles in Article 2 and specific principles of responsible fiscal management in Article 3;
- “**medium-term**” means a period of three consecutive financial years;
- “**Minister**” means the minister with responsibility for finance
- “**primary balance**” means overall fiscal balance excluding interest expenses;
- “**primary expenditure**” means total expenditure excluding interest expenses;
- “**public debt**” means all liabilities that require payments of interest or principal by the public sector to a resident or non-resident creditor, currently or in the future;
- “**published**” means published —
 - (a) on an official website of the Government for a minimum period of five years; and
 - (b) making the document available for inspection in print form in a readily accessible place;
- “**total expenditure**” means the sum of recurrent and capital expenditure less debt principal repayment and acquisition of financial assets.
- “**wage bill**” means the aggregate of current expenditure on wages, salaries and allowances paid to employees of the central government in any fiscal year.

2. Objectives of Framework

(1) The objectives of this Framework are —

- (a) to establish the principles, procedures and mechanisms for a rules-based fiscal responsibility framework;
- (b) to guide the formulation and implementation of fiscal rules;
- (c) to guide and anchor fiscal policy during the annual budget process within a medium-term macro-fiscal framework; and
- (d) to facilitate further parliamentary oversight and public scrutiny of the fiscal management of the Government.

3. General Principles of Responsible Fiscal Management

(2) The general principles of responsible fiscal management are —

- (a) **accountability**, which means the Prime Minister, the Minister and all other Ministers are accountable to the House of Assembly and the public for the manner in which the Government discharges its responsibilities with respect to the management of the economy and fiscal policies;
- (b) **sustainability**, which means the long-term fiscal and debt sustainability objectives shall underpin the framing of the medium term economic and fiscal report and the annual budget, including the management of fiscal risks;
- (c) **stability**, which means fiscal policy shall be conducted in a manner that does not cause destabilizing changes in the macroeconomic and fiscal indicators;
- (d) **transparency**, which means timely disclosure and wide publication of information on macroeconomic and fiscal policy matters to permit further public scrutiny and Parliamentary oversight;

4. Fiscal Responsibility Principles

The fiscal responsibility principles are —

- (g) achieving and maintaining a sustainable fiscal balance;
- (h) achieving and maintaining prudent levels of public debt;
- (i) prudently managing fiscal risks; and
- (j) promoting prudence and enterprise in fiscal management.

5. Fiscal Rules and Suspensions Reasonably Required

The Minister shall establish the fiscal rules contained in the *First Schedule* consistent with the achievement of the fiscal responsibility principles set out in Article 3;

- (1) The Minister shall set quantitative fiscal objectives for the fiscal responsibility principles in the Medium Term Economic and Fiscal Outlook report in accordance with the *First Schedule* which shall include one or more medium term fiscal objectives.
- (2) Subject to the approval of Cabinet, the Minister may suspend, for a period reasonably required by exigent circumstances, the fiscal rules, quantitative fiscal objectives and other fiscal measures where:

—

- a) a natural disaster has been declared pursuant to section 32 of the National Emergency Management Act;
- b) a public health epidemic has been declared;
- c) real GDP experiences a decline of two percent or more in a given fiscal year or a cumulative decline equal to or greater than three percent over two consecutive fiscal years;
- d) the Minister, after consultation with the Governor of the Eastern Caribbean Central Bank, certifies in writing that a financial sector crisis has occurred, or is imminent, and the Minister estimates that the fiscal costs of such crisis, including the costs of any related recapitalisation of banks by the Government after all possible private sector solutions have been explored, is likely to disturb appreciably the fiscal balance,

if the Minister determines that implementation of the fiscal rules, quantitative fiscal objectives and fiscal measures would be unduly harmful to the public finances, financial stability or the economy.

- (3) When the Minister acts under Article 5(2), he/she shall submit for the consideration of Cabinet a paper which shall outline:
 - a. the reasons for the suspension and how the implementation of the fiscal rules would be harmful to the public finances, financial stability or the economy;
 - b. the impact of the suspension of the fiscal rules on the public finances;
 - c) a fiscal adjustment plan setting out the fiscal adjustment measures to be implemented and the expected period of time to return to compliance with the fiscal rules.
- (4) The Minister shall ensure the fiscal adjustment plan contains intended actions to return to compliance with the requirements for the fiscal rules in the *First Schedule* as soon as practicable.
- (5) The Minister shall submit, to House of Assembly, the fiscal adjustment plan and provide a copy to the Fiscal Responsibility Mechanism —
 - (a) within thirty days following the decision adopted by the Cabinet; or
 - (b) in the next annual Medium-Term Economic and Fiscal Outlook Report,
 whichever is earlier.
- (6) Upon submission to the House of Assembly of the fiscal adjustment plan, the Minister shall cause the adjustment plan to be published on an official website of the Government.

6. Preparation of Medium-Term Economic and Fiscal Outlook Report

- (1) A Medium-Term Economic and Fiscal Outlook which is consistent with the principles and procedures in this Framework shall be prepared by the Economic Research and Policy Unit, in the Ministry of Finance in accordance with the *Second Schedule*;
- (2) The Medium-Term Economic and Fiscal Outlook Report shall be formulated based on macroeconomic and fiscal projections which shall be done and updated in the manner prescribed in the Budget Calendar in the *Third Schedule*.
- (3) The Minister shall be responsible for the submission of the report to the Cabinet, Fiscal Responsibility Mechanism and House of Assembly;

7. Mid-Year Review

- (1) The Minister shall submit to House of Assembly no later than the last day of August of each fiscal year, a mid-year review of the progress against —
 - (a) the requirements of Articles 3 and 4;
 - (b) the fiscal responsibility principles; and
 - (c) the Medium-Term Economic and Fiscal Outlook report.
- (2) The mid-year review referred to in subsection (1) shall —
 - (a) contain the information specified in the *Fourth Schedule*; and
 - (b) be published on an official website of the government within one week of tabling.
- (3) The Minister may amend the *Fourth Schedule*, not inconsistent with the provisions of the Constitution, the Finance Administration Act and any other relevant law.

8. Public Financial Management System

The fiscal responsibility framework requires a properly functioning public finance management system which includes -

- (1) A credible Medium-Term Fiscal Framework (MTFF) – The Medium-Term Economic and Fiscal Outlook Report shall be approved by the Cabinet and be used as the document to guide the setting of the fiscal policy objectives, budget ceilings, and strategic policies and priorities of the government;
- (2) Credible budget formulation and preparation process—
 - i. Ministries and Departments shall ensure that their budget submissions accord with the instructions of the Budget Circular, are timely and reflect the policy priorities of the Government.
 - ii. the Public Sector Investment Projects should be subjected to an effective process of evaluation to determine priorities;
- (3) Effective and disciplined budget execution – Revenues and expenditures shall be brought to account in a timely manner and budgets should be seen as reasonable and reliable.
- (4) Reasonably reliable debt, macroeconomic and fiscal forecasts – debt, macroeconomic and fiscal forecasts shall be prepared and updated on a regular basis based on the timelines prescribed in the Budget Calendar in the *Third Schedule*.

9. Fiscal Responsibility Mechanism

Functions of the Mechanism

- i. The Mechanism shall be responsible for assessing compliance with the general principles, fiscal responsibility principles and fiscal rules and to advise on fiscal and budgetary matters of the Government including reviewing the:
 - Annual Budget;
 - Medium Term Economic and Fiscal Outlook report; and
 - Mid-year review.
- ii. Monitor compliance with the fiscal rules and targets established with respect to the relevant fiscal year

- iii. Provide at any time at its own initiative or upon request, advice to the Government on matters related to its functions under this framework.

Composition of the Mechanism

The Fiscal Responsibility Mechanism shall consist of three to five members appointed by the Cabinet and drawn from the public and private sectors, having qualifications and experience in law, economics and finance or related area of expertise.

Reports of the Mechanism

The Mechanism shall submit to the Cabinet and the Finance Committee a number of reports:

1. an assessment of the annual budget for the current year of the Government against general principles, fiscal responsibility principles and fiscal rules;
2. an assessment of the Medium Term Economic and Fiscal Outlook report of the Government against the general principles, fiscal responsibility principles and fiscal rules;
3. an annual report that includes:
 - The progress towards compliance with the fiscal rules and targets established with respect to the relevant financial year including where applicable, a statement on compliance with a fiscal rule or target within the fiscal year;
 - Outcomes and implication of the implementation of this framework;
 - Advice on measures that ensure compliance in accordance to the framework;
 - The occurrence of circumstances leading to any reasonably required suspension of the fiscal rules.

Reports of the Mechanism which have been submitted to and approved by the Cabinet shall be submitted to the Finance Committee and form part of the Committee's submission to the House of Assembly.

10. Duties of the Minister of Finance

The Minister shall take appropriate measures to ensure compliance with this Framework, including taking appropriate measures to ensure the following—

- (a) that the fiscal and financial affairs of the Government are conducted in a transparent manner with full and timely disclosure and wide publication of all transactions and decisions involving public revenues and expenditures and the implications for finances;
- (b) that there is observation of the principle of fiscal sustainability by ensuring that debt is reduced to, and then maintained at, a prudent and sustainable level as prescribed pursuant to the *First Schedule*, by maintaining primary surpluses that are consistent with this objective and macro-economic stability, growth and competitiveness;
- (c) that Government spending does not exceed the budget ceilings set in accordance with the Medium-Term Economic and Fiscal Outlook Report;
- (d) that management of fiscal risks is in accordance with regulations and guidelines to be issued by the Minister; and

- (e) that documented public investment procedures are prepared and made available for the submission and approval of all projects submitted for inclusion in the capital expenditure programmes of the Central Government and covered public entities.

11. Duties of the Ministry of Finance

The Director General Finance and Planning shall take appropriate measures to ensure compliance with this Framework, including taking appropriate measures to ensure the following—

- (a) The Economic Research and Policy Unit within the Ministry of Finance shall be responsible for the preparation of the Medium-Term Economic and Fiscal Outlook report and shall update said report in the manner prescribed in the *Third Schedule*.
- (b) Medium-Term Economic and Fiscal Outlook report shall be the basis for the preparation of the estimates of revenue and expenditure required to be prepared and laid before the House of Assembly.

12. Duties of the Cabinet of Ministers

- (1) The Cabinet shall comply with the principles outlined in the Fiscal Responsibility Framework to ensure effective medium-term planning, manage risk and improve accountability.
- (2) The Cabinet shall develop and promote sound fiscal policy by adopting revenue and expenditure measures in keeping with the rules prescribed in the *First Schedule*

FIRST SCHEDULE

FISCAL RULES

Fiscal rules in the Medium-Term Economic and Fiscal Outlook

1. The Government shall state the Fiscal rules to achieve the fiscal responsibility principles in the Medium-Term Economic and Fiscal Outlook.
2. The Fiscal rules shall be set in accordance with the fiscal responsibility principles and this schedule.

Fiscal rules for debt

3. The long-term debt fiscal rule is to reduce public debt from 74.2 percent of GDP in 2017 to no more than 60 percent of GDP by 2030.
4. The Fiscal rules for debt shall be expressed as a percentage of GDP and as a nominal debt limit in the Medium-Term Economic and Fiscal Outlook and shall be included in the Annual Budget each year consistent with this Framework.

Primary balance

5. The fiscal rule for the primary balance is to target an improvement in the primary balance to a surplus of 1.0 percent of GDP at a time to be specified on the occasion of the presentation of the Annual Estimates of Revenue and Expenditure.

(i) Compliance Margin

Fiscal measures, being based on estimates and forecasts, are subject to some degree of uncertainty about their impact on the fiscal balance. When assessing the achievement of the fiscal rules, a compliance margin is necessary to accommodate this uncertainty, which shall not exceed 0.55% of GDP.

The compliance margin means that the production of a fiscal adjustment plan shall not apply if the final outcome for the fiscal balance in any given year, is within the compliance margin.

Expenditure

7. The fiscal rule for current expenditure shall be expressed as a nominal expenditure limit set in the Medium-Term Economic and Fiscal Outlook and the Annual Budget each year consistent with this Framework.
8. The Minister shall take appropriate measures to ensure that nominal current expenditure in a fiscal year does not reasonably exceed the growth in nominal GDP in that year.
9. The Minister shall take appropriate measures to ensure that the ratio of expenditure on the annual wage bill shall not exceed (15.5%) fifteen point five percent of GDP and or under fifty percent of recurrent expenditure less amortization and sinking fund contributions from 2021 onwards.

Review

9. The Government shall review the requirements in this Schedule in 2022 and every three years thereafter.
10. The Government may amend this Schedule following a review under paragraph 9 of the Schedule.

SECOND SCHEDULE

CONTENTS OF A MEDIUM TERM ECONOMIC AND FISCAL OUTLOOK REPORT

1. The Medium Term Economic and Fiscal Outlook (MTEFO) report shall contain an overview of recent fiscal and economic developments and an outlook for the budget year and two forward years based on macro-economic forecasts. The report shall include —

(a) INTRODUCTION

(b) ECONOMIC OUTLOOK AND ASSUMPTIONS

- (i) Overview of and outlook for international economic developments
 - (ii) Overview of and outlook for the domestic economy
- Assumptions on which GDP forecast is based

(c) FISCAL OUTLOOK – NO POLICY CHANGE (PASSIVE SCENARIO)

- (i) Overview of current policy settings
- (ii) Revenue Projections (Current Policy)
Assumptions on which revenue forecasts are based
- (iii) Trends in Public Expenditure
Assumptions on which expenditure forecasts are based

(d) MEDIUM-TERM FISCAL STRATEGY

Preliminary MTEFO to Cabinet (prior to budget circular, NOT published)

(c) Key principles underlying fiscal strategy

(d) Proposed Medium-Term Fiscal Framework

- Aggregate expenditure and revenues
Fiscal Balance Target and Debt/GDP Ratio
Fiscal Adjustment required.

(e) Policy Options/Fiscal Strategies for Meeting Target

- Revenue measures
Expenditure Measures

(f) Annex - Ministry ‘baseline’ budget ceilings

Derivation from rolling forward estimates included in budget circular no. 1

Final MTEFO for publication (published with annual budget estimates)

(a) Key principles underlying fiscal strategy

- Strengthening fiscal discipline and budget sustainability
Reducing fiscal deficit and debt,
Correcting structural imbalances

(b) Approved Medium-Term Fiscal Framework

- Aggregate expenditure and revenues

Fiscal Balance Target and Debt/GDP Ratio
Approved Fiscal Adjustment
Revenue Policy
Highlight actual revenue measures and economic and fiscal implications

Expenditure Priorities

Approved major new spending
New policy initiatives
Development/Investment Expenditure (link to PSIP)
Highlight major approved savings
Efficiencies
Business process reengineering
Low priority/poor performing programs
Annex: Final MDA Budget Ceilings

(a) DEBT MANAGEMENT STRATEGY

Present updated projections of outstanding debt and estimated interest payments on public debt in budget and forward estimate years

Provide debt tables – gross public debt (nominal and in % of GDP),
debt servicing costs (nominal and in % of GDP)
Targets for debt and debt servicing

Planned strategy for reducing debt

Link with fiscal strategy and expenditure priorities

Analysis of SOE loans and debt guaranteed by the State

(a) FISCAL RISKS, MITIGATION STRATEGIES, AND SENSITIVITY ANALYSES

Overview of Fiscal Risks

Overview of potential risks to the economy and fiscal strategy
Discussion on risk and exposure to the SoE Sector
Contingent liabilities; extent of monitoring of autonomous government agencies and public enterprises

Risk Mitigation

Proposed strategies to manage risk
E.g., how to respond to external economic shocks, revenues shortfalls, need for savings

Develop alternative fiscal scenarios based on changes to economic indicators

E.g., assume that GDP growth were one standard deviation (or alternatively 1 percentage point) lower or higher

(b) TABLES

Approved Fiscal Table with projections

THIRD SCHEDULE

BUDGET CALENDAR – (The Norm)

Key Tasks	Activities	Responsibility	Dates
Preliminary Macroeconomic and Fiscal Forecast	The ERPU produces an initial set of macroeconomic and fiscal projections.	Economic and Research and Policy Unit	February-March
Intermediate Macroeconomic and Fiscal Forecast	The ERPU updates macroeconomic and fiscal projections based on Quarter 1 data. A preliminary, internal MTEFO is prepared and submitted to Cabinet to guide the budget process.	Economic and Research and Policy Unit	May
Budget Call Circular	Budget Call is issued to all Accounting Officers to provide: <ul style="list-style-type: none">• Macro-fiscal context for budget and fiscal policy objectives• Instructions for Corporate Plan, new spending requests (recurrent and capital);• Mandatory Saving option and Revenue Measures• Templates for submitting proposals	, Budget Department	July
Budget Call Briefing Session	A briefing session for all Accounting Officers on the Budget Call with a view to enhance compliance.	Budget Department	July
Ministries and Departments Submit Budget Proposals	Accounting Officers to prepare full Corporate Plan along with New Spending (recurrent and capital) proposals, Savings Options and Revenue measures.	Accounting Officers	August
Review of Budget Proposals	MoFEP reviews all submissions for administrative, technical and strategic compliance with Budget Call instructions.	Budget Department	September to October
First Draft Estimates Completed and distributed	1 st Draft completed along with performance indicators and ready for discussion at Cabinet. Distributed to the Ministries and Departments in preparation for Cabinet discussion.	Budget Department	October
Final Macroeconomic and Fiscal Forecast	The ERPU updates macroeconomic and fiscal projections based on Quarter 2 data. A final MTEFO is prepared and submitted to Cabinet to be published with the annual budget estimates.	Economic and Research and Policy Unit	October

Approval of Budget Proposals, Final Budget Ceilings and forward estimates	Cabinet meets with Accounting Officers to <ul style="list-style-type: none"> • To discuss the draft Estimates of Ministries/Departments • To review performance management indicators and reports 	Cabinet of Ministers	November
Final Performance Indicators	Ministries and Departments submit final performance indicators.	Accounting Officers	November
Final Draft Estimates	Budget Department reviews performance management information and completes the final draft Estimates.	Budget Department	November
Approval of Estimates	The Finance Committee considers and approves the Estimates of expenditure	Finance Committee	November
Estimates Debate	Parliamentarians debate the Estimates of Expenditure	House of Assembly	November
Budget Debate	Parliamentarians debate the Appropriation Bill	House of Assembly	December

FOURTH SCHEDULE

CONTENTS OF A MID-YEAR REVIEW

The mid-year review shall provide an update to the Medium-Term Economic and Fiscal Outlook report and the annual budget and shall include the following information —

- (a) updated macroeconomic forecasts and assumptions from Medium-Term Economic and Fiscal Outlook report and annual budget;
- (b) updated fiscal information from the annual budget including —
 - (i) Government revenue outturn and forecasts for the current year and next three years;
 - (ii) Government expenditure outturn and forecasts for the current year and next three years including for expenditure, primary expenditure and expenditure on wages and related personnel costs;
 - (iii) approval of new spending since the annual budget including major investment and service projects and policies;
 - (iv) fiscal balance forecast for the current year, fiscal balance for past two years, and forecast next three years;
 - (v) net and gross debt for the current year and next three years;
 - (vi) level of guarantees;
 - (vii) tax relief, remissions, and other waivers;
 - (viii) the outstanding stock of arrears for all government entities including showing separately all new unpaid invoices since the stock of arrears was last reported; and
 - (ix) other significant financing matters that have occurred or are planned; and
- (g) information on virements, reallocations, use of the Contingency Fund, use of the Supplementary Estimates and any other matters required to be reported by this framework;
- (h) an update of the fiscal risk position compared to the Medium-Term Economic and Fiscal Outlook report and the annual budget;
- (i) progress on Government priorities;
- (j) any actual or expected significant differences for non-financial performance indicators that were presented in the fiscal strategy report or the Estimates and other annual budget documents of Ministries in the annual budget with an explanation of any deviations; and
- (k) updated information on the matters set out in paragraph 9(1) and (2) of the *Second Schedule* and where there has or is likely to be a breach of the fiscal responsibility principles or the fiscal objectives, the mid-year review shall contain a fiscal adjustment plan required by Article 5 of the framework.