



BUDGET2022

SAINT VINCENT AND THE GRENADINES

RISING

From the Ashes To the Challenges



Fresh Initiatives to Accelerate Recovery, Resilience,
Sustainable Development and Growth Amidst Uncertainty

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The *Budget Speech* is delivered annually, and precedes the Parliamentary debate on the Appropriations Bill. *Budget 2022*, and its attendant *Estimates of Revenue and Expenditure for the year 2022*, are prepared under the guidance of Mr. Edmond Jackson, Director-General of Finance and Planning, Mr. Recardo Frederick, Director of Planning, 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

2022 BUDGET SPEECH

*"Fresh Initiatives to Accelerate Recovery, Resilience,
Sustainable Development and Growth Amidst Uncertainty"*

Honourable Camillo Gonsalves
Minister of Finance

10 January 2022

Budget 2022:



\$1.3b

Estimated Revenue and Expenditure, a 9.6% increase over the approved 2021 Budget



8.3%

Estimated economic growth in 2022, as projected by the International Monetary Fund



-\$50m

Projected current account deficit, as a result of COVID- and volcano-related fiscal shocks



\$397m

Butgeted capital expenditure, surpassing the 2021 allocation by \$80 million



\$2.1b

Total public debt, a 13% increase over the prior year, as a result of COVID and the volcano



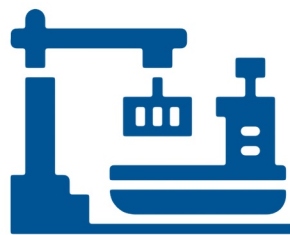
144

New establishment posts created in the 2022 estimates of Revenue and Expenditure



\$57m

For road construction and support to BRAGSA for road repairs and maintenance



\$40m

Budgeted for mobilisation and commencement of work on the Cargo Port at Rose Place



880

Houses to be repaired, reconstructed or relocated, as a result of the volcanic eruptions

by the numbers



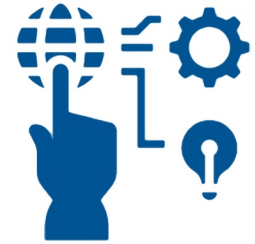
\$50m

Budgeted to respond to the impacts of the 2021 La Soufriere volcanic eruptions



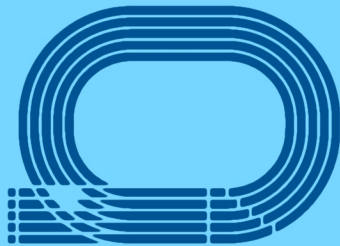
\$27m

Capital expenditure in education, including \$16.3m to build or upgrade schools



\$11m

To commence the citizen-centric Digital Transformation Project, a five-year programme of work



\$4m

For the further development of the Sir Vincent Beache Athletic Stadium



\$42m

For construction of 342 rooms in new hotels at Diamond and Mount Wynn



\$71m

Allocated to Environmental Protection, a 17.9% increase over the 2021 capital budget



\$10m

In production support and low-interest loans to farmers, and upgrades to production sites



\$5m

For direct support to fisherfolk and improvement of fisheries centres nationwide



\$11m

To begin construction of a modern Parliament building and a Hall of Justice complex

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EXECUTIVE SUMMARY

Budget 2022 is crafted against the backdrop of unprecedented challenges in Saint Vincent and the Grenadines. We may be the only nation to experience the impacts of the COVID-19 pandemic, a hurricane and volcanic eruptions in a single year. These challenges have caused severe dislocation and economic fallout nationwide.

Budget 2022 has four immediate goals: To keep Vincentians safe from COVID while effectively addressing the consequences of the Pandemic; to respond to the multifaceted social and infrastructural toll of La Soufrière's eruptions; to pursue fresh initiatives in accelerating our economic recovery; and to transform further our country by creatively tackling foundational challenges, in particular climate vulnerability, inequality and infrastructure deficits. Budget 2022 offers fresh hope out of the feverish disruptions of COVID and the burning ashes of the volcanic eruptions, and their terrible socio-economic consequences; this Budget provides a focal basis to repair, a condition beyond recovery.

To accomplish these goals, Budget 2022 will build upon the Government's creative attempts to ensure that the health and regulatory environment allow Vincentians to safely navigate the COVID pandemic. This includes greater investments in the tools to combat COVID and the human capacity to treat infected people.

The Government will accelerate the transition from an unprecedented post-volcano humanitarian effort to the process of reconstruction, rehabilitation and relocation. While Budget 2022 maintains support for the most vulnerable and most severely-impacted volcano-affected-persons, it also invests heavily in home repair and reconstruction; road rehabilitation and bridge building; and the resumption of economic activity in the Red and Orange Zones.

The acceleration of the nation's economic recovery requires the implementation of fresh initiatives. In addition to the creative and compassionate responses to the Pandemic and the volcano, Budget 2022 will emphasise innovative approaches to digital transformation, climate change, resilience-building and the blue economy. Budget 2022 will also invest heavily in the construction sector, as both an economic stimulus and as a means to address existing deficits. These fresh initiatives are forecast to significantly enhance recovery and spur economic growth.

Budget 2022 seeks to help the agricultural sector to rebuild from the catastrophic destruction caused by the volcanic eruptions, while also offering support to farmers and fishers seeking to take advantage of a massive expansion of local markets. This expansion will be due to the opening of a major seafood processing factory, the start of the medicinal cannabis exports, and the establishment of many new hotels, constructed by both the public and private sectors.

The growth in hotel construction leads to the revitalisation of the post-disaster tourism economy. Budget 2022 will begin the construction of two hotels, the repair of airports nationwide, and the development of tourism sites. The private sector will also spend over US\$200 million in the

expansion of room stock. These investments will complement efforts by the Tourism Authority to aggressively promote Saint Vincent and the Grenadines as a safe and enjoyable destination.

The Pandemic and the volcano caused schoolchildren to lose over a year of face-to-face instruction. The use of schools as shelters also forced a deferral of previously-announced plans to begin a comprehensive repair and expansion programme across multiple schools nationwide. Budget 2022 recommences the school repair programme, while also replacing schools in Sandy Bay and Union Island.

In addition to school and hotel construction, Budget 2022 has allocated record resources to shovel-ready infrastructure projects. These projects include a massive road repair and reconstruction programme, the construction of a temporary parliament building, and the rehabilitation or relocation of hundreds of homes adversely affected by the volcano. In 2022, the Government will also begin construction of the modern Port at Rose Place. After the Argyle International Airport, the modern cargo port will be the largest infrastructural project ever attempted in Saint Vincent and the Grenadines.

The improved implementation of capital projects will be crucial to the ambitious 2022 infrastructural goals. As such, Budget 2022 pays special and focussed attention to project implementation as a means of extracting maximum developmental benefit from the packed construction schedule.

Vincentian workers, outside of the State sector, suffered massive temporary job losses as a result of the Pandemic and the volcano. As 2021 ended, some of those temporarily-displaced workers were being reemployed. The declines of 2021 were partially offset by the creation of over 1,100 additional jobs – mainly from private sector entities that continued to seek growth and development opportunities amidst the difficulties. This job creation is expected to accelerate in 2022, while more temporarily-displaced workers return to their pre-Pandemic, pre-volcano jobs.

Saint Vincent and the Grenadines has less fiscal space than it did before the Pandemic and the volcanic eruptions. Like all countries in the region, debt-to-GDP ratios worsened as a product of increased emergency borrowings and declining GDPs. The Government continues to borrow prudently, from concessionary sources, while strengthening the institutions that will enhance fiscal discipline and oversight. Institutional strengthening is a core objective of the Government, as it believes that strong institutions are required to lead strong responses to the current challenges.

Amidst a number of downside risks, economic growth in Saint Vincent and the Grenadines is expected to be robust in 2022. The Government is less interested in growth numbers, in and of themselves, than it is in utilising the uptick in economic activity to spur post-disaster rebirth and accelerated developmental transformation in Saint Vincent and the Grenadines.

INTRODUCTION

In an unprecedented year of disaster, dislocation and disease, Saint Vincent and the Grenadines has been tested like never before in our modern history. Yet, after enduring hurricane, Pandemic and volcanic cataclysm, Vincentians have emerged battered but unbowed. The unconquerable soul of our nation remains undefeated, and our Government remains indefatigable in its pursuit of policies, programmes and projects that will enable Vincentians to thrive in a rapidly-changing world.

Budget 2022 has four immediate goals: To keep Vincentians safe from COVID-19, while effectively addressing the consequences of the Pandemic; to respond to the multifaceted social and infrastructural toll of La Soufrière's eruptions; to pursue fresh initiatives in accelerating our economic recovery; and to transform our country further by creatively tackling foundational challenges, in particular climate vulnerability, inequality and infrastructure deficits.

Yet, more fundamentally, Budget 2022 casts our present moment as an opportunity not for mere recovery, but rebirth. The last 21 months have been marked by tremendous disruptions. But, while their effects linger, those disruptions have already taken place. We are weathering them. The question now is whether we strive to return to a pre-disruption state or whether we reform and reimagine what has been disrupted. The facile assumptions and prescriptions of global development models have been exposed by the turbulent complexities of the Pandemic, and the socioeconomic dislocations that it produced. Undoubtedly, neoliberal capitalism will reinvent itself once again, and likely attempt to impose a new "Shock Doctrine"¹ of structural adjustment and aggressive austerity against countries like ours.

However, Budget 2022 says that we cannot wait for new, oppressive, prescriptions to be written for us in distant capitals. Instead, we must seize this unique opportunity for rebirth to advance a more people-centred, island-specific alternative to the indifferent development narrative foisted on us from afar.

When faced with past challenges, Saint Vincent and the Grenadines, like other countries, has often focussed on regaining precisely what was lost, instead of reimagining what could be. This time, we will not look back, in perpetual pursuit of a past status quo. As our local wisdom often admonishes, "*back ah death*." Budget 2022 instead looks forward, with history as a guide, but not a destination. We are pragmatic about our many constraints, but positive about our boundless possibilities.

Yesterday's paradigms – especially those warmed over from an uninformed distance – will not solve tomorrow's problems. The language of the past is not fully-suited to address the challenges of the present. Even amidst continuing hardship and uncertainty, Budget 2022 views the coming year through the prism of optimism and opportunity.

As such, Budget 2022 will advance fresh initiatives targeted at digital transformation of our businesses and governance. It will invest heavily in the Blue Economy. It will reimagine education in the face of unprecedented and unpredictable challenges. Budget 2022 also charts a course for a

¹ See, Klein, Naomi. *The Shock Doctrine*. Penguin Books, 2008.

reinvigorated tourism sector and focuses on the development of climate-resilient infrastructure as an engine for accelerated economic recovery. It implements a series of community-level projects to spur local wealth creation and engender social solidarity. And it redoubles efforts to facilitate job creation and youth development to capitalise on emerging opportunities.

At the same time, even as we look ahead, Budget 2022 steadfastly addresses ongoing fallout from the monumental twin challenges of COVID and the volcanic eruptions. We will extend the most significant expansion of social safeguards in this country's history to protect vulnerable and displaced Vincentians. We will strengthen our drive to inoculate people against the worst effects of COVID and fortify our health sector to treat the victims of the Pandemic. Further, we will engage in the most comprehensive post-volcano programme of reconstruction, relocation and rehabilitation ever undertaken in Saint Vincent and the Grenadines.

In the aftermath of the volcanic eruptions of 1979, our nation courageously charted a new path, declared its political independence, and built the foundations of our modern state from the ashes of its colonial past. Today, no less a challenge confronts us: to forge fresh paths through the obstacles of an ash-strewn and Pandemic present, towards progressive, people-centred, sustainable development.

Today, as in 1979, Vincentians are more than ready to meet the moment.

I. 2021: A CHALLENGING YEAR

Budget 2022 is presented in the shadow of one of the most challenging 12-month periods of our modern history. From local disasters to international crises, our economy withstood extraordinary pressures, which will shape our budgetary responses and planning for years to come. It is therefore necessary to properly contextualise Budget 2022 by recapping the lingering fiscal and socioeconomic impacts of our tumultuous 2021.

2021 was the year of La Soufrière, Hurricane Elsa and COVID-19. We are likely unique among the nations of the world in having to deal with three such challenges in a 12-month period. To experience just one of those challenges in any given year would be difficult. To withstand them all was remarkable testament to the soundness of the Government's preparations, the leadership of our Prime Minister, and the strength of the Vincentian people.

Hurricane Elsa struck Saint Vincent and the Grenadines on 2nd July 2021, destroying scores of homes, damaging public buildings and infrastructure, and displacing over 200 Vincentians. While full assessments of the damage wrought by Hurricane Elsa have been difficult to disaggregate from volcano-related destruction that took place just three months earlier, conservative estimates place loss and damage from the hurricane in excess of \$40 million. It is telling that, in a year of devastation, the impact of Hurricane Elsa was a distant third on the list of extraordinary challenges to befall our country in 2021. Nonetheless, we count our blessings one by one: First, that what initially was shaping up as a direct hit became a glancing blow on the northeast quadrant of Saint Vincent. Second, that the majority of the residents in the hurricane-affected area were already safely in shelters

as volcano-displaced persons. Third, that the homes destroyed by the volcano had not yet been rebuilt, so that much of the hurricane's impact was inflicted on infrastructure that was already-damaged and slated for repair. And fourth, that the response of a battle-hardened BRAGSA² and NEMO³ was prompt and comprehensive.

On 9th April, La Soufrière began the first of what would be 32 explosive eruptions. The scientists have determined that La Soufrière's 2021 eruptions were a category 4⁴ on the Volcanic Explosivity Index,⁵ meaning that they were 10 times more explosive than the category 3 eruptions of 1979. Emissions from the volcano reached the stratosphere,⁶ propelled over 20 kilometres into the sky, and coated Barbados, almost 200 kilometres away. Sulphur Dioxide from La Soufrière circled the globe, and our volcanic emissions were traced to Asia, Europe and Africa.⁷

The explosive eruptions had crippling impact across Saint Vincent and the Grenadines. The volcano ejected over 500,000 tonnes of ash, much of it coating roads, homes and public infrastructure across the country. One fifth of our population was evacuated. Lahars and pyroclastic flows destroyed buildings and farms across the northern third of Saint Vincent. Over 770 homes were damaged or destroyed. Preliminary analysis from the United Nations Development Programme estimates loss and damage in excess of \$635 million, an astronomical sum. Impact of the volcanic eruptions visited a second consecutive year of economic hardship on Saint Vincent and the Grenadines, even as neighbouring nations began to show faint signs of recovery from the COVID-related declines of 2020.

Again, even amongst apocalyptic devastation, we must give thanks. Our Prime Minister's leadership, buttressed by quality scientific advice, precipitated a massive evacuation in which not one life was lost to the volcano. The Rabacca Bridge in the Northeast, and the Chateaubelair Jetty in the Northwest – built by this Government – proved to be indispensable lifesavers. Almost every journey of evacuation depended on one of these two critical resilience projects. Our National Emergency Management Organisation, strengthened and expanded over years of focussed Government investment, quickly prepared shelters, while addressing the needs of thousands of displaced persons. Our friends and diplomatic allies, from Cuba to Venezuela to Taiwan to Europe to North America

² Buildings, Roads and General Services Authority (<https://www.facebook.com/pages/category/Company/BRAGSA-Roads-Buildings-General-Services-Authority-368091870052884/>)

³ National Emergency Management Organisation (<http://www.nemo.gov.vc/nemo/>)

⁴ See, Smithsonian Institution, National Museum of Natural History, Global Volcanism Program (<https://volcano.si.edu/faq/index.cfm?question=eruptionsbyyear&checkyear=2021>); Global Disaster Alert and Coordination System, "Overall Orange alert Volcanic eruption for Soufriere St. Vincent," (<https://gdacs.org/report.aspx?eventid=1000020&episodeid=5&eventtype=VO>)

⁵ See, e.g., National Park Service, "Volcanic Explosivity Index (VEI)," (<https://www.nps.gov/subjects/volcanoes/volcanic-explosivity-index.htm>)

⁶ NASA Earth Observatory, "Tracking La Soufrière's Plume," (<https://earthobservatory.nasa.gov/images/148190/tracking-la-soufrieres-plume>)

⁷ See, e.g., Trinidad and Tobago Weather Center, "La Soufrière's Toxic Plume Of Sulfphur Dioxide Wraps Around Earth" 17 Apr. 2021 (<https://ttweathercenter.com/2021/04/17/la-soufrieres-toxic-plume-of-sulfphur-dioxide-wraps-around-earth/>); A. Sangomla, "Sulphur dioxide from Caribbean volcano reaches India, WMO confirms," *Down To Earth*, 17 Apr. 2021 (<https://www.downtoearth.org.in/news/natural-disasters/sulphur-dioxide-from-caribbean-volcano-reaches-india-wmo-confirms-76547>)

and beyond provided prompt assistance, while our families in the Diaspora and our regional brothers and sisters gave generously in solidarity with our struggles.

Since our first imported case of COVID in March 2020, health officials recorded roughly 6,000 infections up to the end of 2021. Tragically, 84 deaths have been attributed to the disease to date. Every single Vincentian has been touched in some way by COVID and its impacts.

The COVID pandemic has disrupted travel, trade, and economies across the globe. Saint Vincent and the Grenadines was not exempted from COVID's impacts. In 2020 the Pandemic turned what was expected to be modest growth into an estimated economic decline of between 3 and 5 percent. Over 3,000 local employees were laid off, with close to 3,500 hospitality workers either being sent home or reduced to part-time employment. A further 1,500 seafarers returned home when the global cruise tourism industry ran aground on the treacherous shoals of COVID. Thousands more persons, particularly in the informal sector, have been hit hard by the fallout from fewer tourists, limited foot traffic, and restricted outdoor gatherings.

The formal business sector was also severely affected. Over 400 businesses either temporarily closed or laid off staff. Profits fell, as the few businesses that benefitted from the circumstances of the Pandemic could not offset the slowdowns experienced by most establishments. At the peak of the pandemic's economic impact in February and March of 2021, 1,340 local borrowers received forbearance on \$268 million worth of loans from banks.

Between April 2020 and June 2021, the Government and the National Insurance Services spent \$14 million in income support to 6,000 persons economically-impacted by the pandemic. A further \$15 million in income support was provided to vendors, entertainers, farmers, taxi, minibuses and handcart operators. Millions more were spent on sickness benefits, funeral grants, medical care and other measures to combat the astronomical health effects of the disease.

Our country is neither large nor wealthy. We are defined by our vulnerabilities as much as our strengths. Yet we met the enormity of 2021's challenges with compassion and creativity. Our Government was never going to be able to single-handedly shield all citizens from the full impact of 2021's triple threats. Our people have suffered tremendously. However, the work of all branches of the State apparatus has been extraordinary in markedly easing the burden on Vincentians.

In spite of these monumental challenges, 2021 was also a year of enviable accomplishment. Let us list some:

For the first time in our history, we welcomed direct flights from the United Kingdom, via the acclaimed Virgin Atlantic airways.

We ensured that every student in this country, from kindergarten to Community College, received a tablet computer, to help navigate the challenges of online education.

We secured 55 scholarships to the University of Wales Trinity St. David and 40 additional Taiwanese university scholarships over a five-year period. We also granted over 300 Tuition Scholarships to various universities; and allocated 61 National Scholarships, National Exhibitions, Special Awards and Bursaries to our outstanding young students.

We constructed and opened four modern temporary schools at Bequia, Black Point and Arnos Vale, to allow for massive rehabilitative works on our education facilities.

We completed multimillion dollar coastal protection projects in Georgetown and Sans Souci, and river defences in Buccament and Carriere, to safeguard vulnerable villages and infrastructure.

We built bridges from Grand Sable to Chateaubelair, new roads in Belle Isle and Long Line, and commenced a comprehensive road repair programme through BRAGSA.

We awarded 138 PRYME grants to young entrepreneurs and constructed the first PRYME Community market in Glen.

We constructed or expanded more than 50 Lives to Live homes, completed houses for 49 families to be relocated from Rose Place, and built 27 volcano-replacement homes in Orange Hill thus far to ensure safety and security to vulnerable families.

We constructed and refurbished hard courts in Lowmans Hill and Green Hill, built a playing field in Evesham, and secured World Athletics' certification for the athletic track at Diamond.

We massively expanded our social protection architecture to directly touch the lives of over 40,000 Vincentians who were vulnerable, displaced by the volcano or affected by the Pandemic.

We fully or partially vaccinated roughly 35,000 Vincentians against the worst effects of COVID, making them, their families, and our country more resilient against the Pandemic.

In a year of massive temporary increases in unemployment, we nonetheless saw the creation of close to 1,200 jobs by the private and public sectors, which helped to lessen the impact of our challenges, and which will position us for stronger growth once the immediacy of our current challenges has passed.

And we enrolled over 800 students in technical and vocational courses, adding crucial skills and certifications to our workforce, particularly among young people.

In the private sector, 2021 saw numerous initiatives, in concert with proclaimed public policy and the Government's practical incentives, including the following:

- The opening of the La Vue Hotel and the continued construction of the Royal Mill Resort, by the same developers;
- The accelerated construction of Myah's Luxury Suites, which will open this year;

- The significant progress made on the construction of the \$10 million Coreas Distribution Centre, which will be completed this year
- The completion of the \$10 million Rainforest Seafoods Processing Facility;
- The further development of the Medicinal Cannabis industry, including preparations for the first exports of medicinal cannabis from Saint Vincent and the Grenadines;
- The rapid expansion of the Clear Harbor Call Centre, which now employs over 600 workers; and
- The recruitment by Sandals Resorts of the first 150 Vincentian workers – out of a planned 500 workers – to staff Sandals and Beaches Resorts across the Caribbean

The Pandemic and the volcano demanded the Government's focussed attention, but they did not consume us. Beyond those challenges, the work of nation building was unceasing. Project by project – including the ongoing preparatory work on major ones such as the Modern Port, the Acute Referral Hospital, and the Marriott Resort at Mt. Wynne – we continued to lay the foundation for transformative development and people-centred progress.

II. 2022: RISING FROM THE ASHES, RISING TO MEET CHALLENGES

A. Global, Regional & Local Economic Environment

Saint Vincent and the Grenadines emerged from the onset of the COVID pandemic with less economic damage than most of our neighbours. However, the volcanic eruptions eviscerated our initial forecasts that 2021 would have marked the beginning of a strong post-COVID recovery. The Pandemic, too, has proven more stubborn, complex and varied than originally predicted.

Based on midyear post-eruption data, the International Monetary Fund, the World Bank and the Eastern Caribbean Central Bank estimated that the economy of Saint Vincent and the Grenadines would contract by 6.1% in 2021.⁸ Prior to the explosive eruptions of La Soufrière, the IMF had forecast that our economy would grow by 3.7%. The almost-10 percentage point swing between the pre-eruption estimate and the ash-covered reality spoke to the magnitude of the economic trauma inflicted by the volcano. Were those forecasts to hold, a contraction of 3.3% in 2020 and 6.1% in 2021 would mean that the size of our economy could shrink to 2014 levels – a seven-year setback. Taking account of growth that was previously anticipated in 2020 and 2021, such a decline would put us a decade behind our pre-COVID, pre-volcano growth projections.

Thankfully, however, internal projections from the Ministry of Finance suggest that the IMF's analysis of midyear data did not properly anticipate the economic impact of the Government's sustained interventions to combat the Pandemic and the volcano. Local revenue-boosting anomalies,

⁸ International Monetary Fund, *World Economic Outlook: Recovery during a Pandemic—Health Concerns, Supply Disruptions, Price Pressures*. Oct. 2021, p. 116 (<https://www.imf.org/-/media/Files/Publications/WEO/2021/October/English/text.ashx>); The World Bank, *Global Economic Prospects*, Washington, DC: World Bank, June 2021, p. 79 (<https://openknowledge.worldbank.org/bitstream/handle/10986/35647/9781464816659.pdf>)

like a particularly active year in the Grenadines real estate market, the resilience of the yachting subsector and the Government's refusal to engage in COVID lockdowns, also ameliorated the length and severity of the volcano's economic impact.

As such, estimates using preliminary year-end data suggest that, rather than contracting, the economy actually grew slightly, by about 0.7 percent. This is a remarkable performance in the circumstances, and undeniable evidence of the impact of targeted, well-timed Government stimulus in response to economic shocks.

Of course, marginal economic growth – amidst a collapse of tourism, a contraction in agriculture, an increase in unemployment, the devastation of our housing stock, and the displacement of thousands of people – is nothing to crow about. People are struggling. If anything, this year's growth speaks to shortcomings of fetishizing economic growth numbers, be they positive or negative, at the expense of the environment, the vulnerabilities of the population, or the realities on the ground.⁹ Further, it demonstrates the fundamentally flawed nature of GDP as a measure of progress, and the significant challenges that we have in collecting and analysing data that can accurately capture economic conditions beyond our ports and urban commercial activity. Nonetheless, it is the measure we have, and the lingua franca of our communication with development partners. In that context, and with those strong caveats, we were pleased with our strong finish to the year, and our better-than-expected economic performance.

Across the Caribbean region, a tentative, post-COVID recovery has begun in most countries. 2021 marked a return to positive growth in 10 of the 14 independent members of CARICOM. However, even among the CARICOM countries experiencing positive growth in 2021, none of them came

⁹ See, e.g., Hamilton, C., *Growth Fetish*, Pluto Press London (2004); Jackson, T., "The Post-Growth Challenge: Secular Stagnation, Inequality and the Limits to Growth," CUSP Working Paper No 12. Guildford: University of Surrey (2018) (<https://cusp.ac.uk/wp-content/uploads/WP-12-The-Post-Growth-Challenge-1.2MB.pdf>); Dale, G., "Economic growth: a short history of a controversial idea," Open Democracy, 14. Jun 2019 (<https://www.opendemocracy.net/en/oureconomy/economic-growth-short-history-controversial-idea/>); Akbulut, B., Madra, Y., Adaman, F., "The Decimation and Displacement of Development Economics," *Development and Change*, 46(4): 733–761 (2015) (https://d1wqtxts1xzle7.cloudfront.net/40918148/10.1111_dech.12181-with-cover-page-v2.pdf?Expires=1640688719&Signature=d0GBkigG5L5HBlmr4jj0U2YLRoCrKIV0WaZJetsFxrP2P~ZOstnual14c8NET~Y6XgT3K2eTg~bMRZZEii7VEEy1sZ4PzTZp9JZ5mZLH2k~p1o3OVtfONnp5msGaeSyn7YWofH-hyEJJMBBDgtDHWMrchv~sVvaBsr5VpSvyFN-eDQUBeLi2Wp2ygVfdGitt2~v~3e~LA5uWKxMPRuVXy6xysKPln8FfMI9sdxMgrGGK7ZHNLcNk5QWgYkpvnellWuO3l6rQmFUrBTv4cqDTXs1lJqkYg5V7YPYP~TwTMVNTzRbkLxelXnC5i4rNyXm6xbDKJHsGWwFyc2dmAGg__&Key-Pair-Id=APKAJLOHF5GGSLRBV4ZA); Johnsen, C., Nelund, M., Olaison, L., Sørensen, B., "Organizing for the post-growth economy," *Ephemera, Theory & Politics in Organization*, Vol. 17(1):1-21 (<https://www.diva-portal.org/smash/get/diva2:1085835/FULLTEXT01.pdf>); Kallis, G., "Socialism Without Growth," *Capitalism Nature Socialism*, 17 Oct. 2017 (https://d1wqtxts1xzle7.cloudfront.net/54737991/Socialism_Without_Growth-with-cover-page-v2.pdf?Expires=1640688706&Signature=IRRnFiAt66gTDyJ0IHV2djYTEK6TxM5IKkZbrVE2CuE-vsrlBYBGELGTbZ97f3dkciVQvw7yRH59wFUSEJaTCpkYuCu4laPriT8p654iFbE5claYofg60ZQvP4E0fTOC~UCE1JgGNjjA5058zi6My~1r0n8kYPUx8LLS0-8G2zZACJunbwKVJbQdGZMXhkjsULMnvXZp2pjszbKVnQRw~945tA8TjDR78Bgloj69ybKFZeFXysjEyo2HJ5uyN~JbptCzBjqO7ewAKhEZyrgl03MpANDKM10i93MLkWOjL05lwJ70YUm6N5Q5RHaMptTzsl6aakBjGjPQ2bQA39buA__&Key-Pair-Id=APKAJLOHF5GGSLRBV4ZA).

close to recovering the ground lost during 2020's COVID-fuelled collapse. Indeed, with the notable exception of Guyana, which is in the midst of an oil-boom, 2022 will end with few CARICOM countries returning to the pre-COVID levels of 2019. Many countries are already estimating that the Pandemic has knocked them decades off their economic course.¹⁰

The good news is that the IMF is forecasting strong growth in Saint Vincent and the Grenadines for 2022. The IMF predicts that our economy will rebound with growth of 8.3% in 2022, which would be a dramatic turnaround.¹¹ Our internal estimates are less rosy, anticipating still-solid growth of 5-6% this year. Such increased activity would be a welcome signal of a rebound after two years of challenges.

While we are optimistic that 2022 will mark a return to strong growth, all forecasts are clouded with a plethora of uncertainties and downside risks. The World Bank's annual *Global Economic Prospects* publication states that "[t]he global outlook remains subject to significant downside risks, which include the possibility of large COVID-19 waves in the context of new virus variants and financial stress amid high [emerging market and developing economies] debt levels."¹² The IMF's *World Economic Outlook* has revised its global growth predictions downward, "largely due to worsening pandemic dynamics."¹³ The IMF identifies uncertainties about inflation and commodity prices as downside risks, but maintains that vaccination levels remain "the principal driver of fault lines in the global recovery, reinforced by the resurgence of the pandemic."¹⁴ Further, the IMF observes that, in many countries, "[l]abor market prospects for low-skilled workers and youth continue to be relatively bleak compared to other demographic groups, pointing to increasing inequality and higher vulnerability to incomes falling below extreme poverty thresholds."¹⁵

Within our region, the World Bank predicts that:

*Growth in the Caribbean is projected to reach 4.7 percent this year, supported in part by low COVID-19 caseloads in most countries. With the recovery in tourism still sluggish, however, the 2021 growth outlook for most of the tourism-reliant economies in the Caribbean has been revised downward since January.*¹⁶

Additionally, *Global Economic Prospects* goes on to state that:

Per capita income losses will still be deep in 2022, particularly for small island economies in the Caribbean. Although spillovers from robust growth and additional fiscal support in the United States

¹⁰ See, e.g., R. Bennett, "Economic crisis worse than 9/11, 2008 shocks," *Barbados Today*, 13. Nov. 2021 (<https://barbadostoday.bb/2021/11/13/economic-crisis-worse-than-9-11-2008-shocks/>); Büscher, B. et al, "Planning for a world beyond COVID-19: Five pillars for post-neoliberal development," *World Development*, 140 (2021) 105357 (<https://edepot.wur.nl/538626>)

¹¹ International Monetary Fund, *World Economic Outlook*, p. 116

¹² The World Bank, *Global Economic Prospects*, Washington, DC: World Bank, June 2021, p. xvii (<https://openknowledge.worldbank.org/bitstream/handle/10986/35647/9781464816659.pdf>)

¹³ IMF, *World Economic Outlook*, p. xv

¹⁴ IMF, *World Economic Outlook*, p. 1

¹⁵ IMF, *World Economic Outlook*, p. 7

¹⁶ World Bank, *Global Economic Prospects*, p. 76

through trade and confidence channels are an upside risk to the baseline forecast, the balance of risks is tilted to the downside. Key downside risks include a slower-than-expected COVID-19 vaccine rollout; further surges in new COVID-19 cases, including from variant strains of the virus; adverse market reactions from social unrest or strained fiscal conditions; and disruptions related to social unrest or to climate change and natural disasters.¹⁷

The economic waters that we seek to navigate are therefore filled with risk. Much of what we seek to accomplish in 2022 will depend on global conditions. However, there are matters firmly within our control: Vaccination uptake, COVID protocol adherence, social solidarity, and an ambitious development agenda by the Government. On each of these matters, Budget 2022 will strengthen our ability to withstand, respond, and expand.

III. FRESH INITIATIVES TO ACCELERATE RECOVERY AND REBIRTH

We begin 2022 faced with a budgetary conundrum: In the wake of a Pandemic and two natural disasters, how does a small island state – burdened by debt and limited fiscal space – resolve the imperative to increase spending, arrest developmental setbacks, and remain resolute in the face of pervasive challenges like climate change?

Budget 2022 answers this conundrum with bold attempts to rapidly expand the economy beyond its pre-disaster parameters, creative resistance to the empty neoliberal economic agenda, and the pursuit of fresh initiatives to accelerate transformative recovery; while simultaneously addressing the complex social challenges of COVID and La Soufrière.

The pages of Budget 2022 are replete with innovative measures to meet today's challenges. We embark on a digital transformation initiative that is specifically tailored to create citizen-centric technological solutions to the challenges people experience in their interactions with the State. We launch a multifaceted series of initiatives to expand our embrace of the Blue Economy. We make unprecedented investments in building resilience to climate change and protecting our coastlines and watercourses. We revitalise programmes designed to educate, train and provide opportunities to our youth. We expand social protection. We advance fresh approaches to protect people from COVID. And we roll out far-reaching initiatives to address the physical, social and economic fallout of the La Soufrière eruptions.

Less apparent, but equally important, will be initiatives that address foundational challenges or chart fresh approaches to life, living and production in a post-volcano, COVID-challenged Saint Vincent and the Grenadines. Budget 2022 addresses ageing infrastructure in the Grenadines, from airports to roads to schools. It makes provisions for critical medical equipment like CT Scanners and MRI machines. The Budget marks 2022 as the year for hotel construction, school upgrades, a reinvigorated road repair programme and the commencement of a transformative upgrade to our port facilities. As other ministers will explain, Budget 2022 also initiates a year in which our

¹⁷ World Bank, *Global Economic Prospects*, p. 73

approaches to education, security, and health will change fundamentally in response to the challenges of COVID.

Before delving into the usual sector-by-sector breakdown of the Budget, it is appropriate that we detail a few of the fresh initiatives that will help to accelerate our recovery and rebirth. Other initiatives, from education, to youth empowerment, to job creation and police reforms, will be discussed elsewhere in this Speech. However, both our recent challenges and our clear vision for future development require that we highlight the following:

A. RESPONDING TO LA SOUFRIÈRE

Within three weeks of the explosive eruptions of La Soufrière, the Government tabled a \$118 million Supplementary Appropriation Bill in Parliament. That supplementary budget allocated money for ash and debris clean-up, the purchase of heavy equipment, the feeding and shelter of displaced citizens, the enhancement of social protections, and the provision of income support to affected portions of the population.

The Government's humanitarian response to the volcano has been extraordinary. From the moment the evacuation order was issued, we accepted the challenge of directly housing 5,000 persons in State-run volcano shelters. Many of those displaced persons lived in the shelters for 4-6 months.

We also spent \$1.9 million to accommodate 402 persons with specific vulnerabilities and infirmities in hotels and guest houses.

In collaboration with our NGO and private sector partners, we have provided over 100,000 hot meals and food packages to volcano-affected persons. These meals were delivered to every corner of Saint Vincent.

In addition to hot meals, the Government delivered 15,000 boxes of dry foods and 12,000 boxes of agricultural produce to volcano-affected families.

Over 10,000 farmers and fishers have received direct income support from the Government. A total of 3,700 of those farmers, from the Red and Orange Zones, continue to receive monthly support. The running tally of this income support to farmers and fishers is already in excess of \$14.8 million.

A further 3,700 vulnerable families have received six months of additional income support through our partnerships with international organisations. In all, those families have received over \$8 million.

Legendary poet Ellsworth "Shake" Keane recalled the 1979 eruption as one where evacuees sustained themselves on "*rancid hope and Guyana rice*,"¹⁸ while the Government budgeted \$200,000 to respond. Poet and Red Zone resident Maxwell "Tajoe" Francis, in his own recollection of the 1979 eruption,

¹⁸ Keane, E. "Shake," "*Soufriere*," *The Volcano Suite* (1979); (<https://www.youtube.com/watch?v=txYYtHHnKcQ>)

made the following blunt admonition “So my advice to NEMO/and I telling you flat/please don’t make another eruption/catch we like that”¹⁹

Eight months after the first explosive eruption, we can proudly say that we have learned from the poetic reproaches of Shake and Tajoe. Through the end of 2021, post-volcano initiatives to date have directly touched over 21,000 Vincentians, to the tune of more than \$40 million. Never before in the history of Saint Vincent and the Grenadines has the Government spent so much money on the wellbeing of so many people, in so short a period of time.

But our volcano response is not nearly complete. During the May 2021 presentation of the volcano supplementary budget, we made it clear that:

this Supplementary Budget does not purport to be the Government’s full and final response to the Soufrière catastrophe. It is merely the first salvo of the State’s response to the most urgent humanitarian and clean-up challenges that we face. Further far-reaching budgeting and financing responses will come in the coming months when we have a more accurate assessment of the losses, damages and dangers that we are confronting.

Budget 2022 now kick-starts Phase 2 of our response to the monumental social, physical and economic impacts of the volcanic eruptions. On the heels of the \$118 million allocated just seven months ago, Budget 2022 contains an additional \$50 million in volcano-specific capital expenditure to take place in the coming year. Much of the expenditure comes in the form of projects under the umbrella of a fresh initiative called “VEEP” – the Volcano Eruption Emergency Project. The VEEP is a multifaceted, multiyear \$113 million package that was painstakingly negotiated among the Government, the World Bank and the European Union.

The VEEP contains over \$20 million in early recovery initiatives and further income support; and close to \$85 million to fund restoration of critical services and infrastructure, while improving our capacity to respond to future emergencies. Starting in 2022, the VEEP will fund multiple interventions within the Ministries of Works, Agriculture, Social Development, plus NEMO and the CWSA. Among the many significant components of the VEEP are:

- \$11.5 million to provide temporary cash transfers and income support to volcano-impacted persons in the Red and Orange Zones
- \$11 million to assist in the recovery of the agriculture sector
- \$15 million to strengthen the National Emergency Management Organisation
- \$14 million to restore, upgrade and strengthen water infrastructure in the north of Saint Vincent
- \$40 million to repair and restore bridges and roads, including the purchase of additional heavy equipment
- \$8 million to support the Labour Intensive Temporary Employment programme, known by the acronym LITE. The LITE programme will hire local labour on a short-term basis to

¹⁹ Francis, M. ‘Tajoe,’ “The 1979 La Soufriere Eruption,” (<https://www.youtube.com/watch?v=zSWLadLU28c>)

perform critical community works in preparation for or in response to the lingering threats of flooding, lahars, damaged roads and compromised infrastructure.

But our volcano response is not limited to the VEEP. Budget 2022 continues the work that we began in the immediate aftermath of the eruptions to assess and address the destruction of homes in the Red and Orange Zones. A total of 104 homes were completely destroyed by the volcano, with another 771 requiring moderate to extensive repairs. Analysis aided by the University of the West Indies Seismic Research Centre identified an additional 58 homes, whose proximity to river channel flood plains and other geological features rendered them unsafe for habitation in a post-eruption environment.

As such, Budget 2022 contains \$5.8 million to continue the relocation of 68 families whose houses are in areas assessed as vulnerable to lahars and flooding in the post-eruption environment. This \$5.8 million allocation will construct at least 41 houses to complement the 27 homes already under construction. Additionally, \$6 million has been allocated to purchase building materials, the bulk of which will be used to repair the 771 damaged homes in the Red and Orange Zones. The Mustique Company has agreed in principle to a further \$6 million to the construction of homes and the relocation of vulnerable residents. We are grateful for their continued generosity in this time of need. Accordingly, in 2022, more than 150 volcano-affected families will move into freshly-built homes. More than half of those families will be relocated to areas that have been scientifically assessed as safer for habitation than their current locations.

Beyond VEEP, and beyond our fresh housing initiatives for volcano-affected families, Budget 2022 also provides \$17.1 million for the continued removal of volcanic ash and debris,²⁰ \$2.3 million to provide further meals, food and hygiene packages to volcano-affected families,²¹ and \$1 million for the purchase of household appliances for residents who lost everything to the volcano.²²

This brief recital does not come close to fully tallying up the ways in which Budget 2022 responds to the multifaceted challenges of the volcanic eruptions. For example, millions will be spent in production support to the farmers and fishers who have been battered by the impacts of La Soufrière, Hurricane Elsa and COVID. Millions more will assist the volcano-affected families, farmers, fishers and small business persons as part of the largest expansion in social safeguards in the history of Saint Vincent and the Grenadines. Further, specific resources will be dedicated to helping to restore forests, coral reefs and ecosystems damaged by the volcano. These critical programmes will be discussed in more depth later in this presentation and by the Ministers with specific responsibility for their implementation.

²⁰ See, *Estimates of Revenue and Expenditure*, Ash Cleaning and Emergency Employment Project, \$915,000; Volcano Recovery and Reconstruction Programme, \$8,400,000 (CDB loan); Volcano Recovery and Reconstruction Programme, \$1,500,000 (other grant); Volcano Recovery and Reconstruction Programme, \$1,284,000 (local loan); Community Road Cleaning Programme, \$5,000,000 (IDA loan).

²¹ See, *Estimates of Revenue and Expenditure*, La Soufriere Eruption Disaster Relief II, \$537,640 (grant); La Soufriere Eruption Disaster Relief II, \$1,750,000 (external loan).

²² See, *Estimates of Revenue and Expenditure*, Purchase of Appliances, \$1,000,000

Even amidst the dizzying details of multiple discrete volcano-response projects, let us not lose sight of one critical fact: Within seven months of the first explosive eruption, this Government has negotiated, allocated, accessed and begun spending over \$300 million in resources to address the impacts of La Soufrière. We have coordinated tens of millions more in support through allies and international agencies. For a Small Island Developing State like ours, with all of our inherent constraints, to secure over \$300 million in targeted grants and soft loans is an extraordinary accomplishment. To do so in the midst of a Pandemic that has caused global economic slowdown is even more remarkable.

B. RESPONDING TO COVID-19

The shadow of COVID looms large over this Budget. The Pandemic is far from over. What we originally hoped would be a brief disruption to our way of life has irrevocably altered it. The health and development challenges of COVID – and the inequalities and infirmities that it has exposed – have been felt everywhere, from Brooklyn to Brighton. Like every other country in the world, it is now clear that it will take Saint Vincent and the Grenadines many years to recover from the extraordinary health and economic challenges of COVID-19.

But we will recover.

In the face of the Pandemic, our strength, spirit and faith have shone through. We have so much to be proud of and grateful for. From our brave doctors and nurses on the front line, to our teachers and students persevering through online and in-person classes, to businesses keeping the economy afloat even when it may have been easier to draw the shutters, lock the shop and ride out the storm.

We must also be proud of the wise and decisive leadership of our Prime Minister, whose responses to COVID's challenges have saved lives and livelihoods. Again and again, he has made the right choices at the right time – from eschewing curfews and lockdowns to keep the economy going; to acquiring multiple vaccines from myriad sources; to enhancing infrastructure and human resources to tend to the sick; to providing unprecedented support to those who have been impacted by the effects of the Pandemic. Almost daily, he has taken to the airwaves to exhort and encourage people to take the vaccine and adhere to protocols. He has been an indefatigable tower of strength amidst our trials.

Budget 2022 takes a multipronged, far-reaching approach to addressing the health and economic impacts of COVID.

Our Ministry of Health will be fortified by increased resources to prevent, treat and test for COVID infections. Budget 2022 plans to hire an additional 22 dedicated medical personnel to staff the Argyle Isolation Centre,²³ whose emergency operations since the start of the Pandemic have stretched the existing staff complement. Budget 2022 will also expand the Pandemic policy of hiring

²³ See, *Estimates of Revenue and Expenditure*, "Argyle Isolation Centre," \$623,328 for the addition of 1 Ward Manager, 12 Staff Nurses, 6 Nursing Assistants and 3 Nursing Auxiliary staff.

more medical staff temporarily through the SET Programme to address the short-term demands of COVID outbreaks.

In addition to the continued support of the COVID-19 Vaccines Global Access programme (COVAX), and vaccine donations from friendly countries like the United States and India, Budget 2022 allocates capital and recurrent expenditure to facilitate the procurement, transfer and storage of fresh vaccines and boosters. The Budget also provides \$2.5 million to procure COVID testing kits and supplies, whose utility is self-evident.

In 2021, as severe infections rose globally, we noted the challenges that many countries were having in ensuring an adequate supply of oxygen to COVID patients. Unfortunately, high demand and supply-chain challenges meant that it was very difficult to immediately increase our capacity to produce oxygen. We addressed this problem by purchasing 280 additional oxygen cannisters, and utilising our existing private oxygen producers to fill those surplus tanks to create a lifesaving buffer supply in times of increased need.

The arrival of the first 80 additional canisters last year successfully took us through 2021 without any oxygen shortage. Last week, another 200 cannisters arrived in Saint Vincent and the Grenadines. We have thus far effectively tripled our stock of available oxygen. Budget 2022 has additional resources available, if necessary, to further buttress our oxygen tank buffer.

Despite the significant and immediate healthcare challenges of the Pandemic, the economic impact is expected to last longer.²⁴ These impacts are expected to be greater in vulnerable countries with limited resources and market access,²⁵ like Saint Vincent and the Grenadines. Even though we emerged from the first year of the Pandemic less affected than most of our neighbours, the OECS was among the regions most impacted by the COVID-induced economic slowdown.

Undoubtedly, COVID has caused higher unemployment, increased poverty and greater inequality in every single country of our region. The pain of COVID is felt not only in hospital wards, but in uninfected households, where job and income losses, food insecurity, increased indebtedness, rising inflation and ongoing uncertainties threaten the very make-up of our societies.

Therefore, Budget 2022's COVID response necessarily goes well beyond the immediate medical aspects of the Pandemic. We recognise the need for large macroeconomic stimulus to support economic recovery and reverse the socio-economic declines associated with the Pandemic. However, we are also aware that our small economy and rising debt mean that we have insufficient fiscal space to employ a conventional short-run Keynesian stimulus to adequately address the full socioeconomic impact of COVID.

²⁴ See, e.g., Jordà, O., S. R. Singh, and A. M. Taylor, 2020, "The Long Hangover of Pandemics," *Finance and Development*, Vol. 57(2) (<https://www.imf.org/external/pubs/ft/fandd/2020/06/pdf/long-term-economic-impact-of-pandemics-jorda.pdf>)

²⁵ See, e.g., International Monetary Fund, "Communiqué of the Forty Second Meeting of the IMFC," Oct. 2020 (<https://www.imf.org/en/News/Articles/2020/10/15/communique-of-the-forty-second-meeting-of-the-imfc>)

Of course, Budget 2022 contains further targeted, temporary and self-limiting stimulus activity, as well as additional one-off support policies that will be phased out before they can create a permanent fiscal drag. These include a further round of modest income support to entertainers who have experienced another lost Carnival and curtailed Christmas season. An allocation of \$1 million to community improvement projects is also designed to put villagers to work on activities that will both benefit locales and generate income. The augmentation of the venerable YES Programme serves a similar purpose.

But Budget 2022 is also more far-reaching in its fresh approaches to addressing the worst lingering impacts of the Pandemic. We recognise that COVID did not so much change the direction of the world as it accelerated a series of economic and geopolitical trends that were already underway. As COVID has increased the speed of global change, so too must we accelerate our economic transformation, and increase the urgency of our innovative policies to address inequality, infrastructural deficiencies, operational inefficiencies, insufficient maintenance, informality and high logistics costs.

We are convinced that front-loaded investments in shovel-ready infrastructure are a cornerstone of our recovery from COVID. Similarly, we know that investments in agriculture-fuelled growth are among the most potent ways to address poverty and inequality. Budget 2022 therefore places agriculture and infrastructure at the centre of a sustainable COVID stimulus programme.

Budget 2022 is under no illusions that future waves of infection will take place. As such, we have expanded our capacity to deliver online education, and made contingencies for selected “master teachers” to deliver pre-recorded instruction to students in multiple schools. Similarly, reforms to policing methods and tactics will take greater advantage of technology and deployment reforms to compensate for any staff reductions caused by vaccine hesitancy.

Vaccine supply and vaccine hesitancy remain the greatest impediments to a global recovery from COVID. For a while, there was hope that the arrival of vaccines would mean that we could reach global herd immunity — that is, when enough of our populations gained immunity to confer protection to everyone. But those hopes have been dashed as we’ve failed to vaccinate enough people and more contagious variants have circulated widely.

In the context of Saint Vincent and the Grenadines, the overriding threat to our economic recovery is vaccine hesitancy. Make no mistake: There is very little in this Budget that can properly succeed in the absence of a substantially-vaccinated population. There is no return to any semblance of normalcy without vaccination now and for the immediate future.

Saint Vincent and the Grenadines lags well behind our neighbours in terms of vaccination rates. There are few nations in the developing world that have been more fortunate than Saint Vincent and the Grenadines in procuring vaccines, yet more hesitant to take them. We have donated thousands of vaccines to sister nations whose citizens have eagerly lined up to receive their protection. Meanwhile, many of us have chosen to delay and dither when faced with the fierce urgency of the moment.

There is no way around the fact that we must choose to vaccinate. In this valley of decision, when the moment demands true leadership, there are those who opt instead to dissemble, and cower behind self-serving semantics, shirking the very mantles that they hold or pursue. At this crossroads, for good or ill, our future will be determined by those political, community, and religious leaders who hold and proclaim the courage of their convictions. This moment, and the judgment of history, will deem irrelevant the mealy-mouthed meanderings of those whose only objective is to speculate about which way the winds of public opinion may blow next.

Our Honourable Prime Minister has distilled his analysis of the challenge of vaccine hesitancy into a publication that presents the myopic self-interest of the “atomised” individual against the collective interests of “social” individuals, who are capable of making personal choices for the greater good.

Beyond any policy or programme in Budget 2022, we must internalise that distinction, and recognise that it takes all of us, acting together, to uplift our nation. A pandemic, by its very definition, affects all of us, together. We are either a community or we are a loose collection of self-interested individuals who care not about their neighbour, their country or their fellow man. That is the starkness of the challenge we face.

The same strength and solidarity that we have deployed countless times to withstand every external challenge must now be called upon to defeat the challenge within. We must reject all attempts to edit the “public good” out of our Constitution or solidarity out of our social contract. We must move beyond the false equivalence of equating social media misinformation with epidemiological expertise.

We make no claims that our vaccine policies and programmes can or will be perfect. Yet perfection should never be the enemy of the good. However, lethargy, hesitancy and misinformation are the intractable enemies of progress, development, health and safety. Let us be clear: we will not defeat COVID by hiding from COVID. We will defeat COVID by confronting the Pandemic with the science, strength and solidarity.

Permeating Budget 2022 is the recognition that modern development is not a top-down process. It is not declared into being by a political or societal elite. It is, more than ever before, dependent on every single citizen of Saint Vincent and the Grenadines. Our development, and our future, is bound up with our ability to control COVID. As such, there is an act that everyone can do, a single decision that has a direct impact on our collective future – being vaccinated. This is an act that will directly and meaningfully help to determine our development trajectory, to say nothing of protecting yourself, your family, your friends and your community.

We ask, again, for everyone who is not yet vaccinated to do so immediately. COVID is not going away any time soon. But the difference between being crushed by the Pandemic and coexisting safely with endemic COVID is the difference between development and regression. Life and death. Vaccinated and unvaccinated.

Division over vaccination is often a proxy for other divisions in our society and our polity, but it doesn't have to be. Nobody in our country wants people to be sick and dying. Nobody wants our hospitals overwhelmed. Nobody wants to spread COVID to their friends, neighbours and co-workers. Not every division should be exploited as an opportunity for political point-scoring and petty populism. Partisanship can come later – now is a time for patriots. Those who want the best for Saint Vincent and the Grenadines must concede that we have to live with COVID among a population that is resistant to the worst effects of the disease. That means vaccination. Certainly, vaccination will not completely eradicate COVID transmission. Strict protocols and other interventions must play an important part. But we cannot optimally save lives and reduce transmissions *without* vaccination. That is the reality we must all accept.

C. DIGITAL TRANSFORMATION

Our previously-announced participation in a World Bank-funded regional project on digital transformation was delayed by the exigencies of the Pandemic and the volcano. However, the delay may have been a blessing, as it caused us to refine our plans and programmes, and reimagine what it means to work and interact digitally in a socially-distant, post-Pandemic Saint Vincent and the Grenadines.

The Caribbean Digital Transformation Project is a regional US\$94 million project involving the OECS Secretariat, Dominica, Grenada, Saint Lucia and Saint Vincent and the Grenadines.²⁶ Such is our belief in the potential of digital transformation that we are investing US\$30 million in this project – the largest allocation among the participating countries.

This phase of our digital transformation initiative builds upon the successfully-executed CARCIP project, which, among other things, installed world-class fibreoptic backbone that connected the islands of Saint Vincent and the Grenadines to our neighbours in Saint Lucia and Grenada. While CARCIP focussed primarily on infrastructure, our current transformation initiative will utilise that infrastructure to deliver improved services.

Budget 2022 allocates \$10.8 million to the Digital Transformation Project, as a precursor to over \$50 million in expenditure over the 2023-24 period. The entire project is designed to enable digital government, digitise specific priority services, fill infrastructural gaps and place citizens at the centre of the transformation process. We intend that the benefits of this digital transformation to be tangible to the average Vincentian, in ways that will improve how they do business, access information, and interact with the Government.

The Digital Transformation Project is structured to create a digital enabling environment; build digital government infrastructure, platforms and services; and enable digital skills and technology adoption.

²⁶ World Bank, "First-Time Financing by World Bank for Digital Economy in the Eastern Caribbean Approved for US\$94 Million," 22 June, 2020 (<https://www.worldbank.org/en/news/press-release/2020/06/22/first-time-financing-by-world-bank-for-digital-economy-in-the-eastern-caribbean-approved-for-us94-million>)

What does that mean to you? It means that you will be able to search land titles and register deeds digitally and affordably. It means that businesses will seamlessly pay for and clear imported goods through a technologically enhanced customs process. It means that e-Payment and e-Taxes will become a practical reality. It means that Vincentians will be able to interact with their government digitally, through a single e-Government portal, to register births and deaths, receive copies of official documents like birth certificates or deeds, report problems or lodge complaints, renew passports and driver's licences, pay taxes and fines, and have personal data securely linked to a unique, individual ID number.

This year, we begin this multi-year digital transformation with a number of crucial first steps. For land titling, we will purchase cadastral survey equipment, develop a parcel-based land information system, and complete the digitisation of old paper deeds. For streamlining the customs process, we will develop a Customs Single Window, including upgrade of existing software systems, procurement of equipment and training. For electronic payments, we will begin to set-up e-Payment gateway services and design an e-Tax administration system. For secure identification, we will build upon past efforts to develop a modern ID system as a foundation for citizen-centric digital services. We will apply lessons learned through our CARCIP programme to enhance digital skills and technology adoption. And we will hire the necessary expertise to develop digital strategies, review existing legislation and make recommendations on necessary reforms.

Budget 2022 also makes important investments in enhancing the Government's capacity to lead the digital transformation. We have created ten new posts in the Information Technology Services Division (ITSD) to strengthen its e-Government Unit, Network Systems & Services Support Unit and the Maintenance Unit in order to adequately deliver ICT and e-Government services. We have also centralised some tasks within the ITSD to streamline their functionality. The Budgetary allocation to the ITSD therefore jumps from the \$6.5 million approved last year to \$11.9 million in 2022. This expanded and reformed Division will lead the charge of our digital transformation initiatives.

Other Ministries, State-owned enterprises and important pillars of our economy are similarly embracing the digital agenda. In the waning weeks of 2021, the Bank of Saint Vincent and the Grenadines and other financial institutions embraced DCash, the digital version of the EC Dollar.²⁷ Almost 200 merchants are already actively using DCash, and hundreds more Vincentians are using it to transfer money in a quick, safe and affordable manner. The DCash App and other digital wallet applications are exciting developments for us, where too many citizens still rely on cash or standing in long lines to send and receive money.

Beyond the Bank of Saint Vincent and the Grenadines, our National Insurance Services is investing \$4 million to digitise its delivery of social security services. The Ministry for Social Development is expanding the electronic delivery of social protection payments; we are purchasing drones to map the forest and support the data collection by the Ministry of Agriculture; we are expanding the use of modern technology throughout our healthcare sector. The Agency for Public Information will

²⁷ <https://www.dcashec.com/svg>

embrace the digital delivery of information to sectors of the population that may not regularly access its traditional dissemination channels. Further, we have secured the commitment of our Taiwanese allies to expand upon the excellent CCTV programme, which is extending the reach of the police and further enhancing the quality of their crime fighting.

We also welcome the private sector's embrace and entrepreneurial use of modern technology to accelerate the national digital transformation. For example, broadband service providers have begun utilising the CARCIP fibreoptic infrastructure to deliver new speed and reliability to customers in the Grenadines, businesses in Kingstown, and suburban consumers. Competition will undoubtedly improve the delivery of broadband services, which, while improving rapidly, are still not sufficiently reliable. An early legislative priority of the Government in 2022 will be passage of the revised Electronic Communications Act, which was delayed while World Bank consultants reviewed its suitability as a foundation of the Digital Transformation Project. The revised Electronic Communications Act will give regulators and consumers greater muscle in ensuring that they receive quality service from providers.

The InterAmerican Development Bank recently stressed that "*the digitization of services has the potential to boost inclusive economic growth.*"²⁸ We are similarly convinced, and have long held that people-centred technology is a developmental accelerant that can catapult us forward in an inclusive manner. After some unforeseen delays and false starts, the challenges of the Pandemic have laid bare the shortcomings of outmoded processes and the necessity of fresh technological solutions to old challenges across our archipelago. Online education and the exigencies of remote work gave us glimpses into both the challenges and possibilities of a more digital lifestyle. We will build on those experiences to increase our ambition for a connected, informed, and efficient government and citizenry. This transformation will not take place in 2022. It is a multi-year process, that requires the buy-in of the public and private sectors. But this fresh initiative begins in earnest this year, and many of its investments will help spur economic growth as we recover.

D. BLUE ECONOMY

The push to accelerate transformative development requires us to utilise sustainably all of the blessings packed within the borders of Saint Vincent and the Grenadines. Too often, we have focussed on our landside assets to the exclusion of our relatively vast marine space. Over 95 percent of our total territory is located in the seas beyond our coastline. As such, we are not a series of small islands so much as we are a Large Ocean Developing State. To ignore the transformative potential of our seas is developmental malpractice. At the same time, the regulation, conservation, and protection of our marine space and ecosystems are of paramount importance.

²⁸ Serebrisky, T., Brichetti, J., Blackman, A., Moreira, M., *Sustainable and digital infrastructure for the post-COVID-19 economic recovery of Latin America and the Caribbean: a roadmap to more jobs, integration and growth*, Inter-American Development Bank (2020) (<https://publications.iadb.org/publications/english/document/Sustainable-and-Digital-Infrastructure-for-the-Post-COVID-19-Economic-Recovery-of-Latin-America-and-the-Caribbean-A-Roadmap-to-More-Jobs-Integration-and-Growth.pdf>)

Ablly led by the Honourable Saboto Caesar and Carlos James, our Ministers of Fisheries and Sustainable Development, respectively, Saint Vincent and the Grenadines has been steadily laying the groundwork for an expansion of Blue Economy initiatives.

Minister Caesar is playing a critical role in a dramatic expansion of the fisheries subsector. Under his leadership, fish landings have doubled over the last five years. The aggressive push to attract investment in the fisheries subsector has seen two major seafood exporters establish operations in Bequia and Owia. Within days, we will enthusiastically welcome the official opening of Rainforest Seafoods in Calliaqua. The \$10 million seafood processing plant is one of the most state-of-the-art facilities in the Caribbean, and it has the potential to once again double fish landings in Saint Vincent and the Grenadines. Further, new hotel openings in Ratho Mill, Indian Bay, Mount Wynne, Buccament and the Grenadines will drive internal demand for fresh seafood.

Budget 2022 continues last year's heavy investments in building the capacity of fisherfolk to capitalise on the exponential increase in demand. As part of the Government's post-disaster production support, every lobster fisher is receiving free materials to construct up to 1,000 additional lobster pots. The PRYME programme has provided grants for entrepreneurial fishers to enhance their vessels and capacity. Fisheries Centres are enjoying upgrades to improve efficiency, comfort and the shopping experience for consumers.

In the coming year, Budget 2022 will invest \$1.3 million²⁹ in a partnership with the Kingstown Cooperative Credit Union (KCCU) that will allow fishers to access affordable loans to purchase fishing boats. The Government will provide an interest-free partial guarantee, making the KCCU loans much more accessible to fishers. Further, a portion of the \$1.5 million injection into the Farmers' Support Revolving Fund will be reserved for support to fisherfolk.

Under the support provided to agriculture under the previously-mentioned VEEP initiative, \$3 million has been allocated for the repair of fisheries centres in Calliaqua, Chateaubelair, Owia, Canouan, Union Island and Bequia. Work on the Calliaqua Fisheries Centre has already begun.

While COVID restrictions prevented the presence of critical Japanese project managers in 2020 and 2021, we anticipate that we will begin the Barrouallie Blackfish Facility in the second half of 2022. Budget 2022 allocates \$1.5 million to this important project for the fisherfolk on our leeward coast.³⁰

Further, within the context of our recently-approved National Ocean Policy, and our Coastal and Marine Spatial Plan, the Fisheries Department has been carefully studying the delicate balance between underutilised fishing locales and the sailing routes of yachts, speedboats and other pleasure craft, particularly on the leeward coast. For example, passing boats can often inadvertently cut lines, making it impossible for fisherfolk to retrieve lobster pots. The 2022 budget year will see the launch of pilot initiatives to recalibrate the ways in which our tourism and seafood practitioners coexist in our maritime space.

²⁹ See, *Estimates of Revenue and Expenditure*, "Enhancement of the Tuna Fishing Industry," \$1,250,000

³⁰ See, *Estimates of Revenue and Expenditure*, "Barrouallie Blackfish Facilities Enhancement Project," \$536,000 and \$1,000,000

Saint Vincent and the Grenadines has been a thought leader in conceptualising the regional marine space as one with tremendous developmental potential.³¹ Our advocacy on this topic contributed to a World Bank-funded US\$56 million regional project called “Unleashing the Blue Economy of the Caribbean (UBEC).” Saint Vincent and the Grenadines will receive US\$16 million of the total project amount, with the remainder going to Grenada, Saint Lucia and the OECS Commission. Over the coming four years, the Honourable Minister of Sustainable Development will spearhead the UBEC initiatives to stimulate economic recovery and support marine and coastal resilience in Saint Vincent and the Grenadines by strengthening the sustainability and competitiveness of the tourism, waste management, and fisheries and aquaculture sectors. We will also benefit under UBEC from the spillover effect of regional governance and capacity building activities led by the OECS to address transboundary fisheries, intra-regional tourism, and marine litter.

Our fresh initiatives to expand the Blue Economy will boost economic growth, create jobs and improve livelihoods, while preserving the health of the ocean ecosystem. Never before has our seascape teemed with such potential for growth and wealth creation. Local investors are already recognising this potential. Multiple entrepreneurs spent millions of dollars in 2021 to purchase boats and hire crew to capitalise on opportunities in both the fisheries and tourism sectors. This year, Budget 2022 will seek to ensure that local investors, small businesses and artisanal fishers benefit from this rapidly rising tide of opportunity.

E. CLIMATE CHANGE, RESILIENCE & ENVIRONMENTAL PROTECTION

This Government is proud of its record of environmental advocacy, and its strenuous efforts to build resilience to natural disasters and climate change. In recent years, we have passed regulations to ban sand mining, single-use plastic bags, Styrofoam, importation of old automobiles, the hunting of turtles, orcas, porpoises and parrotfish, the use of dangerous pesticides (Roundup, Touchdown and Glyphos), and the aerial spraying of crops. We have strengthened physical planning procedures and placed fresh emphasis on environmental impact in granting permits for developing projects. We have adopted the Caribbean Challenge Initiative for marine protection, and strengthened the management of national protected areas.

Over the past 5 years, the Government has spent more than \$50 million to construct coastal and river defences in Arnos Vale, Belle Vue, Buccament, Calliaqua, Caratal, Carriere, Georgetown, Langley Park, Mayreau, Sans Souci, Troumaca, and Glenside, to name but a few. Each year, millions are allocated to build resilience and help adapt to the most urgent impacts of climate change. Similarly, we have aggressively pursued renewable energy and energy-saving solutions, from solar and geothermal energy to LED street lights and energy-saving light bulbs.

³¹ See, S. M. Diez, D.A. Aromokeye & J. Barbosa, “Unleashing the Blue Economy for economic recovery and resilience in the Eastern Caribbean,” 20 Oct. 2020 (<https://blogs.worldbank.org/latinamerica/unleashing-blue-economy-economic-recovery-and-resilience-eastern-caribbean>)

We have also been at the forefront of global advocacy for ambitious action on climate change, from mitigation and emissions reduction to adaptation financing.

A core element of every single budget is preparing Saint Vincent and the Grenadines for the increasingly intense impacts of climate change, and transforming our economy to one that is green, resilient and poised for future development. This year, there is even greater urgency for investments and initiatives in green development and climate-resilient infrastructure.

A clear lesson from 2008's Global Economic and Financial Crisis is that stimulus programmes that emphasize green and sustainable interventions have a greater "multiplier effect" and are more desirable than some traditional forms of stimulus.³² Studies show that some of the most impactful post-crisis interventions include "Green construction projects. . . clean energy infrastructure. . . energy efficiency retrofits. . . afforestation [and] disaster preparedness."³³ As such, Budget 2022 views green and climate resilient investment as not only a continuation of this Government's commitment to a more environmentally sustainable future, but as a critical component in reenergising our post-volcano, post-COVID recovery.

Further, the disappointing lack of urgency or progress in the recently-concluded 2021 United Nations Climate Change Conference in Scotland³⁴ suggests that Small Island Developing States like ours must plan for a dangerous future of climate crises, even in the absence of sufficient money to adapt to the rising seas and intensifying storms.

The functional classification "Environmental Protection" accounts for \$71 million of capital expenditure in Budget 2022, a 23% increase over last year's allocation. This allocation includes several fresh initiatives, shaped by both post-volcano realities and the need to reinvigorate economic activity.

The protection of the village of Sandy Bay from encroaching seas is an urgent imperative. Led by the Honourable Minister of Works Montgomery Daniel, the Government has held lengthy discussions

³² See, e.g., Hepburn, C., O'Callaghan, B., Stern, N., Stiglitz, J., & Zenghelis, D. (2020). "Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change?" *Oxford Review of Economic Policy*, 36. pp. 365-366 (https://academic.oup.com/oxrep/article-pdf/36/Supplement_1/S359/33798391/graa015.pdf); International Energy Agency, IEA (2020). "Green Stimulus after the 2008 Crisis." International Energy Agency (<https://www.iea.org/articles/green-stimulus-after-the-2008-crisis>)

³³ Hepburn, et al., "Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change?"

³⁴ See, Jackson, L.C., "Cop26: Pacific delegates condemn 'monumental failure' that leaves islands in peril," *The Guardian*, 15 Nov. 2021 (<https://www.theguardian.com/world/2021/nov/15/cop26-pacific-delegates-condemn-monumental-failure-that-leaves-islands-in-peril>); McRae, H., "The disappointment over Cop26 is understandable – but there is hope" *The Independent*, 15 Nov. 2021 (<https://www.independent.co.uk/climate-change/opinion/cop26-coal-renewable-energy-climate-crisis-b1957380.html>); Hales, R., and Mackey, B., "The ultimate guide to why the COP26 summit ended in failure and disappointment (despite a few bright spots)," *The Conversation*, 14 Nov. 2021 (<https://theconversation.com/the-ultimate-guide-to-why-the-cop26-summit-ended-in-failure-and-disappointment-despite-a-few-bright-spots-171723>); "At COP26, A Failure of Vision, Action, Equity and Urgency," *Center for International Environmental Law (CIEL)*, Nov. 2021 (<https://www.ciel.org/news/at-cop26-a-failure-of-vision-action-equity-and-urgency/>); Kühn, M., "COP 26: The climate conference that failed the South," *Relief Web*, 18 Nov. 2021 (<https://reliefweb.int/report/world/cop-26-climate-conference-failed-south>)

at the highest levels of the Caribbean Development Bank regarding the design and timing of a comprehensive solution to the coastal protection of the village. Following a successful \$25 million initiative to erect coastal defences on the most vulnerable stretches of the Georgetown coastline, the Government will commit another \$38.4 million over the next three years to a comprehensive coastal protection solution for Sandy Bay. Budget 2022 allocates \$3.5 million for the revisions of designs and the commencement of construction on this vital project.

Budget 2022 includes a \$12 million allocation to conduct river works along the Union and Yambou rivers, and the commencement of important resilience-building road rehabilitation in Maroon Hill and Langley Park.

Having banned sand mining on many local beaches, the Government has gone a long way on its continuing journey towards protecting our coastline from man-made depletions. Budget 2022 goes further, creating a Coastal and River Preservation Unit to help replenish beaches, prevent erosion and ensure the safety and cleanliness of our waterways. Think of it as a BRAGSA for beaches and rivers. This year, the Unit will evaluate specific stretches of coastline and rivers that can benefit from low-cost interventions to help ward off erosion, pollution and sea-level rise. Separately, resources are allocated to build upon the successful short-term protection that the Government implemented on Salt Whistle Bay in Mayreau.

Last year, we promised to continue attempts to turn setbacks into advances, as we seek to sustainably utilise the tremendous geothermal resources of La Soufrière. We are happy to report that we have entered into a Joint Project Development Agreement with Eavor Technologies, a Canadian company, whose proprietary closed-loop geothermal energy extraction system does not require the permeability of traditional extraction. Eavor, at its own cost, is conducting a Front-End Engineering and Design (FEED) study, which will assess the geological data, evaluate the impact of the recent volcanic eruptions, develop preliminary powerplant designs, meet with stakeholders and establish capital cost estimates. By mid-year, Eavor will know whether our La Soufrière site is a feasible location for their closed-loop technology. We are hopeful that this FEED study will yield positive results, and that we can resume our journey to stable, affordable, home-grown baseload power. Mere months after La Soufrière reminded us of its awesome power, it would be apt that we could harness some of that power to provide green energy to the people of Saint Vincent and the Grenadines.

Budget 2022 continues our investment in solar energy. In 2021, solar energy generated the equivalent of 3,572 megawatt hours thru the end of October, a 5 percent increase over the comparable period in 2020. This energy was both generated by VINLEC and purchased from private solar panel owners. We hope to add to solar generation this year through the expansion of solar PV capacity at the Argyle International Airport, as part of a \$6 million energy efficiency and solar PV plant project, funded by the European Investment Bank. Next year, we will resume the Bequia solar park, which will continue our strategy to increase solar power generation across the Grenadines.

Last June, VINLEC completed a comprehensive conversion of its streetlights to energy-efficient LED technology. The results have been remarkable. Thru October, the energy consumption of street lights fell from the equivalent of 2,483 mWh to 1,518 mWh – an almost 40 percent reduction. That

resulted in \$550,000 in savings over just a few months of operations. In 2022, with a full year in service, the LED streetlights will cause even more drastic reductions in expenditure and diesel use.

We are committed to reducing our reliance on fossil fuels to generate energy. Each year, VINLEC uses roughly 7 million gallons of diesel to generate power. With our solar, hydro and geothermal initiatives, we expect to drastically reduce that number, in the interest of the planet and the consumers of Saint Vincent and the Grenadines.

This Government is deeply committed to sustainable development, resilience-building, and environmentally-responsible policymaking. Sometimes, those policies must be balanced against urgent developmental and economic imperatives. But not this time. The path to post-volcano development is green. Budget 2022 embraces both the intrinsic value of environmental protection, and its immediate economic benefits. Our green initiatives will benefit our islands and our economy.

F. BUILDING INFRASTRUCTURAL AND ECONOMIC RESILIENCE

A central plank of this Government's growth and development platform has consistently been to leverage infrastructural development to create jobs and address challenges. This is not new to us. Our Government has an unparalleled record of infrastructural development throughout Saint Vincent and the Grenadines.

However, the last two years have reemphasised the importance of certain types of capital projects as a disaster-response mechanism. Both the better-than-average economic resilience to COVID in 2020 and the better-than-expected robustness in the face of La Soufrière were due in no small part to supplementary budgets and reordered priorities that emphasised high-impact, labour-intensive, shovel-ready construction projects. These projects injected money into workers' pockets and provided the economy with a much-needed shot in the arm when the private sector was reeling.

Armed with that recent experience, Budget 2022 has a strong focus on the type of infrastructural projects that proved so effective in staving off the worst economic impacts of Pandemic, and volcanic disasters. In pursuit of these economic gains, and in furtherance of our related goal to address foundational challenges and infrastructural deficits, Budget 2022 sets an ambitious goal to achieve record levels of construction work nationwide. From fresh projects to plans that were shelved last year as a result of the eruptions, Budget 2022 allocates more than \$140 million to shovel-ready or ongoing construction projects – that is, projects where the preparatory planning and design work are complete, so that actual construction can begin soon. Over 70 percent of that allocation comes from grants and multilateral loans already in-hand, meaning that they need not await ongoing Government financing efforts.

These projects include extensive programmes to repair schools and airports, build roads, construct hotels, erect houses, clear debris and rebuild better in the wake of La Soufrière. They will be discussed at length later in this Speech and by respective ministers. However, collectively, the initiative is greater than the sum of its component projects. It represents a calculated and

coordinated investment in jump-starting the economy and building economic resilience against future shocks. Indeed, Budget 2022 aligns every sector of our economy with this objective of recovery and rebirth.

IV. ENABLING SECTORS

A. AGRICULTURE, FORESTRY AND FISHERIES

We begin, as always, with agriculture. From an agricultural standpoint, the blessing and the curse of La Soufrière is that its periodic deposits are partially responsible for our unusually rich and fertile soil. However, its eruptions also destroy agricultural production in the short-term. The Red and Orange Zones of highest volcano hazard coincide with the heart of our agricultural belt. This year, our farmers and fishers felt the full brunt of La Soufrière's fury. According to preliminary UNDP estimates, the eruptions damaged over 4,200 acres of productive agricultural land,³⁵ displaced 2,875 registered farmers and 308 fisherfolk, and caused a massive \$230 million in loss and damage to the agricultural sector.³⁶

Over one-third of the total preliminary estimates of loss and damage from the volcano was borne by our agriculture sector. It is a devastating blow.

The need for budgetary interventions to support affected farmers and fishers is self-evident. So too is the urgency of fresh initiatives to build productive capacity, emphasise areas of the highest growth potential, and attract additional entrepreneurial activity to the sector. Budget 2022 rises to the urgent challenge of the moment, and reminds our hardworking farmers and fishers, once again, that this Government considers you to be the enduring cornerstone of our future development.

The previous discussion of the Blue Economy has sufficiently outlined our fresh initiatives in fishing fleet expansion, training, technology, production support, and the repair or construction of new fishing facilities. As evidenced by Budget 2022's heavy investments in the sector, our belief in the transformative potential of fisheries in this post-COVID, post-volcano economy cannot be overstated.

With equal certainty, the rapid return to normalcy by our farmers is crucial to our recovery. But it is not an easy road.

The Volcano Alert level was reduced to "Yellow" just three months ago,³⁷ meaning that some farmers vacated the shelters and returned to their lands as recently as mid-September. Then began the

³⁵ 1,128 acres of plantain and bananas, 2,017 acres of tree crops, 693 acres of root crops and 415 acres of vegetables.

³⁶ United Nations Development Programme (UNDP), *Post Damage Needs Assessment, La Soufrière Volcanic Eruption Sector Reports* (2021)

³⁷ National Emergency Management Organisation (NEMO), "Volcano Alert Level Changed from Orange to Yellow," 15 Sept. 2021 (<http://nemo.gov.vc/nemo/index.php/49-news-events/press-release/682-volcano-alert-level-changed-from-orange-to-yellow>)

backbreaking work of not only restoring their homes, but clearing their land of thousands of pounds of ash and debris, and ploughing remaining ash into the soil. For a farmer whose crop may take up to 9 months to mature and harvest, once they returned home, the period of life without an income stretches from the first eruption of the volcano in April 2021 all the way into June of 2022.

The Government is firmly committed to supporting farming families of the Red and Orange Zones for the full period of not just their physical displacement, but their economic disturbance as well.

Within weeks of the first eruption, this Government passed a Supplementary Budget that placed farmers front-and-centre in our recovery plans. We determined that registered farmers in the less-impacted Green and Yellow Zones should get income support of \$500, and be eligible for increased production assistance from the Ministry of Agriculture, as they resume activities and carry the agricultural sector on their backs while their northern brethren remained displaced and sheltered. For farmers in the Red and Orange Zone, the Government established a system of monthly \$500 payments, to help defray lost income and support livelihoods.

More than 5,000 registered farmers have been directly touched by this initiative. Indeed, between the previous COVID- and drought-related income support and the current volcano initiative, farmers have already received more than \$11 million in cash grants from the Government.

Budget 2022 continues this critical income support to farmers in the Red and Orange Zones. We have made provisions within existing capital programmes to ensure that support to farmers continues, but is gradually phased out as farms return to production.

Separate and apart from income support, and from our investments in fisheries, Budget 2022 provides production assistance to help farmers recover and retool in a post-eruption environment. A \$1.1 million allocation to production support complements a further \$1.5 million capitalisation of the Farmers' Support Revolving Fund. Through additional stand-alone initiatives within the Ministry of Agriculture and the VEEP, Budget 2022 also pursues fresh initiatives to modernise artificial insemination capacity to assist livestock farmers, many of whom lost animals to the volcano.

Also, within the VEEP programme, the Government plans to reconstruct and re-equip the volcano-damaged Biotechnology Centre at Orange Hill; rebuild affected facilities in Belmont and Owia, and assist our honey producers with new bee colonies and other supports.

Budget 2022 will complete the construction of a modern arrowroot production facility in Orange Hill. With the completed factory shell, followed by the installation of state-of-the-art processing and packaging equipment, our arrowroot farmers will be able to produce their product in keeping with the highest phytosanitary standards. The factory will represent a quantum leap beyond our current antiquated system. We are proud that our world-class arrowroot farmers, almost exclusively located within the volcano's Red Zone, and all affected by La Soufrière, will soon benefit from a facility that will enable them to take advantage of the booming international demand for arrowroot as a health and wellness food.

The medicinal cannabis industry, concentrated as it is in the north of Saint Vincent, suffered a tremendous volcano-related setback. Both traditional and corporate cannabis producers lost crops to La Soufrière. According to estimates provided by the Medicinal Cannabis Authority (MCA), the value of destroyed marijuana crops exceeded \$40 million at current market prices, with the majority of those losses suffered by unlicensed growers. In spite of the damage to crops, 2022 began with an historic milestone on our journey to create a modern, medicinal, export-oriented cannabis industry: In the coming weeks, the first shipment of medicinal grade cannabis will be legally exported from Saint Vincent and the Grenadines to Germany. Other medicinal cannabis producers in the south of Saint Vincent that were less affected by the volcano, are also on the verge of announcing their first exports to European destinations.

Before the eruptions, medicinal cannabis licensees invested heavily in establishing their growing and production facilities. To date, licensees have invested over \$25 million in setting up their facilities and rolling-out production activities, excluding the actual cost of license fees. More than 200 Vincentians were temporarily employed last year in the set-up of this cannabis infrastructure. Another 120 persons have full-time jobs in cultivation, transportation, drying, packaging, storing, manufacturing and analytical testing activities. In 2021, licensees imported \$6.3 million in production equipment, while the MCA itself entered into a private-public partnership to build and equip a \$2.7 million laboratory in Enhams. The MCA has also provided training to 120 medical professionals in the benefits and uses of medicinal cannabis. Four authorized pharmacies are already dispensing medicinal cannabis products to patients, and locally-grown cannabis has been refined into five distinct product lines.

The Caribbean IMPACT Justice project, a 13-country justice sector reform project funded by the Government of Canada and implemented by the University of the West Indies, recently evaluated the state of cannabis legislation across the Caribbean and stated that:

*St. Vincent and the Grenadines is the only country in the region that has implemented medicinal cannabis legislation that is fully compliant with the rules and obligations of the International Drug Treaties and the legislation has been approved by the International Narcotics Control Board (INCB). It will therefore be the first country to be able to conduct legal commercial international exports of medicinal cannabis.*³⁸

This is a strong endorsement of painstaking work performed by the Honourable Prime Minister Gonsalves, Honourable Minister Caesar and our legal staff in crafting the legislative framework of our medicinal cannabis industry. While some pundits and politicians were bowing to reckless populism and sloganeering that would have run us afoul of international law, this Government managed to balance the competing interests of our corporate partners, traditional cultivators, treaty obligations and our consistent defence of international law and a rules-based global order. Upon that solid legal foundation rests an embryonic industry that has the best chance for success, sustainability and economic viability.

³⁸ *Caribbean IMPACT Justice*, Vol. 8, Nos 1-3, Jan. 2021 – Oct 2021, p. 11

La Soufrière dealt a debilitating blow to our inland forest cover. Ash deposits, pyroclastic flows and lahars damaged or destroyed in excess of 65% of established plantations and natural forest in the Red and Orange Zones.³⁹ The loss and damage suffered by our forest has been estimated to be in excess of \$100 million.⁴⁰

Beyond the intrinsic value of our forest cover, and its centrality to our national identity, the devastation wrought by the volcano has tangible effects on our lives, particularly the lives of farmers. “Loss of tree cover can destabilize the hydrologic cycle, leading to drier climate, desiccated soils, and increased flood risks in downstream areas.”⁴¹ Deforestation can measurably alter the microclimate in affected areas,⁴² and the resulting erosion, drought, and loss of soil productivity can “stress agricultural systems and impoverish farmers.”⁴³ The demands of biodiversity, environmentalism, national identity, agriculture and economics are sometimes competing interests. But in this case, they all point to the same urgent need: we must restore and protect our battered forest cover.

Budget 2022 signals the post-eruption start of what will be a multiyear effort to rehabilitate our forests. A fresh initiative, called the “Forest Restoration and Protection” project, allocates \$2.5 million over the next three years to analyse and replenish our tree cover. The first \$500,000 of that project is scheduled to be spent in 2022. A three-year, \$1.6 million Forestry Enhancement Project was slated to begin in 2021, but was derailed by the volcanic eruptions. Budget 2022 allocates monies from that project to purchase drones and upgrade computer systems that will help to map the damaged forest, and properly plan its restoration. Within the VEEP, an additional \$3 million will be spent to properly equip forestry officials, assess forest biodiversity and restore watershed areas.

Further, Prime Minister Gonsalves has held fruitful discussions with the Government of Colombia, which has recently-announced its own ambitious reforestation to protect their incredible biodiversity.⁴⁴ The Colombian Government has kindly agreed to assist our own reforestation efforts. Concurrently, Minister Caesar has pursued similar efforts with friendly European Governments and private sector entities; details are to be hammered out.

These initiatives represent an unprecedented Government-led effort to repopulate our scorched mountains and watersheds. The \$7 million budgeted over the next three years on forestry is a drop

³⁹ UNDP *Post Damage Needs Assessment*

⁴⁰ *Ibid.*

⁴¹ Walker, R. (1993), “Deforestation and Economic Development,” *Canadian Journal of Regional Science*. 16. 481-497. (https://www.researchgate.net/publication/259470503_Deforestation_and_Economic_Development)

⁴² See, e.g., Lal R., Cummings D.J., “Clearing a tropical forest I. Effects on soil and micro-climate,” *Field Crops Research*, Vol. 2, 1979, pp 91-107, (<https://www.sciencedirect.com/science/article/pii/0378429079900121>); Openko I., Shevchenko O., Tykhenko R., Tsvyakh O., Stepchuk Y., “Economic Analysis of Deforestation Impact on the Yield of Agricultural Cultures in Ukraine,” *Scientific Papers Series Management, Economic Engineering in Agriculture and Rural Development* Vol. 19, Issue 4, 2019 (http://managementjournal.usamv.ro/pdf/vol.19_4/Art34.pdf)

⁴³ Walker, p. 483

⁴⁴ Griffin, O., “Colombia's President Duque confident in cutting deforestation in half,” *Reuters*, 28 Oct. 2020 (<https://www.reuters.com/article/colombia-environment-idINKBN27D2PS>); Peñaloza, M., “Colombia would plant 180 million trees,” *Latin American Post*, 28 Jan. 2020 (<https://latinamericanpost.com/31841-colombia-would-plant-180-million-trees>)

in the bucket compared to the loss and damage inflicted by the volcano, but Mother Nature has an incredible capacity to heal herself.

The volcano's impact on our biodiversity has been vast, but is currently unassessed. Let us take a moment here, Madame Speaker to acknowledge Honourable Minister Saboto Caesar, whose decision to relocate a small number of our Vincentian Parrots to an overseas aviary for precisely this eventuality has now proven prescient.⁴⁵ In the wake of the eruptions, and in addition to the money being spent to restore forests and watersheds, we must give nature the space and time to complete its recovery. As such, the Government has accepted the passionate argument of Minister Caesar that we must allow for an ecological reset in Saint Vincent that involves a temporary ban on the hunting of wild meat.

We take seriously our duty to restore and preserve our forest and mountain ecosystems. The Government, through regulation, investment and international cooperation, will do what it can to speed up the restoration, in the interest of our biodiversity, our climate and our farmers.

Just as an economic recovery is impossible without first confronting COVID, our developmental aspirations are similarly futile unless they are built on the solid foundation of a vibrant, diverse and fully-recovered agricultural sector. Our farmers, fishers and forest have probably never faced challenges of a similar magnitude as the ones we have confronted over the last two years. Yet, through it all: through drought, through pandemic, through hurricane, and through volcanic eruption, this Government has stood with you. In ways large and small, tangible and intangible, we have supported you during the rough times, and invested in your recovery. Budget 2022 continues that pattern of support and solidarity. We will never stop believing in the transformative power of our farmers and fisherfolk.

B. TOURISM

There is little more that can be said about COVID's impact on tourism. For a sector premised on assumptions of easy travel, personal interaction and safety, the pandemic's lockdowns, shutdowns and life-threatening health scares have been anathema to our tourism sector. In Saint Vincent and the Grenadines, as well as the wider Caribbean, the pandemic brought tourism to its knees, and placed our economies in a similarly prone position.

Our Government has worked hard to directly support the tourism sector during its precipitous Pandemic-related decline. For 18 months, we supported almost 3,500 hospitality workers who suffered layoffs or reduced hours because of the Pandemic. When the global cruise ship industry shut down and 1,500 workers returned home, we offered them support as well. We worked with financial institutions to help the hospitality sector to obtain moratoria on loan repayments. We lobbied utility companies for special support and forbearance. We contracted with empty guesthouses and hotels to use their rooms as quarantine facilities or extensions of volcano shelters.

⁴⁵ Horne, K., "Two Vincy Parrots to Arrive from Germany," *The Vincentian*, 15 Feb. 2019 (<https://thevincentian.com/two-vincy-parrots-to-arrive-from-germany-p16495-133.htm>)

Through it all, our sector remained awe-inspiringly resilient. Hotels stayed open and retained staff through unimaginably difficult months. Hospitality businesses remained touchingly loyal to employees, keeping them on the job, and helping to keep family finances intact. Time and again, through the Pandemic and in the aftermath of the eruptions, our hospitality sector has demonstrated peerless patriotism, rising to the occasion and assisting their fellow Vincentians with everything from comfortable rooms to restaurant-quality food in shelters.

But today, tourism is turning the corner. As the cruise industry slowly rights itself, we are again seeing passenger ships docking in Kingstown and the Grenadines. The yachting sector, which remained relatively buoyant during the Pandemic, is showing signs of a more robust recovery.

This Christmas season marked the first time in the history of Saint Vincent and the Grenadines that we welcomed direct flights from Miami, New York, Toronto and London. It is the first time in our history that, in any given week, we welcomed Air Canada, American Airlines, Caribbean Airlines, Virgin Atlantic, InterCaribbean, LIAT and local airlines. We remember well the baseless, misinformed naysaying of those who doubted the experts, doubted the Government and loudly predicted the failure of the Argyle International Airport. The growing success of Argyle International has silenced the once-constant critiques of the airport; and many of those same fountains of nattering negativism have moved on to doubting the experts and doubting the policies related to COVID vaccines instead.

History will judge them similarly.

COVID will continue to affect tourism this year. Recent variants have caused convulsions and cancellations among cruise and air tourism that are affecting us locally. But the Pandemic has not caused this Government to lose faith in its plan to rapidly expand the hospitality sector. On the contrary: As global lockdowns ease and a pent-up demand for travel seeks outlets across the Caribbean, we are more convinced than ever of the developmental value of bigger, stronger, more diverse tourism offerings.

Budget 2022 seeks to accelerate the Government's historic thrust to build and attract sufficient room stock to completely transform tourism in Saint Vincent and the Grenadines. This year, construction of two state-built hotels will begin in earnest, and Saint Vincent will enjoy an unprecedented construction boom in the hospitality sector.

Under Budget 2022, we plan to spend \$43.4 million this year on the construction of two hotels in Diamond and Mt. Wynne. The Holiday Inn Express at Diamond is already underway. Civil works, including drainage and access roads, were completed in 2021. Construction of the hotel building itself will begin in the first quarter. Crucially, the Holiday Inn Express will not serve as simply an airport and business hotel, or as a venue for visiting athletes to utilise our world-class track, but it will also serve as an important teaching institution, given its across-the-street proximity to the Hospitality Training Institute at Diamond.

The commencement of civil works on the Marriot Resort in Mt. Wynne were also scheduled for 2021, but were delayed by both COVID and necessary redesigns. This Honourable House will recall that the Government obtained a US\$50 million soft loan from Taiwan to fund the construction of the resort.⁴⁶ However, costings of the original design provided by the project architects were too far in excess of our funding, particularly in light of increased post-Pandemic construction costs. As such, we requested that the project be redesigned to reduce costs. That redesign, in turn, was delayed by the Pandemic, and the inability of our international architects to visit the site. Thankfully, those issues are being resolved.

The Holiday Inn Express and the Marriott Resort will add a much-needed 342 rooms to our hotel capacity. The hotels will not only help to attract more tourists and airlift to Saint Vincent and the Grenadines, but they will continue to draw more private investment to the country, as the hospitality sector recognises the seriousness with which the Government views tourism growth and expanding room stock.

One of the major private sector investments set for construction work in 2022 is the Beaches Resort at Buccament. Again, it was just two years ago that the naysayers were mocking the Government for its attempts to find an appropriate investor to take over the site of the former Buccament Bay Resort. While the populists screamed “white elephant” and the cynics said that the only solution would be for the Government to run the hotel itself, we set about unravelling the thorny ownership issues with previous investors, regularising land title, and negotiating with local landowners and international hospitality companies.

Today, we have an agreement with Sandals Resorts for the construction of a 350-room resort. We have built new houses and provided new farmland for persons who lived on the land earmarked for the resort, and we are compensating other property owners. We have settled outstanding claims with hundreds of former condo and villa owners, and we auctioned property this year to provide previous employees of the resort with a substantial *ex gratia* payment.⁴⁷

Sandals has designed the resort, demolished unwanted buildings on site, and hired their main contractor. I was just informed by Sandals officials that the contractor began mobilisation today. Construction work begins in earnest next month, and will hit full steam around mid-March. At peak, over 600 Vincentians will be directly employed by Sandals in the construction of the Resort.

Beaches Saint Vincent represents an investment of well over US\$150 million, at a time when COVID has had a chilling effect on large hospitality expenditure. The aggressive construction timeline of the project, which is slated for opening in mid-2023, means that Beaches Saint Vincent will provide a concentrated shot in the arm for the local economy, employment and the construction sector.

⁴⁶ “SBG signs US\$50 million agreement with ROC on Taiwan,” *Searchlight*, 5 April 2019 (<https://searchlight.vc/news/2019/04/05/svg-signs-us50-million-agreement-with-roc-on-taiwan/>)

⁴⁷ Da Silva, D., “Ex-Buccament Workers Receive Payment,” *The Vincentian*, 25 June 2021 (<https://thevincentian.com/exbuccament-workers-receive-payment-p22141-133.htm>)

The boutique LaVue Hotel and restaurants has just completed a \$20 million makeover, and has just hired its full staff complement. Already, they have started the next stage of their expansion, which will double the size of the hotel, and add fresh attractions to the facility.

Construction on LaVue's companion Royal Mill luxury resort and residences is rebounding well after COVID-related delays. Not only did work slow considerably during the Pandemic, but the investors have twice had to halt construction temporarily due to COVID infections among workers. However, today, over 100 local workers are employed on site, and the pace of construction is increasing on the \$160 million development. Investors expect that the luxury residences will be complete by the end of 2022, with the tower hotel completed the following year.

In Union Island, private developers are constructing the boutique Secret Garden Resort, which already has 30 employees in its early stages of a planned \$40 million development. The Government is currently finalising an agreement for a multimillion-dollar investment in the Southern Grenadines that should also commence work in 2022. We are excited about the potential of this investment to drive job growth and development in the Grenadines.

Local investors are also sharing our optimism in the future of the hospitality sector in Saint Vincent and the Grenadines. For example, Jewels Caribbean Apartments opened in 2021 and now boasts full occupancy of returning medical students. The \$10 million Myah's Luxury Suites will be completed in mid-2022, representing an important expansion of services available to business travellers. Paradise Beach Hotel is adding a new spa and expanding dining facilities, and many other hoteliers and bed-and-breakfast facilities have similar growth plans.

As such, 2022 will see at least 875 hotel rooms under active construction on mainland Saint Vincent, with well over \$500 million slated to be spent by private investors and the Government over the next 12 months. This is a phenomenal level of post-Pandemic, post-volcano investment. The hotel construction segment of our economy will be extraordinarily bright in 2022. Indeed, many investors are already signalling that it may be a challenge for our local labour force and supply chains to keep pace with the massive increase in demand for goods, services and human resources. But this is a good problem for a recovering economy to have. We are confident that we are collectively up to the challenge.

However, not all private sector tourism projects are proceeding satisfactorily at the moment. The progress of the Black Sands Resort at Peters Hope has been, frankly, disappointing. Even accounting for Pandemic-related delays, the project should be farther along than it is. We have communicated our concerns to the developers, who in turn have pledged to redouble their efforts to make up for lost time. We intend to hold them to those revised pledges, using all available options at our disposal.

Beyond hotel construction, Budget 2022 makes significant investments in maintaining and expanding our tourism product. Over \$8 million will be spent on maintenance works at our airports in Argyle, Bequia and Canouan. At the J.F. Mitchell Airport in Bequia, capital allocations of \$1.3 million will begin restoring the facility's functionality to a condition befitting the name and legacy of the late Prime Minister, whose name adorns its terminal.

While there is a \$1.7 million allocation in Budget 2022 for a CDB-funded rehabilitation of the Canouan Airport runway, the current condition of the runway cannot await the studies and designs contemplated by that project. As such, additional resources are allocated for temporary works to ensure that the airport remains able to accommodate the increasing numbers of large private jets whose owners are scheduled to enjoy the Mandarin Oriental Hotel, the Soho Beach House, or the Sandy Lane Yacht Club and Residences in Canouan. It is thus incumbent on the owners of these facilities, especially in the north of Canouan, to reset their strategic focus and involve more fully all relevant partners in the quest to optimise the potential not yet fully realised.

Other expenditure on the maintenance or renovation of signage, existing tourism sites and cultural facilities collectively add another \$1.4 million to Budget 2022.⁴⁸ Of particular note is our commitment to improve and expand the Joseph Chatoyer National Park at Rabacca. As curiosity about our recently-erupting volcano will drive more tourists northward, the Chatoyer National Park can become an increasingly-important part of our tourism and cultural offerings.

The sudden increases in both airlift and room stock will create their own welcome demands for well-trained hospitality staff. In our November consultations with the members of the hospitality sector, we heard that recent openings and expansions were already putting pressure on the supply of skilled workers. Again, this is a good problem to have, but one that must be addressed in a focussed and systematic manner. We will discuss Budget 2022's plans for technical and vocational education and training – including for the tourism sector – elsewhere in this Speech.

Even in tourism's darkest moment, the sector's outlook has never looked sunnier. The gloom of COVID cannot overshadow the bright beacon that is tourism's future in Saint Vincent and the Grenadines. Undoubtedly, we are preparing for the type of short-term growth that has never before been experienced in our country. While the Pandemic stalled some plans, it did not blunt the Government's drive to expand the sector, or investors' demonstrable belief that Saint Vincent and the Grenadines is an up-and-coming destination with incredible potential. Of course, tourism will be forever impacted by COVID, just as travel was forever changed by the terrorist attacks of 9/11. Tourism's present survival is dependent on vaccines, variants and positivity rates. Its future in Saint Vincent and the Grenadines hinges on the rate of expansion, quality of offerings, the availability of skilled workers, and the correct mix of large and small, local and regional operators.

Budget 2022 carefully addresses each of these variables to harness the transformative economic power of our vibrant tourism sector.

⁴⁸ See, *Estimates of Revenue and Expenditure*, Signage Project II, \$92,800; Rehabilitation of Villa Board Walk, \$623,800; Development of Joseph Chatoyer National Park Facility, \$245,000; Renovation of The Peace Memorial Hall, \$118,000; Improvement of Tourism Sites, \$306,000

C. CONSTRUCTION AND INFRASTRUCTURE

The hundreds of millions of dollars to be spent in 2022 by the Government and the private sector for the construction of new hotels is just part of our ambitious plan to harness construction and infrastructural investments to fuel our economic rebound.

Let us take a moment to tally the damage to infrastructure caused by La Soufrière. Not the economic losses, or the cost of cleaning and debris removal. Not the damage to crops and livestock, or to the forest. Just the actual physical damage to man-made infrastructure. According to the Post-Damage Needs Assessment compiled by the UNDP and the Government, over \$315 million of public and private infrastructure was damaged or destroyed by the volcano. That includes damage to houses of \$263.5 million; damage to bridges and roads of \$30 million; damage to schools of \$14.6 million; damage to agricultural infrastructure of \$3.5 million; healthcare infrastructure of \$3.2 million; with public utilities and tourism infrastructure withstanding an additional \$1 million in damage.

We do not have the capacity or the resources to rebuild all of this damaged infrastructure in a single year. This will be a prolonged process of recovery. At the same time, the longer we take to rebuild, the longer will the damaged infrastructure act as a drag on economic growth and national development.

We must rebuild. Better than before; and as quickly as we can.

In past crises and economic contractions, our region has been faulted for reducing capital spending in pursuit of fiscal consolidation.⁴⁹ Within the scope of our available fiscal space, this Government has always faced economic crises with targeted counter-cyclical interventions that focus on the ability of infrastructure investments to drive recovery and growth.

According to a recent publication by the Inter-American Development Bank:

*When the COVID-19 crisis has passed, it will leave a region with greater social grievances, significant employment problems and greater inequality. To overcome these challenges the region will need to boost inclusive economic growth with greater regional integration, more robust resistance to climate change, and less environmental degradation. It is not possible to envision future development with these features without investing in infrastructure that enables modernization and expansion of infrastructure services. . . Investment in infrastructure should be a central part of economic stimulus plans because it spurs economic growth. . . drives job creation and improves income distribution.*⁵⁰

The Government of Saint Vincent and the Grenadines shares this perspective. Infrastructure investment, effectively implemented and properly sequenced to emphasise “shovel-ready” projects, will play an essential role in accelerating development in the wake of our challenges.

⁴⁹ Serebrisky, T., Brichetti, J., Blackman, A., Moreira, M., *Sustainable and digital infrastructure for the post-COVID-19 economic recovery of Latin America and the Caribbean: a roadmap to more jobs, integration and growth*, Inter-American Development Bank (2020) ()

⁵⁰ *Ibid.*

In our supplementary budget responses to both COVID and La Soufrière, the Government emphasised the importance of infrastructure spending to economic recovery. Budget 2022 advances this strategy to the limits of our fiscal space and human capacity. The 2022 capital budget is \$397 million, almost half of which is specifically allocated to infrastructural work. Not procurement, or consultations or mobilisation costs – but actual construction of infrastructure. Of that amount, more than \$140 million is allocated to ongoing or shovel-ready projects that can begin in the first half of the year. This investment will put people directly to work and generate activity at ancillary businesses.

In addition to the \$43.4 million for hotel construction, and \$8 million for airport rehabilitation, Budget 2022 allocates over \$7 million to coastal infrastructure, \$5.8 million to build homes and \$70 million in the rehabilitation of roads, footpaths, buildings and bridges. Other relatively modest infrastructural projects abound in the Budget 2022, which will put small contractors to work and keep villagers employed through this period of economic recovery.

A major highlight of Budget 2022 will be its focus on road repair and construction.

After much delay, we are encouraged by the commitment by the project manager for the Kuwait and OPEC-funded road programme that approximately 19 distinct road projects will begin in 2022. This programme will receive \$11 million in this Budget year, and is discussed more fully in the Implementation section of this Speech.

Beyond the Kuwait/OFID road programme, Budget 2022 allocates a further \$20 million to roads and footpaths that were designed prior to the volcanic eruptions. Post-eruption roadwork and bridge construction to address the fallout from La Soufrière will receive an additional \$12 million via the World Bank-funded Volcano Eruption Emergency Project and various disaster-related loans from the Caribbean Development Bank. Of course, the Buildings, Roads and General Services Authority (BRAGSA) will continue its programme of road repair and maintenance, through its annual \$14 million subvention.

By any comparative measure, that is an ambitious programme of road work for a single year in Saint Vincent and the Grenadines.

Like the Marriott hotel, discussed earlier, our modern Port Project is also a victim of increased costs arising from Pandemic-related logistics challenges and inflationary pressures. This is an expensive time to be starting large infrastructural projects. However, designs are complete, the tendering process is concluded, and we are in negotiations with the lowest bidder to optimise the timeline and any savings that may be possible on the project. We will break ground on the port project in the second half of this year. The Modern Port will address a major infrastructural impediment to our regional competitiveness and development. We plan to begin construction this year, and to hit full stride in 2023.

Construction of the temporary parliament building in Calliaqua has commenced, and will be completed this year. The relocation of both the High Court and the Parliament is a necessary

prerequisite to the renovation of their historic, but crumbling home. While political opportunists have challenged the decision to construct a Parliament and a judicial complex at this time, they have neglected to mention that this Parliament staff has already been forced to flee the building because of mould, failing sewerage and Sick Building Syndrome. Indeed, they have not mentioned that the rotting roof and floorboards required rehabilitative works just to enable this sitting of the Parliament to take place.

As the seat of our democracy and the heart of our judicial system, the Parliament and the judicial complex are more than buildings – they are symbols of our nation and civilisation that must be subject to neither decay nor devaluation. This may be a difficult concept to grasp for those who place no value on the symbols of nationhood, beyond the price that such symbols may fetch if hawked and bartered to foreigners on the open market. However, the majority of Vincentians are undoubtedly aware of the value of respecting our institutions and investing in their development, to say nothing of the economic boost that construction will provide.

The Honourable Ministers of Housing and Transport and Works will speak in greater detail on the individual projects that make up our infrastructure allocations. For the purposes of this Speech, it is important to stress that Budget 2022 will spend heavily on infrastructure because it has to. The scale of the devastation in 2021 and the scope of our developmental aspirations going forward require concerted efforts to address as many infrastructural deficiencies as possible within the confines of our fiscal realities and capacity constraints. The current unsteadiness of our tourism and agricultural sectors also necessitates increased focus on construction as an engine of economic activity.

Budget 2022 is therefore a construction budget; building a more resilient Saint Vincent and the Grenadines, and strengthening our infrastructure, institutions and economy in the process.

D. PRIVATE SECTOR, INVESTMENT, INNOVATION & ENTREPRENEURSHIP

A sustainable recovery requires a strong private sector.

It is impossible to overstate the debt of gratitude that the people of Saint Vincent and the Grenadines owe to our private sector for their selfless support in the aftermath of the volcanic eruptions. Corporate citizens mobilised quickly to donate or distribute millions of dollars of food and supplies to displaced persons. Musicians and DJs provided free entertainment at shelters. Caterers and restaurants engaged in friendly online competitions to see who could provide the best meals to shelter residents, turning difficult situations into gourmet spectacles. When Hurricane Elsa loomed, businesses provided scarce shipping containers to store volcano relief supplies.

The solidarity of the business community was even more inspirational in light of the challenges they have faced through COVID and La Soufrière, from reduced revenues, to COVID protocols, to higher logistical costs and increased commodity prices.

The Government sought to support the private sector through these challenges in a variety of ways, including negotiating moratoria on loans, suspensions of utility payments, and extensions of the period beyond which businesses would be obligated to make severance payments to displaced workers. Other businesspersons, including operators in the transportation and creative sectors, received direct income support. However, not every Government intervention was universally beneficial to the private sector. Our 21-month stretch of duty-free barrels allowed a direct and affordable connection between locals and their families in the Diaspora, but had predictable impacts on the retail sector. Indeed, many individuals used the free barrels not to augment personal household supplies, but as a basis for informal entrepreneurial activity that undercut the established private sector.

Our private sector has withstood the worst of the triple blows of Pandemic, hurricane and volcano. Our analysis of imports, corporate tax and VAT collections suggest that local trade is beginning to recover. Indeed, a wide-ranging rebound in the private sector is the basis of our predictions for robust economic growth in 2022.

The Economic Commission for Latin America and the Caribbean reports that Saint Vincent and the Grenadines attracted Foreign Direct Investment inflows of \$197 million in 2020 – an 11% reduction in comparison to pre-pandemic levels.⁵¹ Nonetheless, this 11% reduction was the smallest percentage decrease in the OECS, where other countries declined by between 26 and 76 per cent. Our \$197 million in FDI placed us second in the subregion for 2020.

Foreign Direct Investment has remained resilient, particularly in the hospitality sector. New hotel construction, detailed elsewhere in this Speech, will attract over \$600 million in foreign direct investment over the next three years. Medicinal cannabis, fisheries, quarrying and renewable energy are collectively forecast to add a further \$65 million during that period. Fortuitously, many of these investments were secured before the onset of our recent challenges, but will be implemented at a point in time when they are most urgently needed.

Economic shocks of the magnitude we have experienced tend to accelerate structural changes, including to the private sector. The era of post-Pandemic, post-volcano “normalcy” is unlikely to resemble what we considered normal in 2019. Our challenges have caused all known business models to come under question.⁵² The future will belong to those businesses that best innovate and adapt to a reality of volatile logistics, evolving workplace conditions, Pandemic-influenced consumer demands, new hygiene and vaccine expectations, and the opportunities inherent in digital transformation.

⁵¹ Economic Commission for Latin America and the Caribbean (ECLAC), *Foreign Direct Investment in Latin America and the Caribbean, 2021* (LC/PUB.2021/8-P), Santiago, 2021, pp. 24,72 (https://repositorio.cepal.org/bitstream/handle/11362/47148/4/S2100318_en.pdf)

⁵² Gurbuz, I. B., and Ozkan, G., “Transform or Perish: Preparing Business for a Postpandemic Future,” *IEEE Engineering Management Review*, Vol. 48, No. 3 (Sept. 2020)

Our commitment to a strong private sector as a lynchpin of a sustainable revival means that the Government will advance a number of fresh initiatives to add impetus to the private sector's recovery and retooling efforts.

In 2022, the Government will establish a Business Recovery Task Force within the Ministry of Finance that will lead the process of consultation, data collection and enhancement of existing supports to the private sector. Specifically, the Task Force will provide online resources for businesses; assist in the identification of funding support for entrepreneurs and small or medium enterprises; identify sector-specific workforce retention and development needs; and address other structural barriers to business recovery. The work of the Task Force will overlap with that of the previously-established Ease of Doing Business Unit to help facilitate as robust a recovery as possible.

As the heart of economic activity in the country, our capital city of Kingstown will play an outsized role in national recovery efforts. The Government will seek to safely and sustainably reinvigorate commercial activity in Kingstown. Part of this effort will involve restarting the clean-up activities that were delayed due to concerns about moving vendors into enclosed areas during the height of the Pandemic. The Government will also invest \$276,000 into creating standardised outdoor vending kiosks that will improve the orderliness and attractiveness of the visually chaotic pallet-wood stalls that cover our city streets. We believe that, in establishing the broad parameters for improved order and ambiance in Kingstown, we can safely increase foot traffic and improve economic activity for locals and visitors alike.

In recent years, Invest SVG has played a role in attracting or facilitating a number of major investments that are currently being implemented across Saint Vincent and the Grenadines. At the moment, Invest SVG is leading our national participation at the World Expo in Dubai, which has already led to visits by major potential investors. With support of Compete Caribbean, and as part of a wider institutional strengthening initiative, we are in the process of drafting a fresh Investment Act and Investment Policy. The strengthened legislative footing will better position Invest SVG to attract and service potential foreign investors, while playing an enhanced role in improving the business and innovation climate. Budget 2022 also allocates resources to relocate the offices of Invest SVG from its maze of cubicles within the Ministry of Finance to its own building, a stone's throw from the Argyle International Airport. Foreign Direct Investors will meet our investment professionals within moments of landing at AIA.

Small and Medium Enterprises, entrepreneurs and start-ups can look forward to increased support in 2022 from the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC).⁵³ After reluctance by some financial institutions to embrace this regional initiative, local banks and credit unions have signed on to participate, and will receive training on delivering this product to local businesses. Under this initiative, small businesses and entrepreneurs that apply for financing at banks can have a significant portion of their loan guaranteed by the ECPCGC. This guarantee will make such entrepreneurial loans less risky for lending institutions, and thus make credit more readily-available to the private sector.

⁵³ See, Eastern Caribbean Partial Credit Guarantee Corporation (<https://ecpcgc.org/>)

The PRYME programme has already provided grant financing of over \$6 million to small entrepreneurs, primarily youth. Over 1,500 individuals have been board-approved for PRYME grants, the majority of whom have already received the tools, supplies and equipment necessary to launch or expand their business. Success stories abound. But PRYME is more than the sum of its individual recipients – its real success is in helping to foster a vibrant culture of entrepreneurship in Saint Vincent and the Grenadines, and in reducing the risk of entry for young people who have a dream and a plan, but lack financing.

In Budget 2022, \$1.4 million is allocated to assist another cohort of young entrepreneurs. In addition to grant financing to an estimated 150 entrepreneurs, the programme will begin construction of a second PRYME Community Business Park, which provides a physical space at low cost for young entrepreneurs to offer services from a location in the heart of their community.

The Government will also seek to ensure that all businesses are operating on a common, level playing field, regarding compliance with tax and customs laws. We have been advised that too many businesses are skirting their legal responsibilities, and thus operating with an unfair and illegal advantage relative to their competitors. Indeed, some businesses have calculated that – in the unlikely event that they are caught misleading customs officials or withholding VAT and PAYE payments – the punishment is not sufficient to deter ongoing illegality. We have heard clearly the complaints of our law-abiding businesspersons, who make up the overwhelming majority of the private sector. In 2022 we will improve enforcement and adjust penalties to ensure that there is no advantage that can be reliably gained from dishonesty at the port or in the tax office.

E. YOUTH, SPORT AND CULTURE

As is our practice, the Government has crafted Budget 2022 as a youth budget. Throughout the pages of our estimates, the focus on the wellbeing, advancement and opportunities for youth is self-evident. That youth-centric approach permeates almost every initiative in Budget 2022. While it is impossible to reiterate them all here without being accused of repetition, it is worth mentioning that youth-centred initiatives like PRYME, equipping and rehabilitating schools, TVET programmes, generous scholarships and tuition assistance, the YES, SET and Labour-Intensive Agriculture programmes, upgrades to sporting facilities – both through the budget and the National Lotteries Authority – will conservatively cost over \$45 million in 2022.

Our approach to the SET programme over the last two years illustrates our sensitivity to the challenges faced by young people over the course of the Pandemic and La Soufrière. Typically, SET interns work for one year, after which they usually find employment in the State or private sectors. However, it was clear that the economic environment was not one in which over 100 skilled youth could be readily absorbed. The Government therefore decided to keep on the 2020 SET cohort for an additional year, while still adding fresh SET interns in 2021. As such, of the 856 SET interns employed between 2017 and 2021, a third of them – 286 interns – were employed in 2021. Never before did we have that many interns in the SET programme.

The jobs being created in 2022 – particularly those in the hospitality, call centre, Blue Economy and IT segments – will overwhelmingly benefit young people. In a year in which our economy is expected to grow between five and eight percent, Budget 2022 is laser-focussed on helping youth to take advantage of the upcoming opportunities. Similarly, our foundational investments in digital transformation and climate resilience will make life and business in Saint Vincent and the Grenadines more sustainable, and more enjoyable for future generations. We will specifically discuss some of the more significant opportunities elsewhere in this presentation.

An important goal of Budget 2022 is the reinvigoration of the National Youth Council, an initiative that was derailed by the challenges of 2021. Similarly, relief coordination within the Ministry for Youth and Social Development negatively affected our ability to develop a revised National Youth Policy and establish a Child & Youth Development Management Committee. These initiatives will take place in 2022. The Government will build upon ongoing efforts to work with vulnerable and at-risk youth in the development of coping skills and alternative avenues for their energies and talents.

As our society has evolved and developed, we have experienced many tangible gains. But we have also witnessed an erosion of some of the values and traditions that define us as a people. While the volcanic eruptions demonstrated that our capacity for empathy, solidarity and love still resides within us, other experiences show that our strong tradition of volunteerism and good-neighbourliness is waning. Part of this is undoubtedly due to the insidious messages of “me first” individualism and selfishness that bombard us daily from multiple sources. However, another part of it is our failure to respond appropriately to that foreign messaging, defend our national identity and inculcate traditional values in our youth. That is a massive task, in which policy makers, parents, teachers, religious and community leaders must partner with our youth to ensure the continuity of our culture of solidarity and shared sacrifice.

Budget 2022 will seek to initiate a Youth Volunteerism Advocacy Campaign and develop a National Youth Service Programme to celebrate and cultivate the positive values of volunteerism and service among young people. Certainly, as we recover from the volcanic eruptions, there is ample need for our young people to lead the charge in rebuilding our country, one family at time. We know that, given the opportunity and the tools, they will rise to the challenge.

Since the beginning of time, older people have wrung their hands in despair about the decisions and activities of young people. Our parents fretted about what the next generation was doing, just as much as their parents worried about them. That is natural. However, as a matter of policy, ours is a youth-centric Government, that is serenely confident in the capacity, talent and resourcefulness of our young people. Budget 2022 will continue our heavy investments in the youth, and our winning wager that they have the ability, discipline and strength to lift our country to higher heights.

The investment in sporting infrastructure took place even while the Pandemic limited opportunities for their use. In 2021, through the National Lotteries Authority, hardcourts and playing fields were either constructed or upgraded nationwide, including Lowmans Hill, Green Hill, Glen and

Evesham. That work continues this year, as increased vaccination levels portend a greater use of athletic facilities in 2022.

Budget 2022 marks the beginning of a multi-year programme of rehabilitation for the Arnos Vale Sporting Complex that will include work to repair spectator seating and install an electronic scoreboard and replay screen. A total of \$1 million is allocated this year, with the procurement and installation of the electronic scoreboard timed to coincide with the opening of additional hotel rooms, which Cricket West Indies has cited as an impediment to our hosting of major matches. Whether or not the availability of hotel rooms is applicable in an era of Pandemic-limited crowds is an open question. But we continue to work towards the maintenance and upgrade of what is one of the region's most picturesque cricketing facilities.

Last June, World Athletics, the international governing body for the sport of athletics formerly known as the IAAF, certified the track at the Sir Vincent Beache National Stadium in Diamond as fit for high-level track and field events.⁵⁴ The newly-certified track is at the heart of our plans to create a first-class athletics and football facility in Diamond. Already, we are excited by the steady stream of young athletes and athletic clubs taking advantage of the track surface for training purposes. Budget 2022 invests an additional \$4.2 million in building out facilities around the track – a process that was delayed by the volcanic eruptions. This year, the stadium site will be enhanced with restrooms, parking, field irrigation, administrative offices, a roof for the existing seating, and state-of-the-art equipment. Enhancement of the grounds and spectator mound will also continue in 2022. By year's end, the facility will be sufficiently equipped to host regional events. In 2023 we shall construct a dedicated warm-up track adjacent to the main facility, enabling it to host international events.

Within walking distance of the Sir Vincent Beache National Stadium is the Brighton Home for Football, which received a multimillion dollar upgrade this year from the SVG Football Federation. We have recently concluded negotiations with the Football Federation to ensure that the facility will receive improved spectator seating and upgraded amenities in 2022, while remaining accessible to members of the community. To have these two top-class athletic and football facilities within walking distance of each other – where only cow pastures existed before – is an eloquent example of the many positive changes taking place before our eyes, even in the midst of tremendous challenge.

Recognising the challenges and protocols that still exist, as well as the planned relaxation of those protocols as vaccination rates improve, the Government intends to foster small-scale, grassroots sporting activity early in the year, alongside strictly-regulated larger events. As the year progresses, we fully intend to expand opportunities for our athletes to perform before appreciative crowds, and to give them every opportunity to hone their talents, while simultaneously inspiring the next generation.

Cultural artistes sustain and nurture the nation's soul. The impact of the Pandemic and the volcano on our culture and our psyche will not show up in an accountant's balance sheet, but we have

⁵⁴ See, World Athletics, "World Athletics Certification System: List of Certified Facilities as at 1 December 2021," p. 27 (<https://www.worldathletics.org/download/download?filename=3741db80-3cc1-4701-97c2-5cfdae460ecb.pdf&urlslug=CERTIFICATES%20-%20Certified%20Athletics%20Facilities>)

experienced palpable and prolonged losses. Cancelled sporting events, concerts and festivals; limited opportunities for artistes to collaborate, learn or teach others; and endless lost chances to entertain, educate, excite or inspire, to say nothing of an unprecedented span of two years without the collective cultural catharsis that is our national Carnival.

When the first season of Carnival, Easterval and Bequia Regatta passed without traditional celebrations, the Government provided a small payment to cultural artistes in the fields of Calypso, Soca, steel pan, and costume design. The payment was not intended to replace lost earnings, a task beyond the capacity of the Government. Instead, it was a recognition of the invaluable role played by our artisans, and a signal that they should hold the faith amidst our challenges.

Now that a second festival season passed under the cloud of COVID and ash, it is appropriate that the Government once again symbolically affirm our own faith in the cultural and creative industries. Budget 2022 therefore makes provision for a small token of recognition to six steel orchestras, six steel pan arrangers, 12 mas designers, 78 Soca artistes, 72 Calypsonians, and 13 cultural ambassadors resident in Saint Vincent and the Grenadines. Just under \$120,000 is allocated for this recognition.

The Government is operating under the assumption that Carnival and other major celebrations will return in some shape or form in 2022, with proper regard to the health of performers, patrons and participants. Accordingly, Budget 2022 continues to provide resources to the Carnival Development Committee, and the National Lotteries Authority continues to set aside support for cultural events and practitioners.

Culture will not be left behind as we recover. At the same time, we celebrate those artists who have managed to continue creating and sharing their talent with audiences, and those who have embraced technology and the challenging times to produce meaningful art.

The effort to compile a comprehensive and authoritative history of Saint Vincent and the Grenadines from disparate sources is a quest to reclaim and more firmly establish our sense of self, to place in context the journey that we have travelled, and to better understand the forces that shaped us and bind us together. In this time of challenge, and of fraying bonds of social solidarity, the context of our past triumphs over adversity is more important than ever. Budget 2022 recognises this, and continues its investment, through local scholars, in the story of Saint Vincent and the Grenadines.

F. FOREIGN AFFAIRS

Ten days ago, we marked the end of our tenure as a non-permanent member of the United Nations Security Council. Our successful bid was a decade in the making, but validates the adage that nothing happens before its time. We did tremendous work in advancing coordination with African states, focussing on climate change and peacebuilding, improving the working methods of the Council to give smaller states voice and access, and concentrating the Council's attention on the challenges facing our CARICOM brother Haiti. Our pathbreaking work to formally align our

positions with those of African members of the Security Council amplified the voice of the developing world and immeasurably strengthened relations with the Motherland.

Additionally, it was most fortuitous that we experienced the volcanic eruptions at precisely the point that we were enjoying our highest international profile and diplomatic clout. Our representatives were able to open doors and raise awareness that would have been much more difficult if we were not members of the most significant decision-making body in the international community.

In 2022, our foreign policy is inextricably linked to our recovery from the COVID, climate and reconstruction challenges that we face. In addition to making bilateral and multilateral connections to assist our recovery process, our strong voice will be necessary to shape an emerging post-COVID world order that, once again, seems to treat small states as an afterthought. As in previous periods of economic upheaval, the strong will flex their muscles at the expense of the weak and marginalised. Ours must be a loud voice from the periphery in support of international law and the principles that undergird global cooperation. Similarly, there is a greater need than ever before for Vincentian leadership and advocacy in the fight against climate change and the global economic responses to islands' adaptation challenges – from resource mobilisation, to debt cancellation and debt-for-climate swaps.

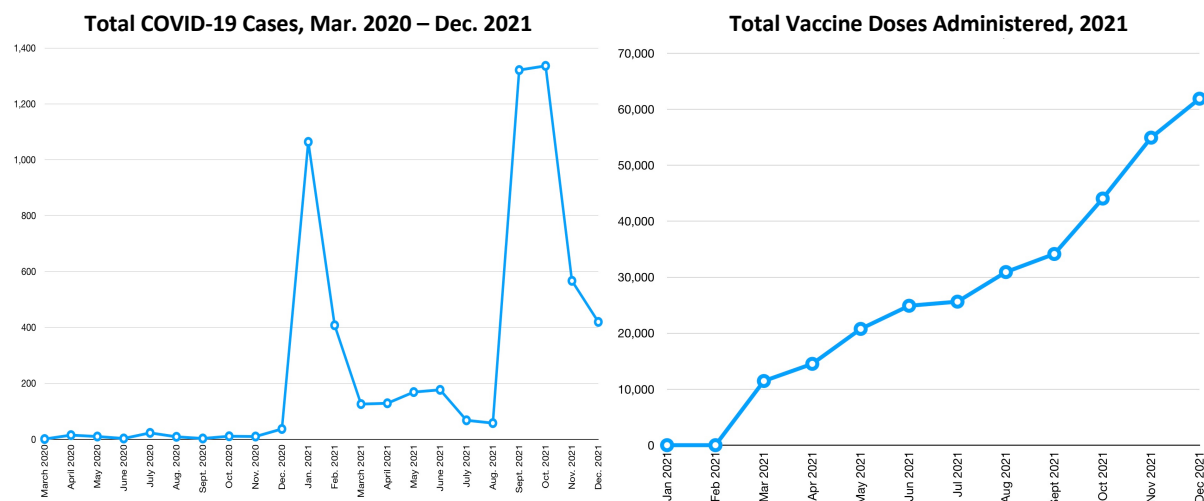
Further, the drive for closer regional integration is not just an innate historical and socio-political imperative, it is also a necessary economic response to our current regional malaise. Our foreign relations must, with increasing urgency, tighten the formal and informal ties between Saint Vincent and the Grenadines and its allies, while removing impediments to the movement of people, goods and skills among our friends and neighbours.

Similarly, the overwhelming response of our Diaspora to the challenges we faced in 2021 once again highlights the untapped reservoirs of Vincentian wealth, talent, experience and ideas that exist beyond our borders. We will build upon the linkages created during the volcano response to strengthen the ties and communications between the Government and Diaspora residents.

In 2022, the skilled and trained diplomats who so successfully anchored our tenure at the Security Council will be redeployed to other tasks critical to our recovery and rebirth. We expect to call on these uniquely experienced individuals to take up leadership roles in other missions and assignments. Fresh initiatives, for vaccine equity and for greater action in pursuit of reparatory justice, will now depend in large measure on the skills, talents and connections of our uniquely-experienced diplomatic corps.

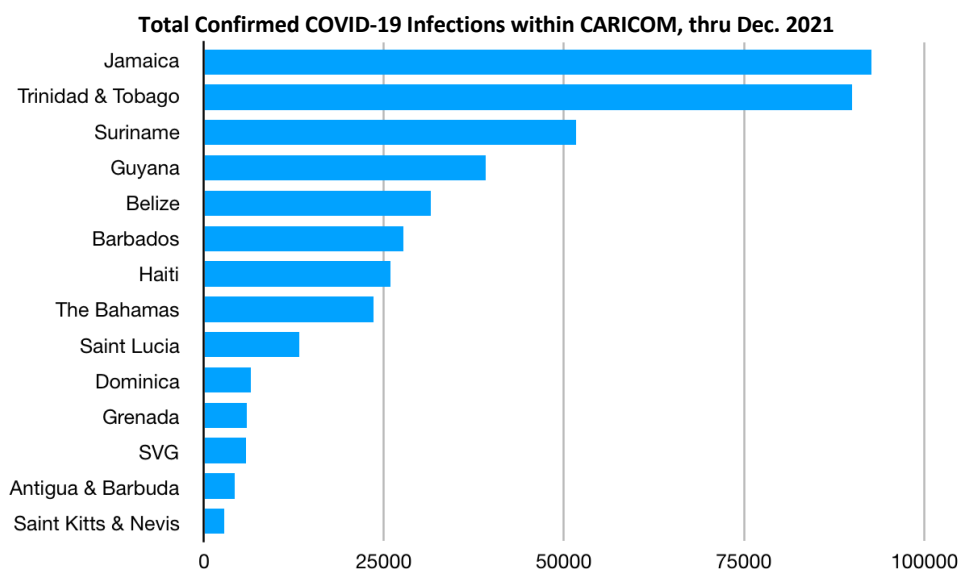
V. SOCIAL DEVELOPMENT SECTORS

A. HEALTH



The COVID Pandemic has focussed unprecedented attention on health and wellness in Saint Vincent and the Grenadines. In 2021, every Vincentian thought about, talked about or took special actions related to their health.

Within the 14 independent states of CARICOM, there have been almost 430,000 confirmed cases of COVID and close to 11,000 deaths. Thus far, Saint Vincent and the Grenadines has been fortunate to record the third-fewest number of cases and deaths from the disease. It is important to stress how easily the fatalities could have been much worse. For example, while Dominica, Grenada and Saint Vincent and the Grenadines have roughly the same number of confirmed COVID infections, Dominica has experienced half the fatalities that we have, while Grenada has suffered two-and-a-half times more deaths.



Relative to our neighbours, our decision to avoid lockdowns and curfews did not produce more infections or deaths. Indeed, the data show that, to date, Saint Vincent and the Grenadines has been less challenged by the direct health impacts of COVID than most CARICOM countries. Yet, our avoidance of draconian measures allowed us to minimise the economic fallout of the Pandemic. In that respect, we must applaud the leadership of the Honourable Prime Minister in balancing the competing pressures of protecting both lives and livelihoods.

However, it is probably fair to conclude that our low rate of vaccination is also related to our more balanced approach to the Pandemic. Where people in other countries were eager to line up for vaccines to get out of lockdowns, avoid curfews or return to free movement and public gathering, Vincentians had no such motivation. Similarly, a lengthy period of low fatalities fostered a sense of complacent apathy that provided fertile ground for vaccine hesitancy and hostility.

Our recent wave of infections and deaths has refocussed the minds of health officials, policymakers and the general public on the challenge of COVID. The Pandemic is not over, and many more infections and fatalities are in our future. As we have just celebrated the Christmas holiday season, we must remember that Christmas 2020 was a catalyst for an extended wave of infections, and that Christmas 2021 may also have seen increased COVID spread. Our policy interventions, discussed earlier in this presentation, are guided by our overriding obligation to keep Vincentians safe through prudent directions and rapid increases in vaccine coverage.

Yet, central as the Pandemic is to our day-to-day reality, our healthcare sector is about more than COVID. Budget 2022 expands the capacity of our medical professionals to deliver improved service to all segments of society.

The Ministry of Health and the Environment is allocated \$106.7 million in capital and recurrent spending in Budget 2022. Budget 2022 includes 61 new posts within the Ministry of Health. These posts add \$1.4 million to the Budget. Additional COVID-specific health expenditure will also take place through CDB and World Bank-funded projects.

Physical works on clinics and hospitals will account for over \$6 million of the Capital Budget. This includes a \$1.7 million allocation for extensive rehabilitation of the Milton Cato Memorial Hospital. A further \$1.8 million will upgrade health facilities at Calliaqua, Cedars, Chateaubelair, Georgetown, Greiggs, Lowmans, Mayreau, Rose Hall, Sandy Bay, Stubbs, and Union Island.⁵⁵ Budget 2022 also provides for a modern health clinic in South Rivers and further post-volcano rehabilitative works to the Modern Medical and Diagnostic Centre at Georgetown.

Non-Communicable Diseases, including hypertension, heart disease, stroke, cancer, diabetes and chronic lung disease have been a focus of regional attention since CARICOM's special Summit on

⁵⁵ See, *Estimates of Revenue and Expenditure*, PAHO-SMART Health Care Facilities, \$700,000; Upgrading of Health Facilities, \$140,000; Upgrading of Health Facilities – Phase II, \$1,000,000

Chronic Non-Communicable Diseases in 2007.⁵⁶ In Saint Vincent and the Grenadines, the impacts of NCDs on lifespan, quality of life, productivity and the economy remain great, as diet, inactivity, smoking and alcohol abuse push NCDs rates to unsustainably high levels.⁵⁷ In this period of Pandemic, the relationship between NCDs and COVID severity is well documented.⁵⁸

Target 3.4 of the Sustainable Development Goals⁵⁹ charges all countries to “reduce by one third premature mortality from non-communicable diseases through prevention and treatment.” On the heels of initiatives spearheaded by former Health Minister Luke Browne, a major organizational thrust of the Government in 2022 is the renewed focus on arresting the increase in NCDs, through fresh initiatives to deploy nutrition, health information, and community health personnel. On the Capital side of the Budget, this renewed focus is manifested in the initiative to convert the Enham's Clinic to a full-fledged wellness centre that will tackle NCDs.

Regarding communicable diseases, we are pleased to report that the recent massive spike in cases of Dengue Fever is subsiding. After recording 1,595 Dengue cases and seven deaths in 2020, there were 124 cases and two deaths in 2021. Nonetheless, levels of Dengue infection remain above historical norms. We cannot let up in our fight against the disease. As such, Budget 2022 will spend a further \$1.3 million – in addition to the \$1.8 million spent in 2021 – to equip, train and arm our vector control staff with the tools to contain mosquitoes and Dengue Fever.

Both the Milton Cato Memorial Hospital and the Modern Medical and Diagnostic Centre will enjoy the use of state-of-the-art CT Scan machines. Budget 2022 also provides for a new C-arm advanced medical imaging device. After discussions throughout 2021, the Government has also happily accepted an offer from the Maria Holder Memorial Trust⁶⁰ to provide a magnetic resonance imaging (MRI) machine to our hospital. The presence of an MRI in Saint Vincent and the Grenadines will significantly reduce the cost to patients who, up until now, have had to travel overseas to access the diagnostic capacity of such a machine.

⁵⁶ See, Caribbean Community (CARICOM), “Declaration of Port-Of-Spain: Uniting to Stop the Epidemic of Chronic NCDs,” 16 Sept 2007 (<https://caricom.org/declaration-of-port-of-spain-uniting-to-stop-the-epidemic-of-chronic-ncds/>)

⁵⁷ See, e.g., A Abdulkadri *et al*, “Addressing the adverse impacts of non-communicable diseases on the sustainable development of Caribbean countries”, *Studies and Perspectives series-ECLAC Subregional Headquarters for the Caribbean*, No. 100, Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2021 (https://repositorio.cepal.org/bitstream/handle/11362/46642/1/S2000964_en.pdf); World Bank Group, Human Development Unit, *The Growing Burden of Non-Communicable Diseases in the Eastern Caribbean* (2011) (<https://documents1.worldbank.org/curated/en/954761468224410323/pdf/676820WP0P11170891B00ECS0NCD0Report.pdf>)

⁵⁸ See, e.g., World Health Organization, “WHO Director-General's opening remarks at the media briefing on COVID-19 - 4 September 2020,” 4 Sept. 2020 (<https://www.who.int/director-general/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---4-september-2020>); World Health Organization, UN Interagency Taskforce on NCDs, “COVID-19 and NCD Risk Factors,” (2020) (<https://www.who.int/docs/default-source/ncds/un-interagency-task-force-on-ncds/uniatf-policy-brief-ncds-and-covid-030920-poster.pdf>); Katzmarzyk, P., Salbaum, J., Heymsfield, S., “Obesity, noncommunicable diseases, and COVID-19: A perfect storm” *American Journal of Human Biology*, 2020 (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7460922/pdf/AJHB-9999-e23484.pdf>)

⁵⁹ United Nations, Department of Economic and Social Affairs, *The 17 Goals* (<https://sdgs.un.org/goals>)

⁶⁰ See, <https://www.themariaholdermemorialtrust.com/>

The Government is also cooperating with the Maria Holder Memorial Trust in the improvement of care to our ageing population. In 2019, we relocated the residents of the Lewis Punnett Home to a refurbished temporary facility that was better equipped to treat elderly and infirm patients in comfort.⁶¹ Budget 2022 advances the quest to build a modern, permanent elderly care facility in Glen by allocating \$910,000 for the demolition of the old facility and to complete designs for its replacement, as well as the development of the necessary legislative and regulatory framework for geriatric services. This is a significant commitment to the comfort and care of our elders.

We remain committed to delivering a state-of-the-art Acute Referral Hospital at the site of the former ET Joshua tarmac in Arnos Vale. In 2021, the volcanic eruptions forced us to reallocate World Bank resources that were earmarked for hospital construction. However, this reallocation did not significantly affect our timeline to deliver the hospital. The World Bank has formally committed to restoring the reallocated resources during our mid-2022 replenishment of IDA funds. Since detailed designs for the hospital are already completed, we expect construction to begin in 2023. In the meantime, 2021 saw the continuation of intensive discussions between the World Bank and Government officials, which aim to develop the optimal management, staffing, equipment and service delivery systems – not just for the Acute Referral Hospital, but the wider health care apparatus in Saint Vincent and the Grenadines.

With the Milton Cato Memorial Hospital, the Modern Medical Diagnostic Facility, the increasing number of clinics, and the soon-to-commence Acute Referral Hospital, our healthcare apparatus has outgrown its current management modalities. Part of the optimised management structure of our hospital service delivery will involve the hiring of a hospital's CEO to oversee the harmonised functioning of our facilities and break down the administrative silos that exist between various branches of our medical service.

The unpredictability of COVID means that the healthcare situation in Saint Vincent and the Grenadines has hardly ever been more challenged since the turn of the 21st century. With Budget 2022, the Government is making its best judgment about how to manage the potential Pandemic effects going forward, while continuing to invest in health services beyond COVID. However, we are under no illusions. We know that the Pandemic can stretch the resources of even the most robust healthcare systems. We also know that the surest way to stave off the worst healthcare and economic impacts of the Pandemic is not to increase hospital beds, but to increase vaccination rates. It will be a central thrust of our Government in 2022.

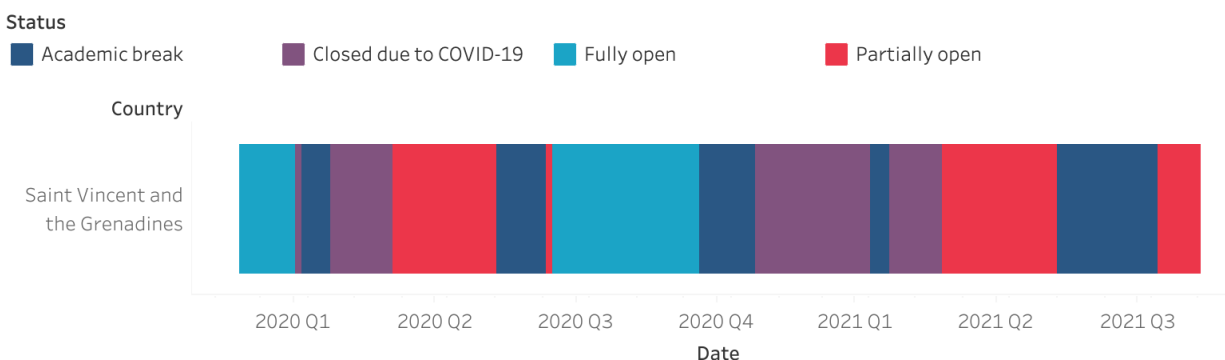
B. EDUCATION

Health, Tourism and Education were probably the three sectors most affected by the Pandemic and the volcano. As a population, our students were forced to deal with unprecedented disruptions,

⁶¹ See, Office of the Prime Minister, Prime Minister Gonsalves Conducts Walk-through of the Proposed Site of Lewis Punnett Home, 15 Oct. 2019 (http://pmoffice.gov.vc/pmoffice/images/stories/PressReleases/Press_Rel_Lewia-Punnet-Home.pdf)

uncertainties and stresses. What an amazing testament to our students, teachers and parents that exit examination results did not decline. Indeed, in many cases, they improved. There is no stronger evidence of the intelligence, discipline and strength of our children than their performance in this year's standardised tests. In the midst of unimaginable challenges and uncertainty, they persevered.

Our students and teachers are an inspiration to us all.



Nonetheless, students' overall education and development were significantly stymied by disruption and displacement in 2021. According to Ministry of Education estimates, the volcano and the Pandemic deprived children of 205 days of face-to-face instruction.⁶² That represents well over one academic year of missed face-to-face classes. The impacts of this lost instructional time on children, families, communities and the economy will be felt for years to come.

While school closures affect all children, the most vulnerable are hardest hit. Imagine multiple siblings, of different ages, all in the same room, with spotty Internet and limited supervision, trying to participate in online classes. Or consider displaced children, in volcano shelters, trying to find a quiet spot among crowds and strangers to do their homework. The ways in which our children coped with school closures varied widely and wildly. Without fresh and creative interventions, many children will never catch up, and our Education Revolution will suffer a debilitating setback.

Let us take a moment to appreciate the multifaceted challenges that confronted our children over the last year and a half of disrupted school: Remote and online classes forced students to attend school from home, where many had to cope with enormous distractions and other domestic issues.⁶³ These distractions and domestic issues produced unacceptably high absenteeism rates at some

⁶² See also, United Nations Educational, Scientific and Cultural Organization (UNESCO), "COVID-19 impact on education: total duration of school closures," (2022) (estimating that schools in Saint Vincent and the Grenadines were 'fully closed' for 22 weeks of scheduled instruction and 'partially closed' for an additional 22 weeks) (https://en.unesco.org/sites/default/files/duration_school_closures.csv)

⁶³ Neuwirth, Lorenz & Jović, Svetlana & Mukherji-Ratnam, Runi. (2020). "Reimagining higher education during and post-COVID-19: Challenges and opportunities," *Journal of Adult and Continuing Education*. (https://www.researchgate.net/profile/Lorenz-Neuwirth/publication/343553453_Reimagining_higher_education_during_and_post-COVID-19_Challenges_and_opportunities/links/5f3a66ad92851cd302fe1a42/Reimagining-higher-education-during-and-post-COVID-19-Challenges-and-opportunities.pdf)

schools. In many instances, the “*connection [of] students to their classroom is their sole anchor to normalcy, and for many it is their only place to reach out to people outside of their immediate family.*”⁶⁴ While teachers received at least basic instruction in the delivery of remote education, most students were involuntarily thrown into virtual classrooms and forced to adapt on the fly to new expectations, technologies and behaviours. Children had reduced student-teacher engagement, and less time for one-on-one opportunities to clarify difficult topics. Students with learning challenges were suddenly expected to engage in autonomous learning, with little supervision or guidance. Other students – particularly those in technical areas who needed lab work, fieldwork or practical exercises – emerged from school woefully underprepared for their chosen professions.⁶⁵

For teachers, the sudden, forced transition to remote pedagogy required rapid adaptations to technology without adequate prior training. It is difficult to imagine the challenges that teachers faced in altering or transforming their curriculum, instructional and evaluation methods amid the uncertainties of online class, blended class, physically distant class and the like. Teachers had little experience in monitoring student behaviours in an online environment, and limited opportunity to properly assess student understanding and performance. Understandably, many teachers battled frustration and exhaustion as they struggled to adapt and adopt new methodologies. Instructional quality varied widely – from superbly detailed, interactive presentations, to little more than a voice message assigning unsupervised work to students.

Beyond formal learning, the Pandemic subverted the role of the school as a place where social skills are developed through in-person, real time interactions. Further, it is impossible to overstate the role of schools as the primary institutions through which students learn the fundamentals of respect for human differences, opposing points of view, participatory democracy and social solidarity.⁶⁶ In an era where social solidarity is already fraying in the face of “me first” individualism, the forced exile of children into online silos of solitude may have lasting impacts on our national development.

Challenges of this magnitude require bold, focussed and fresh initiatives to help our children and our country to recover. Energised by the spirit of our ever-evolving Education Revolution, and our unshakeable emphasis on education as a tool for development and upward mobility, this Government will rise to the challenge.

From the earliest days of the Pandemic, ours was the only Government in the region – and one of the few Governments in the world – with the foresight to provide a free tablet computer to almost every student from kindergarten to the Community College. To date, a total of 26,675 tablets have been distributed. Through the NTRC and partnerships with local telecommunication providers, we also made heavily-discounted data packages available for households that lacked wireless Internet or

⁶⁴ *Ibid.*

⁶⁵ Oyedotun T., “Sudden change of pedagogy in education driven by COVID-19: Perspectives and evaluation from a developing country,” *Research in Globalization*, Vol. 2, 2020 (<https://www.sciencedirect.com/science/article/pii/S2590051X20300186/pdf?md5=5b6d4474f1d562d544dec382d9fca989&pid=1-s2.0-S2590051X20300186-main.pdf>)

⁶⁶ Arnove, R., “Imagining what education can be post-COVID-19,” *Prospects*, 49, 43-46, June 2020, (<https://link.springer.com/content/pdf/10.1007/s11125-020-09474-1.pdf>)

broadband access. While these initiatives could not solve problems of access, the challenge would have been insurmountable without our decisive action.

Partly as a result of our interventions, and partly through the creative dedication of our teachers, the use of online educational resources has expanded rapidly, from learning platforms like Google Classroom and Moodle to online videos and teaching aides. Some teachers have taken advantage of the opportunity to record classes or lectures for future cloud-based review and revision by students. The use of blended learning, and the recognition that effective learning need not take place solely within the confines of a classroom, are important realisations in what has been a rapidly-evolving educational landscape – even pre-Pandemic. COVID has obviously accelerated the shift to remote learning, but the transition predated the Pandemic.⁶⁷ Beyond lamentations about the challenges faced by students and teachers, we must transform and embrace the opportunities and new perspectives that we have gained.

In 2022, we will continue to be creative in anticipating challenges and adapting to them. While recurrent expenditure in the Ministry of Education is increased by 1.3 percent to \$140 million – largely because of annual increases to increments and salaries to teachers – this modest change masks sweeping operational reforms that will be led by the Honourable Minister of Education and his team.

Our students, teachers and parents now live in an educational environment that is fundamentally different than the one that existed two years ago. Students are technologically equipped like never before. Teachers have graduated with honours from an impromptu crash course in delivering educational content remotely. The possibilities of COVID shutdowns and lost classroom time remain ever-present threats. Some experienced teachers have chosen to seek employment elsewhere, rather than take the vaccine that is required for frontline work in this Pandemic period. And every single student has lost over 1,000 hours of face-to-face instructional time.

These new realities require nimble responses, designed to ensure that students catch up and avoid further disturbances. To that end, the Government is developing MaTES, the Master Teacher Education Service, to ensure that our best teachers are paired with our most affected students to facilitate educational advancement. Under this programme, experienced teachers will record lectures and presentation on particular subjects, which can be archived, broadcast or downloaded to tablets – even beyond the teacher’s assigned school. Depending on the subject or the level of education involved, other teachers or assistants will then lead subsequent discussions with students to help them understand the content they have received. One lesson that we have absorbed fully is that, with or without technology, teachers will remain inherently indispensable. However, the role, and reach, of our best teachers must evolve with the changing demands of post-Pandemic pedagogy.

In recognition of the importance of technological solutions to some of our modern educational challenges, Budget 2022 allocates resources to the replacement of ageing computers and damaged

⁶⁷ Tarc P., “Education post-‘Covid-19’: Re-visioning the face-to-face classroom,” *Current Issues in Comparative Education*, Vol. 22, Issue 1 (2020) (<https://files.eric.ed.gov/fulltext/EJ1274311.pdf>)

tablets – both as a standalone capital programme⁶⁸ and as part of our World Bank-funded Human Development Service Delivery Project, where funding has been earmarked to assist with ICT augmentation. The Government is committed to ensuring that no student will be deprived of their right to education because they lack a device, or a connection. After the last two years of disruption, we cannot afford as a country for a single child to be left behind.

Last year, we identified improved Technical and Vocational Education as the next phase of our Education Revolution. With programmes such as ANEW (Another Nexus in workforce Development), YATE (Youth and Adults Training for Employment Programme) and SKYE (Skills for Youth Employment Programme) underway, we predicted that, in 2021:

*“over 700 students will receive certification in Electrical Installation, Garment Production, Welding, Furniture Making, Plumbing, Horticulture, Agro Food Processing, Bartending, Cosmetology, Food Preparation and a host of other important practical and marketable fields.”*⁶⁹

Even though the Pandemic limited class enrolment and prevented some hands-on classes from taking place, we are thrilled to report that, over the course of 2021, more than 800 Vincentians engaged in formal TVET training through these programmes, as well as certification courses at the Division of Technical and Vocational Education of the Saint Vincent and the Grenadines Community College. A further 210 students are currently enrolled in SKYE courses that commenced in October.

Since the inception of these programmes, almost 2,000 Caribbean Vocational Qualifications (CVQ)⁷⁰ and National Vocational Qualifications (NVQ)⁷¹ certifications have been awarded to workers nationwide.

We are certifying the next generation of skilled workers in Saint Vincent and the Grenadines. Armed with these formal certifications, they will be more attractive to local and regional employers.

In addition to intensifying the scope and reach of these existing TVET programmes, Budget 2022 continues its investment in improving the delivery of technical and vocational education across the country. This year, over \$6.5 million⁷² will be spent to upgrade technical institutes in Barrouallie, Campden Park, Georgetown and Kingstown; refurbish the Petit Bordel multi-purpose centre and the Canouan Government School to host TVET classes; purchase furniture and instructional equipment at technical institutes and secondary schools; perform minor retrofits to 12 TVET labs; and conduct training and capacity building. Further, Budget 2022 provides the necessary resources

⁶⁸ See, *Estimates of Revenue and Expenditure*, Computer Replacement for Secondary Schools, \$700,000.

⁶⁹ Gonsalves, C., “Budget 2021: SVG Stronger,” 1 Feb. 2021, p.45

⁷⁰ Caribbean Examination Council (CXC), “CVQ,” (<https://www.cxc.org/examinations/cvq/>)

⁷¹ Wahba, M., “National Vocational Qualifications,” UNESCO International Centre for Technical and Vocational Education and Training (UNEVOC), (<https://unevoc.unesco.org/home/National+Vocational+Qualification&context=>)

⁷² See, *Estimates of Revenue and Expenditure*, “Technical and Vocational Education and Training Development Project,” \$5,578,000; “TVET Infrastructure Improvement Project,” \$600,000; “Human Development Service Delivery Project,” \$ 6,897,300

to complete upgrades at the Hospitality and Maritime Training Institute⁷³ that will allow for additional certifications to seamen.

Undoubtedly, Budget 2022 represents a massive investment in improving the quality and availability of technical and vocational education throughout Saint Vincent and the Grenadines.

In consultations with the private sector in the formulation of Budget 2022, many entities raised concerns that the pace of planned development may exceed the availability of trained or qualified workers. We have listened to those concerns, and will introduce fresh initiatives to expand training options for our young labour force. This year, the Government intends to hire the necessary expertise to conduct more intensive training programmes at the Hospitality and Maritime Training Institute, to prepare for the growth in our tourism sector. Recognising that TVET short courses at the Community College are oversubscribed, and limited by the physical capacity of the Division of Technical and Vocational Education (DTVE), we will empower the leadership of the DTVE to take TVET off campus and into communities, better utilising our network of Learning Resource Centres. Finally, we will expand the scope of the YES Programme, which typically places interns primarily in Government departments and schools, to allow for greater participation of private sector employers.

At the beginning of 2021, we expected to begin a massive upgrade of school infrastructure, through a carefully-crafted \$46 million Government and CDB-funded project that would repair, rebuild or expand nine primary and secondary schools nationwide.⁷⁴ However, La Soufrière derailed or delayed many of those plans. The majority of the schools slated for rehabilitation were thrust into duty as volcano shelters, making planned out-of-term upgrades impossible. Another school, the Sandy Bay Secondary School, was badly damaged by the eruptions, forcing reassessments of plans to rebuild the facility at that location.

Given the challenges of 2021, it would have been easy for the Government to say “let’s wait ‘til next year,” and defer the start of work to 2023. But we have no intention of making our students and teachers wait that long. Despite some delays associated with the architectural firm hired to provide design and supervision, we have reimagined our construction timeline and devised ways to comfortably hold classes while construction takes place. As such, roughly one-third of the \$46 million Government and CDB-funded School Improvement Project will be spent this year.

We decided to expand the use of temporary schools and classrooms – a technique that we have already successfully deployed in upgrading schools in Calliaqua, New Grounds and Park Hill. Four months ago, we constructed temporary facilities to accommodate students from Bequia Community High School, Colonaire Government School, Girls High School, Saint Vincent Grammar School, Sandy Bay Secondary School and St. Clair Dacon Secondary School. These temporary facilities cost \$7.5 million to construct, and are currently housing over 1,800 students. When repairs on the Saint Vincent Grammar School are complete and students return to their refurbished facility, the Thomas

⁷³ See, *Estimates of Revenue and Expenditure*, “Tourism and Private Sector Development Project,” \$350,000

⁷⁴ Caribbean Development Bank (CDB), “CDB Supporting Schools Improvement Project in St. Vincent and the Grenadines,” Dec. 2020 (<https://www.caribank.org/newsroom/news-and-events/cdb-supporting-schools-improvement-project-st-vincent-and-grenadines-0>)

Saunders Secondary School will move into the vacated temporary school to allow a second wave of repairs to take place. The temporary home for the Sandy Bay Secondary School has also been constructed in a manner that will allow it to be repurposed after those students move into a replacement building.

The Sandy Bay Secondary School will be relocated and rebuilt at the site of the Great House in Sandy Bay. It is fitting, in this era of post-volcano rebirth, that the young descendants of enslaved Africans and victims of native genocide will be educated at a site where their foreparents were only allowed – if at all – in subjugation and servitude. The children of Chatoyer will reclaim their property. And they will use that property as a launching pad from which to soar into a bright future, like eagles, with their wings unclipped.

Beyond the CDB School Improvement Project, Budget 2022 allocates \$2.8 million to rehabilitate the Saint Vincent and the Grenadines Community College, expand the Emmanuel High School in Mesopotamia and Canouan Government School, and begin construction of a fresh school to house the students of the Mary Hutchinson Primary School in Union Island.

Budget 2022 recognises the tremendous challenges faced and sacrifices made by students and teachers over the last two years of closures and displacements. It therefore places a premium on improving the quality of the educational experience – instructionally, infrastructurally and technologically. Budget 2022 has a special responsibility to help teachers and students make up for lost time and prepare the next generation for the realities of a post-volcano, post-Pandemic Saint Vincent and the Grenadines. We will not let them down.

C. HOUSING

This Government is a housing government. We have recognised, and put into action, the right of all people to have the opportunity to access decent housing and shelter.⁷⁵ Without parallel, this Government has constructed far more houses, issued far more land titles, and distributed far more building materials than any other administration in the history of Saint Vincent and the Grenadines. Indeed, some past administrations argued that it wasn't the role of the government to provide people with decent housing. We see it as a core responsibility of any people-centred Government in a developing country. Our Housing Revolution, and its component Lives to Live Programme, has constructed over 1,500 homes across the country. Our annual programme of building material distribution has spent more than \$50 million over the life of this administration to help vulnerable Vincentians have a dry, safe, climate-resilient home.

⁷⁵ United Nations General Assembly, "Declaration on the Right to Development," Resolution 41/128, 4. Dec. 1986, at Article 8 (<https://www.ohchr.org/Documents/ProfessionalInterest/rtd.pdf>); United Nations General Assembly, "International Covenant on Economic, Social and Cultural Rights," Resolution 2200A (XXI), 16 Dec. 1966 at Article 11 (<https://www.ohchr.org/Documents/ProfessionalInterest/cescr.pdf>); United Nations General Assembly, "Universal Declaration of Human Rights," Resolution 217 A, 10 Dec. 1948 at Article 25 (<https://www.un.org/sites/un2.un.org/files/udhr.pdf>); United Nations Human Settlement Programme (UN-HABITAT)/Office of the United Nations High Commissioner for Human Rights, *The Right to Adequate Housing*, Fact Sheet No. 21/Rev. 1 (https://www.ohchr.org/documents/publications/fs21_rev_1_housing_en.pdf)

The eruptions of La Soufrière present Saint Vincent and the Grenadines with the greatest threat to safe, decent shelter since the advent of the Housing Revolution. Loss and damage to the housing sector has been estimated at \$295.9 million, with the overwhelming majority of that amount being damage to individual private dwellings.⁷⁶ Homes that experienced moderate to severe impact were damaged to the tune of \$108.8 million.⁷⁷ Volcano- and ash-damaged household goods add another \$16.6 million to the tally.

As indicated earlier in this Speech, Budget 2022 ensures that more than 700 houses will be repaired and that over 150 volcano-affected families will move into freshly-built homes. More than half of those families will be relocated to areas assessed to be safer for habitation than their current locations. The most vulnerable families have been allocated \$1 million to replace damaged household appliances.

The repair, reconstruction and relocation of volcano-affected homes will occupy a significant portion of the Government's attention this year. Budget 2022 allocates \$6 million for building materials to help homeowners repair their own houses,⁷⁸ but we know up front that these resources will be insufficient. As such, the Government is partnering with a number of international NGOs and local businesses – most notably the Mustique Company – that will match or exceed the Government's 2022 allocation for home construction.

La Soufrière was not the only impetus for housing relocation in 2021. By the end of January, 49 families will receive their keys to top-quality townhouses overlooking picturesque Lowmans Bay. These families occupied property that forms part of the footprint of the modern Cargo Port, which will commence construction later this year. In every single case, the homes constructed by the Government are far superior in quality and size than the ones that have been vacated. This Government always builds back better, safer and stronger.

This year, we will seek to relocate a further 20 families from the environs of the Port construction site and the Milton Cato Memorial Hospital. These families, who are informally occupying state property, will be accommodated to facilitate demolition and beautification in an area that was once called “Bottom Town,” but will soon be the heart of commercial activity and renewal in Kingstown.

Budget 2022 also pays attention to the infrastructure surrounding housing developments and land distributions previously undertaken by the Government. This year, we will spend almost \$1 million to improve roads, drains and river defences at the Clare Valley housing development and the recently-distributed plots in the Colonaire, Cumberland, Diamond, Fair Hall, and Noel, subdivisions.⁷⁹

⁷⁶ Government of Saint Vincent and the Grenadines/United Nations Development Programme (UNDP) *La Soufrière Volcanic Eruption Sector Reports*, Aug. 2021, pp 41-53 (http://finance.gov.vc/finance/images/PDF/Full_Report_SVG_PDNA_Volcanic_Eruption.pdf)

⁷⁷ *Ibid*, at p. 47

⁷⁸ *Estimates of Revenue and Expenditure*, “Housing Reconstruction/Rehabilitation Project,” \$6,000,000

⁷⁹ *Estimates of Revenue and Expenditure*, “Clare Valley Housing Reconstruction Project,” \$700,000; “Housing Infrastructure Improvement Project,” \$250,000

Our Ministry of Housing and our Housing and Land Development Corporation will have their hands full this year with volcano response. In every instance, we expect affected individuals to be in safer, stronger, better conditions than they were in before the volcanic eruptions. Despite this necessary focus and prioritisation, and within our fiscal limits, we will also seek to continue our work across Saint Vincent and the Grenadines to ensure that the right to adequate, climate-resistant housing is available to all vulnerable Vincentians.

Block by block, nail by nail, the Housing Revolution continues. Decent housing for all!

D. SOCIAL PROTECTION

The Government has responded to the exceptional challenges of COVID and La Soufrière by implementing the most comprehensive expansion of the social protection apparatus ever attempted in Saint Vincent and the Grenadines.

Since the onset of the Pandemic, and through the eight months following the volcanic eruptions, we have extended a helping and loving hand directly to over 20,000 people. COVID-related income support exceeded \$14 million and touched over 6,000 people over a 14-month period. Another 4,700 individuals – ranging from minibus operators, to taxi drivers, to vendors, to handcart owners, to cultural artistes to vulnerable individuals – received \$10.9 million in COVID support. More than \$5.5 million was provided to farmers in the form of Pandemic and drought relief, livestock, fertiliser, and other inputs. Following the April 2021 eruptions of La Soufrière, more than 6,300 farmers and fishers received one-off post-eruption payments that totalled \$3.2 million. A subset of 3,000 Red and Orange Zone farmers are being provided \$1.5 million per month in income support. Another 3,000 volcano-affected families have received a total of \$9 million in support from State and NGO sources. Over 100,000 meals and food packages have been delivered by the Government and NGOs in the eight months since the volcanic eruptions, at a cost of over \$11 million. Hot meals were provided three times per day to 5,000 shelter residents, and many of the 18,000 people who stayed in private homes. The Government spent roughly \$10.5 million providing food to shelters and volcano-affected persons. A \$2 million expansion in social protection payments to vulnerable households touched an additional 750 families.

This only scratches the surface of our loving commitment to the people of Saint Vincent and the Grenadines over these challenging months. This Government has spent well over \$55 million in direct humanitarian and social protection support to those most impacted by the Pandemic and the volcano. We have helped to coordinate the delivery of an additional \$20 million in volcano-related support, that was delivered directly from NGOs to vulnerable persons.

This is unprecedented. We have spent more money, more quickly, to help more vulnerable people than ever before in Saint Vincent and the Grenadines. We have not been perfect, and no one could reasonably expect perfection in the midst of a natural disaster and massive humanitarian campaign. However, we are proud of our response, proud of hardworking Government officials, and proud of

the solidarity demonstrated by the Vincentian people in being their brother's keeper in this period of incredible challenge.

Even amidst this outpouring of support, other social protection programmes continued apace. For example, in 2021, the Lives to Live Programme provided entirely new homes to 15 vulnerable or differently-abled Vincentians, and provided 37 other disadvantaged homeowners with a variety of upgrades, including wheelchair-accessible facilities, enhanced washrooms and new roofs. The Ministry executed community-based consultations on domestic violence, child protection and other subjects in 90 villages and communities nationwide. Teen mothers, victims of child abuse, domestic violence survivors and at-risk youth – totalling over 330 persons – all received various protections from the Ministry. More than 18,000 individuals – mostly the elderly, the infirm, children and vulnerable persons – continued to rely upon the regular assistance of the Government's comprehensive social protection programme.

Social protection remains at the heart of the Government's response to our recent challenges, and to our drive to reduce poverty and inequality in Saint Vincent and the Grenadines. While our current rate of support is obviously not indefinitely sustainable, and must be phased down as normalcy returns, it is also essential that we do not terminate these extraordinary interventions too soon, lest they cause lasting social dislocations that will be even more costly to rectify.

As such, support to residents of the Red and Orange Zones will continue in 2022, and will gradually be phased out as farmers are once again able to harvest crops and commercial activity recovers somewhat in the northern third of the country. Resources through the VEEP programme, discussed earlier, and the \$12.7 million allocated for COVID and volcano relief programmes elsewhere in the Capital Budget,⁸⁰ will continue to support these critical ongoing social protection needs.

This year, the Ministry for Social Development will continue to innovate and operationalise fresh initiatives in the delivery of support services. The Ministry has already piloted a debit card-based system for the delivery of social protection payments, and will expand that system in 2022. A number of other initiatives will be implemented this year to reach and support other vulnerable groups nationwide. These include measures to improve support to the elderly, the differently-abled and the survivors of domestic violence.

Madame Speaker, it would be wrong not to mention the debt of gratitude that our Government, this House of Assembly, and the people of Saint Vincent and the Grenadines collectively owe to the Honourable Minister Orando Brewster. As the Minister responsible for both Housing and Social Development, he took on responsibilities that would always be heavy, but that became infinitely more so in the wake of the Pandemic and the volcano. Upon his young shoulders lay the welfare of our nation at its most perilous point. Through eruptions, evacuations, massive social upheaval and his own early battle with COVID infection, Minister Brewster has more than risen to the occasion.

⁸⁰ *Estimates of Revenue and Expenditure*, "La Soufriere Eruption Disaster Relief – II," \$2,287,640; "COVID-19 Response Programme," \$10,400,000

E. WOMEN

The challenges of the last two years have disproportionately affected women. Job losses in the local tourism sector had a gendered impact, with data from the NIS showing that almost 60 percent of the hospitality workers who applied for income support were women. This is a global trend. According to the IMF, as a result of the pandemic, “*women’s participation in emerging market and developing economies still shows a larger relative decline than men’s.*”⁸¹ Similarly, across the Caribbean, women workers are overrepresented in the informal sector.⁸² Pandemic-related slowdowns have been most deeply felt in the informal economy,⁸³ to say nothing of the massive volcano-related displacements. Gender-based violence has also increased globally over the course of the Pandemic,⁸⁴ adding further complexity to women’s recovery from recent challenges.

The Government has sought to mitigate these disproportionate impacts by offering income support to job categories that are dominated by women, such as vendors and hospitality workers. There have been specific social supports offered to vulnerable women and single-parent households. We are also mindful of the Honourable Prime Minister’s pre-Pandemic mandate that we seek to offer the appropriate additional protections to occupations with workforces that are comprised

⁸¹ IMF, *World Economic Outlook*, p. 7

⁸² See, e.g., UN Women, *Progress of the World’s Women 2019–2020: Families in a Changing World*, 2019, p. 117 (<https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/Library/Publications/2019/Progress-of-the-worlds-women-2019-2020-en.pdf>); Hackett, P., “Regional study on women’s unrecognized contribution to the economy,” Economic Commission for Latin America and the Caribbean (ECLAC), Aug. 2011 (https://repositorio.cepal.org/bitstream/handle/11362/38565/1/LCW548_en.pdf); Pollack, M., “Feminization of the Informal Sector in Latin American and the Caribbean?” Economic Commission for Latin America and the Caribbean (ECLAC), May 1993 (https://repositorio.cepal.org/bitstream/handle/11362/5887/1/S9300106_en.pdf)

⁸³ See, e.g., Saha, A. and J. Thorpe (2020), “An Assessment of the Impact of COVID-19 Responses on MSMEs in the Informal Sector: Evidence from Commonwealth Countries in the Caribbean,” *Commonwealth Trade Competitiveness Briefing Paper*, No. 2020/02, London: Commonwealth Secretariat, Sept. 2020 (<https://www.thecommonwealth-ilibrary.org/index.php/comsec/catalog/view/687/687/5148>); Economic Commission for Latin America and the Caribbean (ECLAC)/International Labour Organization (ILO), “Work in times of pandemic: the challenges of the coronavirus disease (COVID-19)”, *Employment Situation in Latin America and the Caribbean*, No. 22 (LC/TS.2020/46), Santiago, 2020. (https://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/---sro-santiago/documents/publication/wcms_746274.pdf); Economic Commission for Latin America and the Caribbean (ECLAC), *The Caribbean Outlook: forging a people-centred approach to sustainable development post-COVID-19* (LC/SES.38/12), Santiago, 2020, pp. 5, 23, 44 (https://repositorio.cepal.org/bitstream/handle/11362/46192/1/S2000599_en.pdf)

⁸⁴ See, e.g., Vaeza, M., “Violence against women: a shadow pandemic aggravated by COVID-19,” UN-Women, Mar. 2021 (<https://lac.unwomen.org/en/noticias-y-eventos/articulos/2021/03/violencia-contra-las-mujeres-una-pandemia-en-la-sombra-agravada-por-el-covid-19>); Gill, J., “Domestic Violence Increased With COVID-19,” Barbados Government Information Service, Mar. 2021 (<https://gisbarbados.gov.bb/blog/domestic-violence-increased-with-COVID-19/>); Economic Commission for Latin America and the Caribbean (ECLAC), *Addressing violence against women and girls during and after the COVID-19 pandemic requires Financing, Responses, Prevention and Data Compilation*, Nov. 2020 (https://oig.cepal.org/sites/default/files/c2000874_web.pdf); Lopez-Calva, L., “No safer place than home?: The increase in domestic and gender-based violence during COVID-19 lockdowns in LAC,” United Nations Development Programme (UNDP) Nov. 2020 (<https://www.latinamerica.undp.org/content/rblac/en/home/presscenter/director-s-graph-for-thought/no-safer-place-than-home---the-increase-in-domestic-and-gender-b.html>)

overwhelmingly of vulnerable women, like domestic workers. The disaster-delayed preparatory work to establish such protections will take place in 2022.

Gender focus has been integrated into many of the programmes planned in Budget 2022. The VEEP, the COVID support programmes and our TVET expansion are all mandated to take the gendered impacts of our recent challenges into account. Through the Ministry for Social Development, we are expanding support to teen mothers, developing a manual of procedures to adequately respond to gender-based violence, and piloting a programme to assist women in agriculture.

The Government also continues to facilitate and celebrate high achievement by the women of Saint Vincent and the Grenadines. Our scholarships and tuition grants support twice as many women as men. Within the civil service, we have actively promoted the advancement of women, to the point where gender balance among senior public sector posts and managerial positions compares very favourably with that of the upper echelons of our private sector.

In 2022, the Government commits to consult more actively to better adopt women's perspectives and gender-specific solutions to the challenges that now confront us. Just as women have borne the brunt of the Pandemic and volcanic challenges, so too must they claim a greater role in charting the path forward.

F. NATIONAL SECURITY

The security services of Saint Vincent and the Grenadines performed admirably under testing circumstances in 2021. From evacuating the Red and Orange Zones, to securing shelters, to enforcing COVID protocols – in addition to all of their existing duties – we owe our police, coast guard, fire fighters and auxiliary services a tremendous debt of gratitude for the work performed last year. There were many dire predictions that the Pandemic and the volcano would lead to a collapse of law and order in Saint Vincent and the Grenadines; thanks to the hard work of our security services, no such collapse was even remotely on the cards.

Budget 2022 augments our police services with additional officers. We will also upgrade the Biabou, Georgetown, Calder, Rose Hall, Sandy Bay and Calliaqua police stations; and renovate the coast guard base in Calliaqua. Upgrades to both Her Majesty's Prison and the Belle Isle Correctional Facility will also enhance the quality of life for both inmates and prison officers.

The Honourable Prime Minister, who holds the portfolio of National Security, has been deeply engaged with the leadership of the security services to ensure that they adopt fresh and reenergised approaches to preventing and combatting crime in Saint Vincent and the Grenadines. He will speak to those initiatives during his presentation to this Honourable House.

VI. GRENADINES AFFAIRS

Our unique Grenadines gems are home to over 10,000 citizens and have long served as an important economic engine. Many of the Government's fresh initiatives – particularly related to expanding the role of tourism and the Blue Economy – will rely heavily on the natural and human resources of the Grenadines. Our plans for Digital Transformation also have specific benefits in archipelagic states like ours, where, too often, conducting important business requires a trip to some centralised facility located on a distant island. While recovery and reconstruction efforts accelerate in the Red and Orange Zones, all Vincentians will be counting on the Grenadines to continue playing their accustomed outsized role in national development.

Budget 2022 has a series of Grenadines-specific initiatives, designed to improve the lives of residents and amplify their developmental potential. Almost \$2.5 million will be spent this year on the Bequia Community High School and Mary Hutchinson Primary School. Another \$3.6 million is allocated to the airports in Bequia and Canouan. Budget 2022 also allocates \$500,000 to conduct technical studies and designs to upgrade the road network throughout the islands of the Grenadines. Environmentally, we have allocated additional resources to construct more permanent coastal protections to support the work already done at Salt Whistle Bay; further develop the desalination plant in Bequia; and properly dispose of and secure chemicals from the decommissioned gas station on Union Island. Unfortunately, Pandemic-related challenges in the design of the solar photovoltaic power plant in Bequia will cause a further delay to that important initiative.

Budget 2022 invests in the expansion of the Coast Guard Sub-Base in Canouan, to ensure that it can better serve the people of the southern Grenadines. Five additional posts, at a cost of approximately \$200,000 will augment the base, and allow for the relocation of our state-of-the-art medivac vessel, the *Baliceaux*, to Canouan. The access road to that sub-base will also receive attention, to ensure that people in need of specialised medical care can experience a smooth and quick journey from the southern Grenadines.

In 2021, TVET instruction expanded across the Grenadines. For the first time, the YATE programme welcomed a cohort of 26 talented students from Union Island, who completed training in bartending and food and drink service. The SKYE programme, meanwhile, conducted certification courses in housekeeping, food preparation and furniture making in Bequia. These programmes will expand in 2022 to certify young Grenadines residents for entry level employment in in-demand fields.

The Government is continuing its successful and active pursuit of transformative private investment in the Grenadines. We are close to completing an agreement that will lead to a multiyear, multimillion dollar tourism development project on an uninhabited private island in the southern Grenadines. Agreements are in place to facilitate smaller-scale, but nonetheless impactful projects across the Grenadines. Existing fisheries centres in the Grenadines – both private and State-supported – are experiencing expansions and upgrades. The world-class Sandy Lane Marina in Canouan is expecting its strongest year since its construction, which will lead to more employment and wealth creation for Vincentians.

The significant role of the Grenadines in economic development cannot be understated. The islands of the Grenadines were blessedly insulated from the direct impacts of La Soufrière, and therefore saved from experiencing the bulk of the recovery efforts. This places the Grenadines in the enviable position of being able to help lead the economic recovery.

The only impediment to the Grenadines' role as a major developmental engine is its low vaccination rate, and the corresponding susceptibility to major COVID outbreaks. Data suggest that the Grenadines' vaccination rate lags behind the already-low national average – even before you attempt to disaggregate the number of visitors who took advantage of vaccine availability in the Grenadines. For a region of our country so heavily dependent on tourism, the vaccination rate is particularly troubling. In the twilight of his illustrious life, Sir James Mitchell chose his final act of national service to be a sustained, public and unambiguous call for Vincentians to be vaccinated. His was a national call, which we welcomed and endorsed. But his words should hold special significance for the people of the Grenadines, who he held indisputably near and dear to his heart. We make a special plea for Grenadines residents and those with influence to heed final wishes of Sir James, and to help our nation recover from this Pandemic.

VII. JOB CREATION AND DECENT WORK

Between COVID and La Soufrière, the last year has been a period of displacement, temporary layoffs and underemployment for many Vincentians. As stated earlier, the data indicate that hundreds of businesses laid off workers, and thousands of hospitality workers were temporarily affected by the Pandemic. The informal sector was also hit hard. To compound the COVID challenge, volcanic eruptions forced thousands of farmers from their fields, and halted all business activity in the Red and Orange Zones for months.

Fortunately, many of the people who were affected are returning to their offices, shops and farms. Hospitality entities are gradually rebuilding their staff complements. For example, the Mustique Company and villa owners collectively shed over 150 jobs during the pandemic, falling to 897 employees. Today, that number is now up to 1,014 employees, and climbing – 96 per cent of its pre-Pandemic total. Other businesses are also rehiring. Employment levels are slowly returning to pre-pandemic levels.

However, as we have repeatedly stressed today, a return to 2019 levels of development and economic activity are insufficiently-ambitious goals.

In the run-up to the 2020 General Elections, the Unity Labour Party's *Youth Manifesto* outlined the areas in which at least 6,350 additional jobs would be created in its next five-year term in office.⁸⁵ That *Youth Manifesto* was presented as a document of this Honourable House. Notwithstanding the

⁸⁵ Unity Labour Party, *Youth Manifesto* (2020), p.12 (<https://voteulp.com/wp-content/uploads/2020/10/ULP-Youth-Manifesto-For-Web.pdf>)

monumental unanticipated challenges of the last year, we are pleased to report that almost 1,200 jobs were created in 2021 that didn't exist hitherto. These include, but are not limited to:

- 350 additional jobs in the call centre subsector, as Clear Harbor went from 250 to 600 employees;
- 250 additional jobs in the hospitality sector as Sandals Resorts International hired the first 150 of a promised 500 Vincentians, LaVue took on 80 workers, and smaller facilities, like Coconut Grove in Canash, also employed staff.
- 350 additional construction jobs created at the Royal Mill Hotel, the \$25 million Georgetown Sea Defence project, the \$10 million Coreas Distribution Warehouse project, the expansion of the Joshua Centre at Arnos Vale, the Belle Isle and Longline Roads, and the temporary parliament building, to name a few;
- 108 additional central Government posts created between the 2021 Budget, and the Volcano Supplementary Budget;
- 30 additional jobs at Rainforest Seafoods, where the first cohort of seafood processors has been hired;
- 85 additional jobs within the Medicinal Cannabis subsector;
- 40 additional direct local jobs in the ICT sector, mainly in servicing and providing CARCIP infrastructure and a private sector entity's entry into the broadband Internet market
- 40 Beverage and Food jobs, as new restaurants opened in Diamond, Buccament and beyond.

Additionally, roughly half of the young entrepreneurs awarded PRYME grants in 2021 were start-ups, meaning that they are now self-employed as a result of the PRYME Programme. We have taken the decision not to include PRYME start-ups in our employment numbers until their businesses are still operating successfully 3 years after the receipt of the grant.

Further, 2021 saw the creation of an additional 450 temporary jobs, including SET interns in the medical and health sectors; and construction workers building the Rainforest Seafood factory; the LaVue Hotel; homes for displaced Red Zone residents; and temporary classrooms in Arnos Vale, Port Elizabeth, Colonaire, and Black Point – to name but a few.

In other words, despite the temporary spike in disaster-related unemployment, the 1,200 jobs created in 2021, and hundreds more temporary jobs underway, places us on a good pace to achieve the *Youth Manifesto* prediction of 6,350 fresh jobs over this term in office.

In a year of overall contractions, the economic impact of these 1,200 additional jobs was diminished. However, without them, the severity of our challenge would have been exponentially greater. For example, although almost 5,000 displaced workers received income support from through Government and NIS programmes in 2021, the net loss of active employees on the NIS rolls was only 1,500, illustrating the mitigating value of new jobs in the midst of the disaster. As pre-existing jobs return over the course of our recovery, the value of these recently-created jobs will be more fully felt.

In 2022, job creation will accelerate. The private sector will add significant numbers of temporary and permanent jobs, led by Sandals Resorts hiring an additional 350 hospitality workers and 600 local construction workers at Buccament. The Royal Mill Hotel is also expected to double its workforce in 2022. Call centres will continue the aggressive growth, with Clear Harbor acquiring a second building to house their growing operations. Rainforest Seafoods will reach its full staff complement. Elsewhere in the communications sector, increased competition among providers for at-home broadband connectivity and use of the fibreoptic network will increase the skilled workforce to install and manage the connectivity. The projected 5-8 percent growth in 2022 will also spur increased job creation across the private sector. As indicated in the debate on the Estimates, Budget 2022 includes 144 additional permanent posts on the recurrent side, and includes specific allocations in the capital budget to create temporary employment through the Labour Intensive Agriculture Programme, the Community Improvement Projects initiative, and the Labour Intensive Temporary Employment Programme (LITE), which is a component of the previously-mentioned the Volcano Eruption Emergency Project. Of course, the capital budget, in the main, is an ambitious and multifaceted job creating programme, in fields as diverse as construction, engineering, education, environmental protection and ICT; to say nothing of the start-ups who will receive PRYME grants in 2022.

Over the course of 2021, roughly 200 frontline workers – out of a total of over 4,000 – chose to resign rather than take a COVID vaccination. This includes workers who were exempted from vaccination on religious grounds, but who nonetheless also refused regular COVID testing. Each of these resignations was regrettable and, ultimately, avoidable. The Government has no desire to see anyone lose their job, particularly during this difficult time. However, while some frontline workers had deeply-felt objections to the vaccine, many others chose to heed the self-serving proclamations of various individuals who sought to manufacture a standoff to suit their own political objectives. Invariably, the pseudo-scientists and political operatives are still gainfully employed, while they seek political martyrdom – but not jobs – for those who have resigned.

The Government is heartened that hundreds of people who initially refused the vaccine have reconsidered their decision, and that others have found employment in positions removed from the frontline of the Pandemic. We are even more encouraged by the fact that between 93 and 100 percent of all designated frontline workers chose to be vaccinated before the legislative deadline. We continue to urge all those who resigned to reassess that choice. The Government is resolute in its commitment to reduce vulnerability to COVID among frontline workers and the portions of the general public that they serve – in particular our children and the infirm. That commitment will not waver for the duration of this pandemic phase of COVID. We have a solemn responsibility to do what is necessary to safeguard public health and preserve the public good. That responsibility outweighs any idiosyncratic individual desire. At the same time, we will continue to bend over backwards to accommodate those whose skills and experience may make them safely employable elsewhere in the public service.

In 2020 and 2021, the Government openly admitted to the public sector unions that both economic contraction and ongoing uncertainty made it impossible to hold meaningful discussions on salary increases, even in the face of rising global inflationary pressures. The unions, to their credit,

understood and accepted the challenging times we collectively face, and the value of previously-agreed wage augmentation, that took effect even as the Pandemic raged.

Salary increases for public servants were last negotiated in December 2018, for the 2018 to 2020 fiscal years. This negotiation brought about a 1 percent increase in wages and salaries, retroactively from July 1, 2018, a 1.5 percent increase from January 1, 2019 and a 2.0 percent increase from January 1, 2020.

September 2021 data indicate that the point-to-point inflation rate stood at 2.7 percent compared to 1.2 percent in September 2020. The increase in inflation reflects rising price levels in the United States and other emerging economies. The main channels for these upward price pressures are freight costs and oil prices. While the wage bill increases annually by 2.5 percent due to changes in increments and allowances, the current inflationary pressures contribute to a reduction in the real wage for many, particularly those already at the top of their salary band. We are acutely sensitive to this challenge and its impact on Vincentian workers.

At this point in time, it is unclear whether our current inflationary pressures will subside or continue. According to the International Monetary Fund:

*inflation has increased markedly in the United States and some emerging market economies. As restrictions are relaxed, demand has accelerated, but supply has been slower to respond. Commodity prices have also risen significantly from their low levels of last year. Although price pressures are expected to subside in most countries in 2022, inflation prospects are highly uncertain.*⁸⁶

As 2022 progresses, and we get a better understanding of inflationary trends and the strength of our economic recovery, we will engage with workers to conceptualise what sort of wage augmentation is possible, within the confines of our Fiscal Responsibility Framework. By the terms of that approved Framework, the wage bill is fixed as a percentage of GDP. As the economy grows, the wage bill is scheduled to move from the current 14 percent of GDP to 12 percent by 2026. While our Fiscal Responsibility Framework allows for some deviations in the wake of pandemics and natural disasters, we intend to hew as closely as possible to these prudential benchmarks. As such, our ability to enhance wages in the near term is directly tied to worker productivity, economic growth and how well we can control the COVID Pandemic.

VIII. NATIONAL INSURANCE SERVICES AND PENSION REFORM

The National Insurance Services (NIS) did not escape the socio-economic shock waves of the Pandemic and La Soufrière. The NIS' finances were affected by a decline in contribution collections on one hand, and increased sickness and unemployment benefit payouts on the other. The scope and scale of the impact will depend on the duration and severity of the Pandemic.

⁸⁶ IMF, *World Economic Outlook*, p. 1

Notwithstanding these additional pressures on the social security system, which compounded pre-existing challenges, the NIS prudently continued its people-centred and inclusive policy measures to safeguard lives and livelihoods. In particular, the NIS extended the Temporary Unemployment Benefits program for an additional three months in 2021. While the current social security program of the NIS is comprehensive, it excludes unemployment insurance benefits as part of its formal benefits program. Globally, unemployment insurance is not well developed, with only 18.6 percent of unemployed workers worldwide having effective coverage for unemployment.⁸⁷

The Pandemic highlighted the critically-important role played by the NIS in mitigating poverty and income inequality. It also revealed the resilience of our social security system. Amid multiple debilitating challenges, the NIS delivered a wide range of fresh social security services and initiatives, including:

1. The extension of the Temporary Unemployment Benefits Program through the first quarter of 2021. The NIS paid a further \$1.1 million to 1,123 beneficiaries, resulting in \$3.0 million total payout to 1,221 beneficiaries under this program, from April 2020 to March 2021.
2. The continued administration of the Government Displacement Supplementary Income Support Program from January 1, 2021, to June 30, 2021. Over that period, the NIS administered claims to 3,642 persons at the cost of approximately \$4.8 million, resulting in total payouts of \$10.9 million to 4,746 beneficiaries under the program from April 2020 to June 2021.
3. The payment of 1,541 COVID-related sickness benefit claims at a total monetary amount of \$525,000 for 12,603 sickness days. This compared to 28 COVID claims at less than \$20,000 in 2020.
4. The payment of 41 COVID-related funeral grants at a total cost of \$181,000 compared to zero cases in 2020.
5. The payment of \$900,000 to 444 non-contributory pensioners compared to \$1.1 million to 512 in 2020.
6. The payment of \$70.5 million to 8,721 contributory pensioners compared to \$64.3 million to 8,109 pensioners in 2020.
7. The reinvestment of approximately \$25 million into the local economy through investment instruments, including deposits and bonds.
8. The capital expenditure of approximately \$2.0 million to local companies to undertake various rehabilitation work at the NIS' Headquarters.

The benefits and services provided by the NIS were financed by contributions paid by employers and employees and a proportion of investment income. The estimated contribution for 2021 was \$67.7 million, compared to \$68.1 million for the previous year. The decline in contribution collection was due mainly to local labour market challenges attributable to Pandemic-related increases in unemployment and underemployment. The NIS data suggested that the total insured population declined by 3.5%, moving from 42,479 active employees in 2020 to 40,968 active

⁸⁷ International Labour Organization (ILO), *World Social Protection Report 2020–22*, (2021), p. 4 (https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_817574.pdf)

employees in 2021. Additionally, the number of active employers declined from 2,314 to 2,035 in 2021; and 295 employers indicated that they laid off at least one employee last year.

Importantly, despite the challenges of the Pandemic, it is noteworthy that contributions collected from Government and statutory bodies increased by approximately \$1.9 million in 2021. The contribution payments from the private sector declined by about \$2.3 million, due to layoffs of employees by some private-sector employers.

The maturing social security program accounted for a widening of the financing gap between contribution income of \$67.7 million and benefits of \$82 million. This gap between contributions and benefits was financed by investment income. The investment portfolio generated a net financing income of \$24 million, representing an annualized yield of 5.4%. The investment yield surpassed the actuarial hurdle rate of 4.5%.

The operations of the NIS, contributions, benefits, and administrative expenses were buttressed by an asset base of \$505 million. The asset base marginally advanced by \$2 million, from \$503 million in 2020. However, asset growth, however modest, is highly commendable for a maturing social security pension fund operating within the challenging local, regional and international environment that spanned the entirety of 2021.

To further bolster its operational efficiency, reduce costs and improve customer service, the NIS invested in multiple capacity building programs and scaled up its digital transformation. To this end, the NIS increased its digital offerings to customers through its e-Submit software, offering other e-Payment options using the Automatic Clearing House channels at our local commercial banks, and the development of the NIS App as an additional avenue where customers can make inquiries and calculate their pensions under the NIS program.

Undoubtedly, the NIS has risen to the challenge of the Pandemic and the volcano with nimbleness and compassion. Looking forward, the NIS will approach tomorrow's volatilities, uncertainties and complexities with a clear vision, agility, and the will to act boldly. Accordingly, the NIS has identified several priorities to close financing and coverage gaps, enhance benefit adequacy, bolster sustainability, and make the human right to social security,⁸⁸ and the Sustainable Development Goal⁸⁹ of achieving substantial coverage for the poor and vulnerable, a lived reality for all working Vincentians. The strategic priorities include the following:

1. Broadening the contribution base through heightened efforts to collect contributions and bridge coverage gaps among self-employed and informal workers. In this regard, the NIS will redouble its efforts to ensure that employers comply with the NIS Act and pay in their contributions, especially when they deduct the monies from hardworking employees. The

⁸⁸ The United Nations, "The Universal Declaration of Human Rights," General Assembly Resolution 217A, Article 22, 10 Dec. 1948 ([https://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/217\(III\)](https://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/217(III)))

⁸⁹ The United Nations, "The Sustainable Development Goals," Goal 1, Target 1.3 ("Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable") (<https://sdgs.un.org/goals/goal1>)

strategies will utilise both moral suasion and legal remedies of garnishing bank accounts, placing liens on delinquent employers' real properties, and taking other judicial action. In the case of the self-employed and informal sector workers, the NIS will intensify a variety of direct marketing efforts, and forge strategic linkages with relevant interest groups. Too many hardworking Vincentians are still vulnerable to socio-economic shocks because they are unable to access social insurance and social assistance. The vulnerability of this "missing middle,"⁹⁰ cannot be ignored by the NIS and the Government, particularly these times of intensifying global threats.

2. Accelerating the digital transformation journey to strengthen its operational backbone and customer service. The NIS has commenced a programme to develop, implement, customize, and maintain a new national insurance management system at the cost of approximately \$4.2 million. This complete digitization process will take 18 months, and will revolutionise the NIS' operations and customers' experience by moving core social security services online.
3. Partnering with the International Labour Organisation to conduct a feasibility study for introducing an Unemployment Insurance Program within the NIS' suite of benefit programmes. Within CARICOM, only Barbados and The Bahamas currently offer unemployment insurance. However, other OECS states are also investigating the feasibility of such a programme, and the Pandemic has highlighted the impact of existing coverage gaps. We must seek solutions within the confines of our current limitations.
4. Investing \$15 million in capital projects that create jobs and contribute to building the competitiveness of our local economy, in keeping with the NIS' longstanding mission of contributing to local economic and social developments.
5. In its *World Social Protection Report 2020-2022*, the International Labour Organisation urged Governments and social security administrators "*to take decisive action now about the future of social protection and pursue a high-road policy approach with vigour. Doing so will empower societies to deal with future crises and the challenges posed by demographic change, the evolving world of work, migration, environmental challenges and the existential threat of climate change.*"⁹¹ The Government and the NIS have made progress in strengthening social protection coverage, but there is room for continued improvement. The NIS has considered a series of parametric reform measures to strengthen the financial sustainability of the social protection system. However, the unprecedented and unknowable socio-economic challenges brought about by COVID-19 propelled the delay in implementing these critical reform measures. Through the advice of its external actuary, the NIS will implement this tool kit shortly to ensure all working Vincentians and their dependents are well protected against both systemic shocks and ordinary life cycle risks.

In our consultations with the labour movement as part of the preparatory process for Budget 2022, we indicated that the unforeseen challenges of 2021 made it necessary to defer the type of pension reform consultations that we envisaged at the beginning of last year. As a matter of necessity, those consultations and reforms must commence in 2022.

⁹⁰ See, e.g., De Laiglesia, Juan R., "Coverage gaps in social protection: what role for institutional innovations?" OECD Development Centre 20 Jan. 2011 (<https://www.oecd.org/development/pgd/47588850.pdf>)

⁹¹ *World Social Protection Report 2020–22*, at p.7

The Government will partner with the Board and Management of the NIS and the people of Saint Vincent and the Grenadines to promote an inclusive and people-centred recovery for all. We do not intend to leave anyone behind on our quest to build a sustainable, agile, focused, efficient and rights-based social security system.

IX. IMPLEMENTATION

Accelerated development is directly linked to improved implementation. This is self-evident. The longer a project takes to get from the drawing board to completion, the longer it takes for the impact of that project to be felt. Projects in the pipeline have no developmental impact. Implemented projects do. Further, studies indicate that, within Latin America and the Caribbean, measurable savings in GDP can be achieved by minimising preventable construction delays.⁹² In our race against climate change, and in pursuit of ambitious developmental transformation, we must continually improve our capacity to implement.

This Government's focussed attention on implementation capacity is bearing fruit. In spite of our challenges and reordered priorities in 2021, we have, for the third consecutive year, achieved record levels of implementation, in dollar terms. In the final year of the NDP administration, the government spent \$35 million of its capital budget. Between 2005 and 2015, this Government has averaged \$100 million. But in 2019 and 2020 we have spent \$160 million and \$211 million, respectively; and we are anticipating expenditure to be over \$200 million in 2021. Those are the three highest years of capital expenditure on record. We are convinced that, had it not been for delays and reprioritisations caused by the Pandemic and volcanic eruptions, our 2021 capital expenditure would have been considerably higher.

For example, the Barrouallie Blackfish Facility was stymied by the inability of Japanese consultants to travel to Saint Vincent and the Grenadines during the Pandemic. A similar fate befell the Kuwaiti consultants responsible for implementing the Secondary, Village and Feeder Roads construction project; the bidders on the Modern Port project; and the Emirati and Italian principals in charge of solar PV and desalination facilities in Bequia. Volcanic eruptions temporarily halted construction of a number of Red and Orange Zone projects, including the Georgetown Sea Defence, the Long Line and Belle Isle Roads, the modern arrowroot factory, and the Chateaubelair bridge, to name a few. The use of schools as shelters for volcano-displaced persons also delayed the commencement of the comprehensive school repair programme.

From a legislative standpoint, the Ministry of Legal Affairs drafted 29 separate pieces of COVID related legislation – stretching the capacity of an already-overworked department. This naturally affected the pace of implementation for other planned legislative reforms and initiatives.

⁹² Cavallo, E., Powell, A., Serebrisky, T., eds., *From structures to services: the path to better infrastructure in Latin America and the Caribbean*, Inter-American Development Bank (2020), pp. 35-39 (<https://publications.iadb.org/publications/english/document/From-Structures-to-Services-The-Path-to-Better-Infrastructure-in-Latin-America-and-the-Caribbean.pdf>)

In the context of these unforeseen emergencies, the level of implementation achieved in 2021 was impressive. Technical staff in a number of ministries performed heroically behind the scenes to implement hastily-amended capital priorities. Through their dedication and commitment, we were able to lessen the harshest impacts of our triple challenges.

The \$200 million plateau in capital spending reflects an important milestone on our journey to improve implementation capacity. But the mission is far from accomplished. Our goals are far more ambitious. Indeed, if we implemented another \$211 million in capital spending in 2022, it would represent only 53 percent of our budgeted goals. We know that we can, and will, improve our execution of capital projects. Barring another unforeseen event, we have every confidence that our capacity to implement will once again exceed our previous limits of execution.

The Government has engaged in a granular analysis of projects that have experienced implementation challenges, and targeted methods to improve their performance in 2022. We will pay specific attention to improving implementation of two projects in the Ministry of Transport and Works, namely the Construction of Secondary, Village and Feeder Roads project, funded by the Kuwait Fund for Arab Economic Development (KFAED)⁹³ and the OPEC Fund for International Development (OFID);⁹⁴ and the bundle of National Disaster Management projects, funded by the Caribbean Development Bank. Together, these two projects account for over \$35 million of Budget 2022.

By any objective measure, implementation of the Feeder Roads project has thus far been a bitter disappointment. This programme, supported by \$90 million in loans from KFAED and OFID, was supposed to have reconstructed 29 kilometres of critical road infrastructure in 22 separate locations nationwide. To date, after years of delay, only 3 of the 22 road projects have been completed. Many have yet to begin works.

COVID undoubtedly played a significant role in the delays. Kuwaiti contractors and consultants were unable to travel to Saint Vincent and the Grenadines amid uncertainties regarding lockdowns, flight cancellations and quarantines. However, many of the problems with this project predated COVID and ran deeper than Pandemic delays. These problems centred on poor supervision of works and erratic payment of subcontractors by the foreign consultants and project managers. Simply put, promised deadlines came and went, work programmes were endlessly revised, and high turnover among the remote overseas managers adversely-affected continuity.

⁹³ Kuwait Fund for Arab Economic Development (KFAED), "Project Information: Feeder and Agricultural Roads Project" (https://www.kuwait-fund.org/en/web/kfund/project-information?p_p_id=projectsinformation_WAR_KFundPortletsportlet&p_p_lifecycle=0&p_p_state=normal&p_p_mode=view&p_p_col_id=column-4&p_p_col_count=1&_projectsinformation_WAR_KFundPortletsportlet_mvcPath=%2Fviews%2Fprojects-information%2FviewDetail.jsp&_projectsinformation_WAR_KFundPortletsportlet_projectId=4793&_projectsinformation_WAR_KFundPortletsportlet_backURL=%2Fen%2Fweb%2Fkfund%2Fproject-information%3FradioSearchBy%3DCountry%26listRegions%3D4%26listCountries%3D170%26radioSectors%3DAI%26listSectors%3D2%26radioStatus%3DAI%26radioType%3DAI)

⁹⁴ OPEC Fund for International Development (OFID), "Operations: Agricultural and Feeder Roads Project" (<https://ofecfund.org/operations/list/agricultural-and-feeder-roads-project>)

Prime Minister Gonsalves was recently compelled to address our concerns with this project at the highest levels of the Kuwaiti government. The Prime Minister's outreach has produced movement and reforms that we hope will lead to impactful change. Our Kuwaiti partners have pledged that roads in Belair, Calder, Carrierre, Enhams, Greiggs, Montreal, Ottley Hall and Sayers will be complete by the end of 2022. Further, we have been assured that work on all but one of the 12 remaining roads will be underway in 2022. We intend to do all within our legal and political power to hold our partners to these revised timelines, and to ensure that local subcontractors are paid more promptly by the overseas project managers.

Similarly, the CDB-funded National Disaster Management project has proceeded at a glacial pace. Some elements of this NDM project date back to the aftermath of 2010's Hurricane Tomas and the 2013 Christmas Floods. For a fully-funded project to remain on the budget books for a decade is an indictment of both the CDB and our own internal implementation mechanisms.

In 2021 we engaged with the new president of the Caribbean Development Bank and his team to reimagine the design and implementation of the NDM. Budget 2022 contains \$1.5 million to fund a "CDB Project Management Implementation Support Unit," which will hire engineers, procurement specialists and other technical staff to drive the NDM and other projects funded by the CDB. We expect this focussed technical expertise, in conjunction with other CDB changes to the project design, to lead to significant improvements in implementation.

In addition to the CDB Project Management Implementation Support Unit, Budget 2022 also provides for a separate, similarly named, Project Management Implementation Support Unit within the Ministry of Transport and Works to accelerate implementation of non-CDB projects, and a Programme Management and Coordination Unit within the Ministry of Finance to help implement EU-funded capital works. In all, these three Units will cost just over \$3 million in 2022, but will drive the implementation of more than \$80 million in capital projects this year.

For post-disaster infrastructure stimulus to work, you need ambition, proper sequencing of projects, and timely implementation. Without all three of these qualities, the projects may get built, but the economic impact will be dissipated. We are committed to once again reaching new heights of capital expenditure in execution for 2022.

X. CAPITAL WORKS OF STATE-OWNED ENTERPRISES

The \$397 million capital component of Budget 2022, ambitious as it is, does not represent the entirety of capital works that will be conducted by state-affiliated entities this year. Statutory bodies and State-Owned Enterprises will add significantly to the planned capital expenditure by the central Government, in ways that will employ more people and assist in our economic recovery.

In 2022, VINLEC plans capital expenditure of \$39.9 million – including a \$15 million investment in a solar photovoltaic and battery energy storage system; \$6 million for advanced metering

infrastructure, \$4.6 million in distribution line upgrades, and \$1.1 million for expanding capacity in Bequia.

Outside of water infrastructure projects funded by the VEEP, the CWSA will add a further \$5.2 million in capital expenditure, and an additional \$1.5 million for plant and equipment renewal.

The NIS has budgeted \$15 million for investment in capital projects in 2022, with special emphasis on job creation and competitiveness.

The National Lotteries Authority will spend \$4.5 million in 2022 on the construction and rehabilitation of sporting infrastructure throughout Saint Vincent and the Grenadines.

By April, National Properties Ltd. will complete its ongoing \$8.4 million conversion of the old Arnos Vale airport terminal building to the shopping plaza known as the Joshua Centre. The original building, converted at a cost of \$3.7 million, is already operational. The final touches are being applied to the \$4.7 million extension, which will house the food court and additional retail space.

As such, these five entities alone have budgeted close to \$65 million in capital expenditure for 2022. When capital projects by the Saint Vincent and the Grenadines Port Authority, the Housing & Land Development Corporation, the National Telecommunications Regulatory Commission and National Properties Ltd. are included, the capital expenditure by the major State-Owned Enterprises will exceed \$70 million in 2022. This will provide an indispensable complementary boost to economic activity and national recovery.

XI. INSTITUTE BUILDING

The building of strong, stable institutions is as essential to national development as the construction of infrastructure – sometimes more so. This Government understands that the strength of our institutional and governance structures – and the public’s confidence in them – have a lasting and widespread impact on all of our developmental aspirations. There are supposedly responsible actors in our society who casually and baselessly attack one institution after another – our judicial system, our electoral apparatus, our banking sector, our national statistics, our bureaucracy, our law enforcement, our oversight bodies, our health officials, and many more – seemingly indifferent to the corrosive effects of such attempted scandal mongering on public participation in our democracy and development. This Government wholeheartedly rejects any unfounded attempts to assail the legitimacy of public institutions, the functioning of our democratic system, political participation and social cohesion. Where others attempt to destroy, we shall continue to build.

In late 2021, this Government operationalised our Fiscal Responsibility Framework⁹⁵ by appointing the members of Saint Vincent and the Grenadines’ first Fiscal Responsibility Mechanism. The

⁹⁵ See, Government of Saint Vincent and the Grenadines, “Fiscal Responsibility Framework: A rules-based fiscal framework for St. Vincent and the Grenadines,” 13 May 2020 (http://finance.gov.vc/finance/images/PDF/Publications/Fiscal_Responsibility_Framework.pdf)

independent Mechanism, which is populated by some of our most distinguished and accomplished citizens, is responsible for assessing compliance with the general principles of responsible fiscal management,⁹⁶ the approved fiscal responsibility principles⁹⁷ and fiscal rules, and to advise on fiscal and budgetary matters of the Government. Budget 2022 will be the first Annual Budget assessed by the Mechanism, which will submit reports on the Budget, our Medium Term Economic and Fiscal Outlook, and advise on ways in which we can remain compliant with our fiscal rules.

We welcome this major enhancement to the transparency and accountability of our budgetary and fiscal processes.

Despite the urgency of both COVID and La Soufrière, this Government went out of its way to honour the highest principles of good governance and Parliamentary democracy. Less than a month after the first detected case of COVID in Saint Vincent and the Grenadines, we tabled a supplementary appropriation bill in this Honourable House, and engaged in fulsome debate on our plans and strategies to combat the health, social and economic impacts of the Pandemic. Similarly, within three weeks of the volcanic eruptions, we were once again before this Honourable House with open and transparent disclosure of our spending plans, sources of revenue, and policy approaches to the disaster. In the circumstances, the timeliness, openness and willingness to debate these issues were remarkable, and without parallel in our parliamentary history.

This Government was the first in the history of Saint Vincent and the Grenadines to operationalise the Constitutional mandate for the establishment of a Contingencies Fund.⁹⁸ We also quickly promulgated regulations to govern the management of the Contingencies Fund, to ensure that the accumulated resources were properly administered and spent. Both COVID and La Soufrière have demonstrated the wisdom and prudence of this initiative. Today, despite spending \$27 million from the Contingencies Fund on Pandemic and volcano-related expenses, our Fund nonetheless has over \$30 million on hand.

Similarly, for the first time, we deferred accessing a significant portion of the resources that we were eligible to receive from the World Bank, choosing instead to set it aside for use in case of an emergency. That policy foresight and institutional discipline ensured that, with 48 hours of the

⁹⁶ “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;”

⁹⁷ “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.”

⁹⁸ Constitution of Saint Vincent and the Grenadines, §72

volcanic eruption, we were able to access \$54 million to address the most urgent humanitarian and infrastructural needs.⁹⁹

Post-eruption, the National Emergency Management Organisation (NEMO) met weekly for over five months in a broad-based, multisectoral effort to coordinate the delivery of humanitarian assistance. These vital meetings ensured that individual ministries, NGOs, statutory entities and the private sector were all on the same page with relief efforts. From pre-eruption preparation to complex post-eruption care, the institution of NEMO rose admirably to the challenges of La Soufrière.

Not long ago, the Government's management of the Bank of Saint Vincent and the Grenadines (BOSVG) was derided by opposition politicians as incompetent. Those same political actors claimed that the Bank was on the brink of failure and collapse. Today, through prudent management, institutional strengthening and adherence to the Government's pro-amalgamation policy, the BOSVG was sufficiently strong to acquire the local banking operations of CIBC FirstCaribbean.¹⁰⁰ As a result of that acquisition, BOSVG's asset base will increase from \$1.2 billion to over \$1.8 billion, and it will be the dominant bank operating in Saint Vincent and the Grenadines. We anticipate further consolidation in the financial sector in 2022.

In 2020 the Government initiated a comprehensive reform of the governance of State-Owned Enterprises, including 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). These reforms, which include the creation of a Monitoring and Oversight Committee, will enhance transparency, facilitate oversight of such institutions, and reduce budgetary transfers. The full impact of these reforms will begin to be apparent this year.

Similarly, we have significantly reformed procurement legislation to improve the functioning of our Tenders Board, the manner in which contracts are awarded, and the efficiency of State acquisition of goods and services.

In 2022, in addition to strengthening these institutional frameworks, the Government will pay particular attention to improving the capacity, and analytical capabilities of our statistical and data-gathering units. The Government will be participating in the World Bank's "Data for Decision-Making" project, which will provide approximately \$16 million to improve national capacity to produce and publicly disseminate statistical data for local or regional analytics. As the name of the

⁹⁹ See, The World Bank, "World Bank Provides US\$20 Million for Saint Vincent and the Grenadines' Response to La Soufrière Eruption," 12 April 2021 (<https://www.worldbank.org/en/news/press-release/2021/04/12/world-bank-provides-us-20-million-for-saint-vincent-and-the-grenadines-response-to-la-soufriere-eruption>)

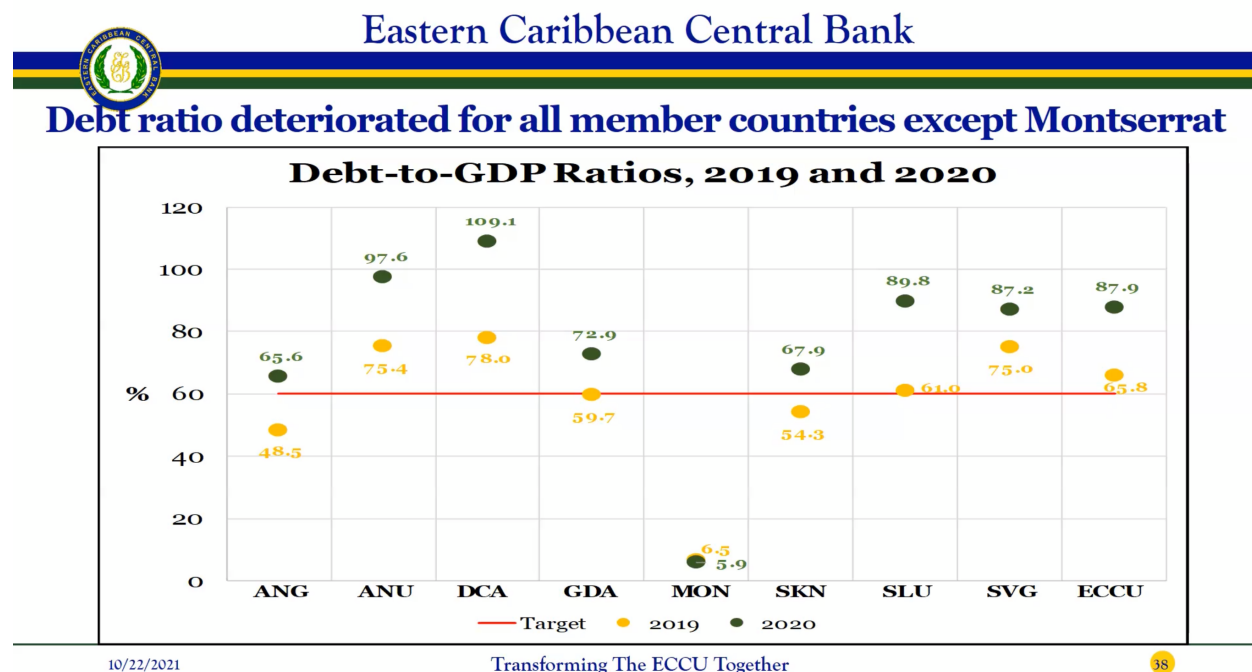
¹⁰⁰ See, Bank of Saint Vincent and the Grenadines (BOSVG), "BOSVG to acquire the banking operations of CIBC FirstCaribbean in St. Vincent and the Grenadines," 14 Oct 2021 (<https://www.bosvg.com/news-details/300/bosvg-to-acquire-the-banking-operations-of-cibc-firstcaribb>)

project suggests, we are focussed on collecting and analysing data that is accurate, shared publicly, and sufficiently timely to inform policymaking at all levels of the Government.

Through a variety of investments and policy adjustments, Budget 2022 also seeks to strengthen our ability to collect more accurate information on agricultural production and activity at our ports. Improving data on production, imports, exports, and arrivals will provide a more accurate snapshot of economic trends and Gross Domestic Product. This information will help us to target areas for growth or reform.

XII. DEBT SUSTAINABILITY AND FISCAL RESPONSIBILITY

The national debt has been in the news recently, mainly as a result of a poorly-edited report that falsely suggested our current indebtedness placed us on the brink of “economic collapse.” Even when the underlying inaccuracies were exposed, the flames of panic were still fanned by myopic malcontents whose most earnest desire is to unquestioningly swallow and regurgitate any negative news about their country, while disregarding anything positive, or uplifting as mere propaganda.



Debt to GDP ratios worsened across the Caribbean as economies contracted and governments borrowed money to lessen the impact of the COVID pandemic. Within the Eastern Caribbean Currency Union, every independent member state experienced a deteriorating debt ratio between 2019 and 2020, with the subregion’s overall debt-to-GDP moving from 66 percent to 88 percent. Our own debt increase during this period was well below the regional average.

Last year, we endured La Soufrière, which necessitated further emergency borrowing and drawdowns of set-aside catastrophe resources. Those resources not only helped us to respond to the humanitarian challenges of the eruptions, but set us on the path to long-term recovery.

We are proud that we remained disciplined in our borrowing during the disaster, only accessing highly concessionary loans that were low-interest, with a long repayment window and a generous grace period. Indeed, over \$228 million of the \$251 million in increased debt was attributed to World Bank and IDA loans, which *“have a zero or very low-interest charge, and repayments can extend over 30 to 40 years, including a 5- to 10-year grace period.”*¹⁰¹ The World Bank Financing of \$108 million within the \$113 million Volcano Eruption Emergency Project (VEEP), for example, *“is interest-free with a maturity of 40 years, including a grace period of 10 years.”*¹⁰² Further, the IMF’s approval of US\$11.6 million from the Rapid Credit Facility to address the fallout of the volcanic eruption¹⁰³ is also highly concessionary. The Rapid Credit Facility is free of conditionalities, and *“carries a zero interest rate, has a grace period of 5½ years, and a final maturity of 10 years.”*¹⁰⁴

Outside of grants, there is no more affordable financing available anywhere in the world.

Undoubtedly, COVID, Hurricane Elsa and La Soufrière have tightened our already limited fiscal and policy space. But our responses to these urgent challenges were timely, necessary, and prudent. However, our economy, and the people of Saint Vincent and the Grenadines, have unquestionably benefitted from these responses.

Within the limits of our fiscal space, we have followed a countercyclical policy focussed on capital works, short-term employment and cash transfers to vulnerable groups, during a period where tourism was compromised by COVID and agriculture was affected by La Soufrière.

Prior to the onset of our urgent challenges, the national debt-to-GDP ratio was projected to worsen in the short term while we financed the construction of the Modern Port in Rose Place, before improving as we approach the Eastern Caribbean Currency Union’s revised 2035 target date for a regional debt-to-GDP ratio of 60 percent.¹⁰⁵ These projections remain feasible and intact.

Saint Vincent and the Grenadines has always paid its debts, and will continue to do so. We are acutely aware of the fact that, at a time of regional challenge, securities investors can be spooked by

¹⁰¹ The World Bank, “IDA Financial Products” (<https://treasury.worldbank.org/en/about/unit/treasury/ida-financial-products>)

¹⁰² The World Bank, “Saint Vincent and the Grenadines Receives US\$40 Million from the World Bank to Support Volcano Eruption Recovery,” 30 Nov. 2021 (<https://www.worldbank.org/en/news/press-release/2021/11/30/saint-vincent-and-the-grenadines-to-receive-us-40-million-from-the-world-bank>)

¹⁰³ International Monetary Fund (IMF), “IMF Executive Board Approves a Disbursement of US\$11.6 Million for St. Vincent and the Grenadines to Address the Fallout from the Volcanic Eruption,” Press Release No. 21/206, 1 July 2021 (<https://www.imf.org/en/News/Articles/2021/07/01/pr21205-st-vincent-and-the-grenadines-imf-board-disbursement-address-fallout-from-volcanic-eruption>)

¹⁰⁴ International Monetary Fund (IMF), “Factsheet: IMF Rapid Credit Facility (RCF),” 30 Mar. 2021 (<https://www.imf.org/en/About/Factsheets/Sheets/2016/08/02/21/08/Rapid-Credit-Facility>)

¹⁰⁵ Eastern Caribbean Central Bank (ECCB), “Communiqué – 98th Meeting of the ECCB Monetary Council,” 12 Feb. 2021 (<https://www.eccb-centralbank.org/news/view/communiqua-C-98th-meeting-of-the-eccb-monetary-council>)

idle musings about countries' capacity to pay debt, or by the disingenuous scaremongering of political operatives. We wish to assure those investors, and the general public, that we remain a safe, responsible and rock-solid place to invest.

Through multiple crises, the Government was never late with salaries, never raided the NIS, never missed a loan payment, and never asked bondholders to take a haircut. If you think that is an unremarkable statement, take a look around our region to understand the complexity of the fiscal hazards that all Small Island Developing States are being forced to navigate.

XIII. RESOURCE REQUIREMENTS

As is our practice in the Honourable House, the prior debate and passage of the Estimates of Revenue and Expenditure comprehensively traversed the details of what the Government plans to spend in 2022 and how that spending will be financed. Nevertheless, for the purposes of this Speech, we will summarise the main points of that prior presentation.

Budget 2022 has a total resource requirement of \$1.33 billion. This represents a 9.6 percent increase over the approved figure for Budget 2021. The 2022 resource envelope is made up of \$727 million in Current Expenditure, Amortisation and Sinking Fund Contributions of \$204.9 million and Capital outlays of \$397.5 million. Budget 2022 will be financed by Current Revenue of \$677.5 million and Capital Receipts totalling \$651.8 million.

Relative to 2021, the increases in the overall Budget are mainly attributable to:

- Current Expenditure increasing by 4.1 percent;
- Capital Expenditure increasing by 25.2 percent;
- Current Revenue increasing by 4.7 percent; and
- Amortisation increasing by 4.4 percent

Sinking Fund Contributions remain flat.

In summary, the outlays on this side of the budget, including Amortisation and Sinking Fund Contributions are as follows:

CATEGORY	AMOUNT (\$)
Compensation of Employees	\$354.0 m
Pensions	60.3 m
Other Transfers	134.7 m
Interest Payments	74.1 m
Goods and Services	103.9 m
Current Expenditure	\$727.0 m
Add:	
Amortisation	182.9 m

Sinking Fund Contributions	22.0 m
TOTAL	\$ 931.9 m

On the capital side of the Budget 2022, the allocations by functional classification are as follows:

FUNCTIONAL CLASSIFICATION	APPROVED ESTIMATE 2022 (\$m)	% OF TOTAL
General Public Services	22.6	5.7
Public Order and Safety	7.3	1.8
Economic Affairs	177.3	44.6
Environmental Protection	71.3	17.9
Housing and Community Amenities	22.6	5.7
Health	24.4	6.1
Recreation, Culture and Religion	6.9	1.7
Education	29.4	7.4
Social Protection	35.6	9.0
TOTAL	397.5	100.0

The details of the sources of financing for Budget 2022 are as follows:

SOURCE OF FUNDS	AMOUNT	% SHARE
Domestic Receipts	\$105.2 m	16.1%
Capital Revenue	\$1.0 m	0.1 %
Loans	\$104.2 m	16.0%
External Receipts	\$546.7 m	83.9%
Grants	\$ 69.7 m	10.7%
Loans	\$ 211.6 m	32.5%
Other Receipts	\$265.4 m	40.7%
TOTAL	\$651.8 m	100.0%

Taken at a glance, Budget 2022 has a current deficit of \$49.5 million and an overall deficit of \$376.3 million. The fiscal summary of the Budget 2022 is as follows:

ITEMS	\$M
Current Revenue	677.5
Less:	
Current Expenditure	(727.0)
Current deficit	(49.5)
Add:	
Grants	69.7
Capital Revenue	1.0
Funds Available for Capital Expenditure	21.2

Less:	
Capital Expenditure	397.5
Overall Deficit	(376.3)
Financed By:	376.3
External Loans	211.6
Local loans	104.2
Other Capital Receipts	265.4
Less:	
Amortisation	(182.9)
Sinking Fund Contributions	(22.0)

There are no new tax measures in Budget 2022. In light of the enormous challenges that we faced in 2021 – and due to the uncertainties surrounding the Pandemic and its potential impacts on inflation, tourism and the pace of the global recovery – it is difficult to forecast either the revenue gains or socioeconomic impacts of any such measures.

However, we do intend to introduce one welcome reform to our tax and tariff architecture. There has long been public discussion on the level of taxation levied on imported vehicles. In some instances, the effective tax rate can be as high as 135 percent of the Cost, Insurance & Freight (CIF) value of the vehicle. As a consequence, the motor vehicle fleet on the island is on average 11 years old with an average total landed cost of \$27,000. It does not escape notice that we imposed a prohibition on the import of cars older than 12 years old, and that the average age of a car in Saint Vincent and the Grenadines is 11 years old. Only three percent of the fleet constitute newer models less three years old. Further, the local used car market in Saint Vincent and the Grenadines is underdeveloped relative to our neighbours. A Vincentian consumer is far more likely to buy a 12-year-old car on a Japanese website than they are to purchase one that is being resold locally.

Over the course of the year, we have listened to the concerns of both consumers and automobile retailers, undertaken our internal analytical work and we are now prepared to address the issue. During the fiscal year 2022, the taxation regime for motor vehicles will be reviewed with the following objectives in mind:

1. To incentivize the purchase of newer motor vehicles;
2. To reduce the import taxes on hybrid and electrical vehicles;
3. To restructure the Surtax regime for all motor vehicles including the prohibition on vehicles older than 12 years;

The result of these reforms will be to reduce taxation on all vehicles, but with the greatest incentives going to the purchase of newer vehicles and/or cars with smaller, more efficient engines. We are currently working on making the system easy to understand, and in adjusting the existing online calculators so that purchasers will know what their final cost will be, before they click “buy” on the website.

These changes will be accommodated within the new Harmonised Commodity Description and Coding System (HS 2017) Common External Tariff which will be implemented this fiscal year. HS 2017 will introduce classification headings for hybrid and electrical motor vehicles.

XIV. CONCLUSION

The year 2021 was about extraordinary challenges and the extraordinary people who rose to face them. Before concluding, we once again pay tribute to the heroes of the COVID pandemic, both seen and unseen, including those involved in the rollout of our vaccination programme. Without all of them we would not be where we are today, planning for the resumption of safer times. We also honour the thousands of people, from all walks of life, who opened their homes and their hearts to those displaced by the volcano; who helped to evacuate villagers; who spent months in kitchens cooking for strangers; who loaded trucks with supplies, or prepared food packages, or shovelled ash off a neighbour's rooftop.

Gratitude is a must. We thank you all, sincerely, for your selfless patriotism. We thank Almighty God for his enduring mercy, strength, and the numerous blessings that we have counted, one by one, even as we endured our fiery trials.

Today's Budget Speech has been anything but brief. But like Buju Banton once sang, we could go on and on, the full has never been told. There is much more to be highlighted and explained, and over the coming days individual ministers and senators will add details to this outline of our response to challenging times, and our plans for future prosperity.

Budget 2022 is unambiguously shaped by the recent and continuing challenges of the Pandemic and the volcano. But it is also fuelled by our determination to recover quickly, build resilience, and accelerate our developmental transformation. Our goals this year are as simple as they are profound: To protect people from COVID; to respond to the social and infrastructural toll of the volcanic eruptions; to pursue fresh initiatives that can accelerate our economic recovery; and to continue transforming our country by creatively tackling foundational challenges.

To return to pre-pandemic, pre-volcanic levels of development is an insufficiently ambitious target. Before COVID and La Soufrière struck, the Government was impatiently pursuing far grander goals. We will not be satisfied with reaching any milestone that we have already passed on our developmental journey. The status quo is not enough. We want more, and better, for every citizen of Saint Vincent and the Grenadines.

That is why Budget 2022 embraces the opportunities amidst the uncertainties of the coming years. We expect to grow this year, and we will use that growth as a springboard to transformational development in these fundamentally transformed times. We will not apply pre-Pandemic paradigms, or pre-volcano verbiage to the novel viruses, novel challenges, and novel opportunities of 2022. We will adopt fresh initiatives, and pursue them with fresh vigour, in the interest of the Vincentian people.

Of course, what has worked in the past will not be cast aside, but reimagined to address the challenges of a different era. The revolutions continue. We will reinvigorate the Housing Revolution by constructing hundreds of new homes, for victims of the volcano and hurricane, as well as residents nationwide in need of more secure shelter. We will refresh the Education Revolution by spending tens of millions on the rehabilitation of schools and the reform of education in the post-COVID era. We will revitalise the Wellness Revolution with fresh medical facilities, modern equipment and reformed administrative structures. We will strengthen institutions and further entrench the principles and expectations of good governance. And we will deliver revolutionary rebirths in tourism, agriculture and the Blue Economy.

Of course, none of this will be easy. The threat of COVID and the impacts of La Soufrière are not past events, but lived realities for every Vincentian. Immediate pressures can obscure your vision for the future and compromise your ability to plan for it. But this Government's vision is clear: A safe, and healthy population. A rebuilt and improved infrastructural capacity. An inclusive, innovative and educated society. A sustainable, climate-resilient environment. A government where the wellbeing and upliftment of people is at the heart of every single policy, programme and project.

The slings, arrows and hurled stones – whether metaphoric or literal – will not deter us. Throughout history, any people faced with a collective challenge must contend with the naysayers, the defeatists, and those who opportunistically attempt to sow seeds of division in the tiniest fissures of a united front. Eventually, the obstructionists become indistinguishable from the challenge being overcome. And we will overcome the challenges. Because love is always stronger than hate. Solidarity and unity of purpose will always defeat selfish individual obstructionism. As Bob Marley once sang, “we come together, to overcome the little trouble.”

The not-so-little troubles of COVID, climate and volcanic cataclysm require us to come together as never before. No great cause has ever been won with every individual effort scattered in pursuit of opposing self-interested objectives. We are better, and stronger than those who try to divide us. La Soufrière has proven that, together, we can overcome anything.

We have been tempered in the volcanic fires of adversity, and we have emerged stronger for it. Like the Phoenix bird of Greek mythology, we may burn, but we will arise from the ashes, reborn, renewed, and refreshed. Budget 2022 seeks to aid in that rebirth in ways both far-reaching and modest. However, beyond the programmes and projects, its lasting legacy will be the unambiguous faith that it places in the people of Saint Vincent and the Grenadines to lift our country ever higher.

We close with a verse from Corinthians, which says:

*Finally, brothers and sisters, rejoice! Strive for full restoration, encourage one another, be of one mind, live in peace. And the God of love and peace will be with you.*¹⁰⁶

I unreservedly recommend Budget 2022 for passage by this Honourable House. May Almighty God continue to bless Saint Vincent and the Grenadines.

¹⁰⁶ Holy Bible, 2 Corinthians 13:11, (New International Version)