

The 2026 Budget Address

**From Rescue to Resilience – Building One Nation
Together**

**Delivered by: Dr. The Honourable Godwin Friday,
Prime Minister and the Minister of Finance**

Date: February 9, 2026

INTRODUCTION

Madam Speaker, Honourable Members, On November 27, 2025, the people of Saint Vincent and the Grenadines, in a historic and decisive display of our democracy, raised their voices from the volcanic slopes of the north to the turquoise waters of the Grenadines to elect into office the New Democratic Party, with a 14-1 victory. They delivered a mandate for change that was clear and decisive. In entrusting the New Democratic Party (NDP) with the privilege to serve, they have placed upon us a sacred responsibility: to restore fairness, justice, freedom and prosperity for all Vincentians.

I am mindful of the weight of this mantle. Since our nation's formal embrace of constitutional independence on October 27, 1979, only five successive Ministers of Finance have preceded me in delivering the aggregate of budget addresses that have shaped our journey. Robert Milton Cato; Sir James Mitchell; Arnhim Eustace; Ralph Gonsalves and Camillo Gonsalves.

Madam Speaker, it is the first time in over two decades that a leader of the New Democratic Party has stood before this Honourable House to steer the fiscal direction of our beautiful country as Prime Minister and Minister of Finance.

Madam Speaker, at the end of 2025, total public debt stood at approximately **EC\$3.5 billion**, equivalent to **110.3 percent of GDP**, while debt servicing consumed nearly **40 cents of every dollar** of current revenue. This is the dismal state of affairs that our government has inherited, and which we are tasked with correcting – and that we shall do - through smart fiscal policy, goodwill, grit and determination – and by calling for ‘all hands on deck.’

Madam Speaker, as I stand before you today, I am mindful that the fiscal leadership of the New Democratic Party is not merely a matter of fantasy; it is a matter of history. When our then-leader, Sir James Mitchell, took office in 1984, he inherited a fiscal landscape that was significantly strained. The outgoing Labour administration had left our country grappling with a high debt-to-GDP ratio, inefficient state-run enterprises, and stagnant productive sectors of the economy.

Our challenge then was much as it is now: to restore investor confidence and stabilize the national budget without triggering a social crisis. Between 1984 and

1989, the Mitchell-led NDP government implemented a strategy of *prudent conservatism*, moving away from the heavy state-interventionist models that had failed us.

The foundations of that stewardship remain central to our philosophy today:

- **Strategic Tax Reform:** We overhauled the system to broaden the base while lowering individual rates, a move that incentivized private sector growth and improved collection efficiency.
- **Decisive Debt Restructuring:** By negotiating more favourable terms and prioritizing the repayment of high-interest loans, we began to peel back the layers of debt that had previously stifled our public spending.
- **Revitalization of the Productive Sector:** Recognizing that agriculture was our "green gold," we funnelled resources to ensure our small farmers received the support needed to meet international export standards.

Madam Speaker, that era was characterized by a remarkable turnaround in our nation's creditworthiness. By 1989, we had successfully turned persistent budget deficits into surpluses, which were then reinvested into the critical infrastructure that many Vincentians still use today.

We did not just correct the books; we laid the groundwork for a decade of sustained growth. Today, we return to those principles with truth, courage, and hard work to build, truly and finally, **One Nation Together**.

Madam Speaker, we gather today at the beginning of a new chapter in our national story. This is a time for truth; it is a time for courage; and it is a time for the hard work of transformation. For too long, the true state of our nation has been obscured by glossy statistics that do not match the lived reality of our citizens. Today, I am here to open the books and lay out the unvarnished facts of our social and economic condition with the respect that our citizens deserve.

INTERNATIONAL AND REGIONAL ECONOMIC DEVELOPMENTS

Madam Speaker, as an open Small Island Developing State (SIDS), the economic fortunes of Saint Vincent and the Grenadines are inextricably linked to developments beyond our shores. The performance of our major trading partners—the United States, Canada, the United Kingdom and the European Union—has direct and powerful implications for domestic economic activity, influencing tourism demand, prices, foreign direct investment, remittance inflows, and access to external financing.

According to the IMF World Economic Outlook released in January 2026, the global economy is projected to grow by 3.3 percent in 2026, broadly in line with growth in 2025 and representing an upward revision from earlier forecasts. This outlook reflects a balance between persistent downside risks—including geopolitical tensions, trade policy uncertainty, and shifting immigration regimes in advanced economies—and supportive factors such as increased investment in digital technologies and artificial intelligence, more accommodative financial conditions, and continued fiscal support in key economies.

Global inflation is projected to ease in the near term, driven by softer demand and lower energy prices. For Saint Vincent and the Grenadines, these external conditions form the economic climate within which we must operate, shaping tourism receipts, imported inflation, remittance flows, and the cost and availability of external financing in the year ahead.

Madam Speaker, in 2025, economic growth in our major diaspora markets remained subdued: the United States grew by 2.1 percent, Canada by 1.6 percent, and the United Kingdom by 1.1 percent. Despite this growth, remittances to Saint Vincent and the Grenadines declined by 3.7 percent to EC\$236.78 million, following minimal growth in the previous year.

This decline reflects the lived reality faced by Vincentian households abroad – rising living costs, changing labour market conditions, and increased uncertainty surrounding immigration policies, particularly in the United States. Looking ahead in 2026, growth in the United States is expected to moderate, while Canada’s growth is forecast to remain flat and the United Kingdom to slow slightly. In this

environment, the outlook for remittance recovery remains uncertain, underscoring the vulnerability of this critical income stream.

Madam Speaker, at the regional level, the IMF projects that Latin America and the Caribbean will grow by 2.3 percent in 2026, marginally lower than growth recorded in 2025. Tourism-dependent economies within CARICOM, including Saint Vincent and the Grenadines, are projected to grow more modestly, reflecting capacity constraints and the lingering effects of recent storms.

Similarly, the Economic Commission for Latin America and the Caribbean (ECLAC) projects regional growth of 2.3 percent in 2026, noting that the outlook continues to be constrained by weak investment, low productivity growth, sluggish labour markets, and persistent inequality.

For the Eastern Caribbean Currency Union, the IMF projects growth of 2.6 percent in 2026, following growth of 3.0 percent in 2025. Within the Union, the strongest performances are expected in Dominica and Grenada, with Saint Vincent and the Grenadines projected to grow by approximately 2.7 percent.

Madam Speaker, while our region continues to benefit from tourism demand and high levels of construction activity, challenges remain acute. Elevated inflation, high shipping costs, and continued exposure to external shocks reinforce the importance of prudent fiscal management, economic diversification, and resilience-building at home.

It is against this complex and uncertain international and regional backdrop that this Government presents its fiscal and economic strategy—anchored in realism, discipline, and the determination to strengthen Saint Vincent and the Grenadines' capacity to withstand external shocks while securing sustainable growth for our people.

THE REAL ECONOMY: PERFORMANCE AND PROSPECTS

Madam Speaker, the previous government report card on generating sustained economic growth is dismal and often less than what is required to accommodate population growth and persons entering the labour force. Under such circumstances, we see it as opportunity lost, *The Lost Decade*. During the entire ULP's tenure in office, their average annual real GDP growth was 2.2%, compared to an annual average growth rate of 5.0% of GDP during NDP's time in Office, that is 1984 to 2001.

While our economy has demonstrated resilience recently, against the lingering effects of COVID-19, the La Soufrière eruption, and the devastation of Hurricane Beryl, real GDP growth moderated at 4.4% for 2025 from a strong performance of 5.2% in 2024 according to the International Monetary Fund World Economic Outlook, October 2025.

Madam Speaker, with respect to tourism, the performance was strong with the number of stay-over visitors surpassing 100,000 for the first time, in 2024, finishing the year with **101,471** registered guests. This momentum continued in 2025, with third-quarter stay-over visitors increasing by **14%** year-over-year. By September 2025, stay-over visitors reached **81,025**, a notable increase from the **71,000** recorded during the same period in 2024.

Our country has sought to stabilize and expand our global air connectivity through measured engagement with both new and established carriers. This increase in arrivals was supported by the entry of five new airlines in our market—**JetBlue**, **LIAT 2020**, **WinAir**, **Sunrise Airlines**, and most recently, **Delta Airlines**—which have significantly improved our regional and international access. These partnerships, paired with the entry of new hotel stock such as **Sandals Resort** and **Holiday Inn**, have provided a necessary buffer against external shocks and provided a platform for sustained activity.

Looking ahead, the government remains committed to a development strategy in which tourism is a pillar of the economy. This will involve steady and sustainable development of the sector to establish St. Vincent and the Grenadines as a premier travel destination. Because stay-over growth is so closely linked to our broader macroeconomic health, we expect tourist activity to remain a primary driver of our

economy in the near and medium term. We will continue to manage this sector with a focus on accelerated growth and long-term viability, ensuring that tourism continues to provide a reliable pillar of national development.

Inflation and Cost of Living

Madam Speaker, the general price level in Saint Vincent and the Grenadines increased by a cumulative 20% between 2020 and 2025. This inflationary pressure has eroded the value of hard-earned wages, particularly as the prices of essential commodities like flour, rice, oil, and electricity have increased.

The domestic inflation rate, largely imported from our trading partners, peaked at 5.7 percent in 2022 before moderating to 3.6 percent in 2024. While the rate of increase has abated in 2025 to 0.9 percent, the prices for food and non-alcoholic beverages remain a lead driver of hardship. Madam Speaker, it is a painful fact that the sub-index for Food and Non-Alcoholic Beverages increased by 38 percent between December 2019 and December 2025—more than twice the rate of the overall consumer price index (CPI).

Labor Market Dynamics

The Vincentian labour market has undergone a decade of volatility and transformation between 2015 and 2025. While formal employment expanded by an annual average of 2.3%; this growth masks deep fractures, including a paradox where high structural unemployment coexists with acute labour shortages in critical sectors.

The economy has pivoted from its traditional agricultural-base toward a service-oriented model. The accommodation sector has been the most dynamic engine of job creation, expanding by 60.6% over the period 2015 to 2025. The accommodation sector has catalysed employment not just in hotels but across the supply chain. Similarly, the information sector saw the highest rate of growth (+110%) from 500 persons actively employed to 1050 persons, driven by the expansion of call centres and Business Process Outsourcing (BPO).

Data from the National Insurance Services (NIS) and Labour Force Surveys (LFS) provide evidence of a large informal economy. According to the Labour Force Survey (2022), informal employment was estimated at 41.8% of the workforce, involving approximately 20,150 workers. This grey zone of employment lacks contracts, regular benefits, pensions and social security coverage, posing a long-term risk to the sustainability of the national pension system.

Employment by Industry (2015-2025)

Sector	2015 Active Employees	2025P Active Employees	10-Year Change
Public Administration	10,364	12,853	+24.
Construction	8,206	9,076	+10.6%
Accommodation	3,357	5,390	+60.6%
Agriculture	224	186	-17.0%
Information/BPO	500	1,050	+110.0%
Total Active	37,389	45,785	+22.5%

Source: NIS database (2025), LFS (2022)

The construction sector presents a particularly troubling narrative. That is, despite a construction boom, registered wages have stagnated, growing only 6.7% over a decade. This suggests, Madam Speaker, that the employment benefits of large building projects may be flowing to foreign contractors and imported labour and not to local labourers who remain largely in lower wage tiers.

POVERTY AND VULNERABILITY SNAPSHOTS

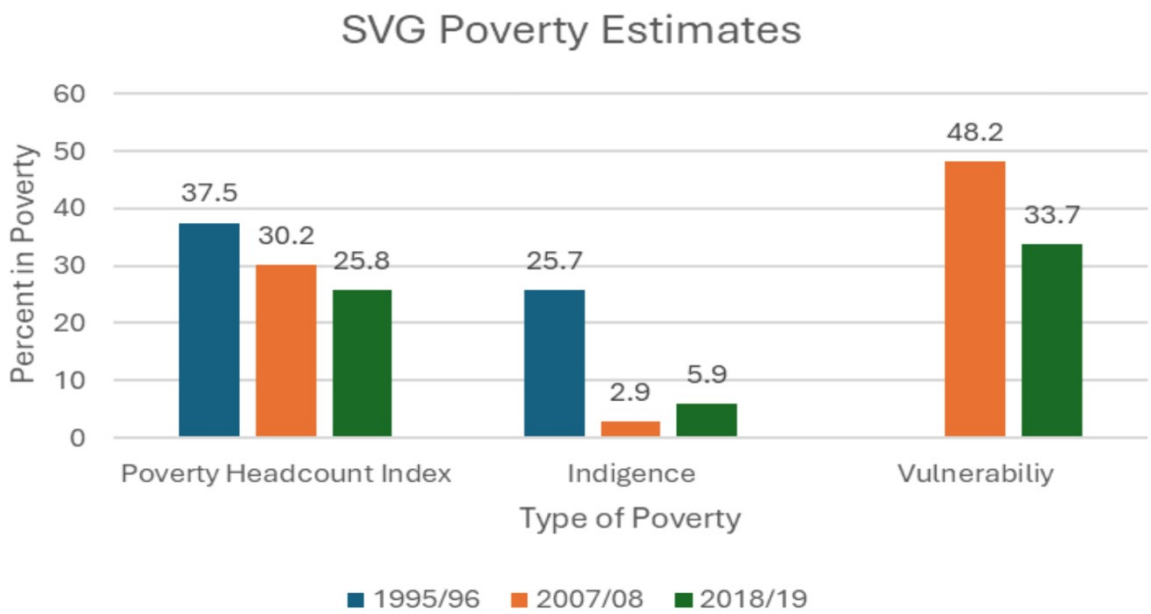
A critical truth made evident in the recent independent poverty assessment, based on the official data and information from the 2018 Survey of Living Conditions and the 2023 Population and Housing Census, is the *silent crisis of poverty*.

The assessment reveals a stark reality: nearly one in three Vincentians—more than 33 percent of the population—are either already living in poverty or remain only a single pay check or natural disaster away from falling into it.

The cost of meeting even the most basic nutritional needs has risen sharply, with the indigence line now exceeding \$3,642 per adult per year, or roughly \$10 per day, simply to eat adequately. For households, the challenge is even more pronounced.

In 2024, an average family of three requires a minimum monthly expenditure of EC\$1,898 just to escape poverty—a threshold that continues to drift further out of reach as inflation steadily erodes the value of hard-earned wages.

A further analysis of the data shows that poverty is concentrated in female-headed households and in rural northern communities that bore the brunt of the economic disruption caused by volcanic eruption. This geographic divide—a relatively prosperous south and a forgotten economically depressed north—is a central target for our administration's One Nation transformation agenda.



However, Madam Speaker, we cannot speak of a One Nation agenda if we do not have the courage to face the most uncomfortable truth of our time: that is, the silent crisis of poverty that afflicts too many of our people. As I said earlier, for too long, the true state of our nation has been obscured and misrepresented. The official pronouncements and statistics have not matched the lived reality of our citizens.

The independent assessment I share tonight is thorough and sobering. It reveals a nation that is showing signs of economic growth, but at the same time this growth is not inclusive. A better standard of living and prosperity are not touching the lives of large segments of the population.

Poverty in Saint Vincent and the Grenadines is not random; it has a specific face and a specific home.

- The Forgotten North: Poverty is spatially concentrated in our rural northern communities—the same **Red and Orange Zone** that bore the brunt of the La Soufrière eruption.
- Gendered Vulnerability: A significant share of our poor live in female-headed households. These women are disproportionately affected by caregiving responsibilities and limited access to land, making them more susceptible to economic shocks.
- The Growth Paradox: This geographic divide—a south with rising opportunities and a forgotten north wrestling with ash and neglect—must challenge our national conscience until it is remedied.

Madam Speaker, the poor in our country live predominantly in hazard-prone areas exposed to floods, landslides, and volcanic activity. Their livelihoods are often informal, lacking contracts, benefits, or social security coverage. This "grey zone" of employment creates a cycle of job insecurity where earnings are low and inconsistent.

Furthermore, access to healthcare and quality education remains a challenge in these remote communities, where economic pressures lead to higher school dropout rates. Limited access to formal credit or insurance means that when a disaster hits, our citizens have no safety net to catch them.

Under my watch, this divide ends. Our One Nation transformation agenda targets these fissures directly. We are not merely providing a social safety net; we are building a ladder of opportunity.

- Immediate Relief: As promised, we are doubling Public Assistance to \$500 per month to throw a lifeline to the vulnerable who are drowning in the rising cost of living.
- The Youth Guarantee Pledge: We will ensure that every young person in these vulnerable communities has access to a job, a training spot, or an internship.
- Rural Investment: We are bringing tangible projects, such as the new National Eco-tourism Strategy, to the North to ensure that beauty translates into bread on the table for the people who live there.

Table 2: Poverty Profile of the Poor in SVG

Dimension	Characteristics of the Poor
Location	Rural, hazard-prone communities (e.g. Spring Village, Rose Hall, Fancy, Sandy Bay, Overland & Magnum, Owia)
Household Type	High proportion of female-headed households
Livelihoods	Small-scale, subsistence agriculture; informal labor
Income Levels	Below poverty line (annual EC\$6,547); earnings unstable
Employment	High unemployment; dominance of informal jobs
Education	Lower attainment; higher dropout rates
Gender	Women face greater vulnerability and limited resource access
Health	Limited healthcare access; poor nutrition
Disaster Vulnerability	High exposure to volcanic eruptions, floods, drought
Coping Strategies	Informal networks, savings, remittances
Access to Credit/Services	Limited; emerging microfinance via women's groups

Sources: eCPA data 2025, SVG Revised Livelihood Baseline Assessment Reports (CDB, 2022)

Madam Speaker, the road ahead is steep. This means we must redouble our efforts for the climb, for we will not leave another generation behind, to languish and wonder why they must always be the last to savour our national bounty. We will end this divide and ensure that in our country, the community in which you live no longer condemns you to poverty or determines your prospects.

THE STATE OF THE PUBLIC FINANCES

Madam Speaker,

Our nation has emerged from a lost decade (2016-2025) —ten years defined by persistent fiscal deficits and the servicing of inflated contracts.

We inherited a mountain of debt, some of it accumulated through agreements signed in the literal dying days of the previous administration. It is our duty now to re-examine these hastily concluded deals, struck at speed just days before the polls, to ensure that Vincentians finally get the fair deal they deserve.

Madam Speaker,

The contrast in fiscal stewardship is stark. Under the principled leadership of the NDP's Sir James Mitchell and Arnhim Eustace, our nation enjoyed ten years of fiscal surpluses. They operated on a simple, honest premise: **spend what you have earned**.

Conversely, the outgoing administration managed a fiscal surplus in only one of their twenty-five years. This fundamental lack of discipline is why public debt skyrocketed from 52% of GDP (\$648 million) in 2001 to a staggering 110.3% (\$3.5 billion) by the end of 2025.

Today, my young administration—just over two months old—chooses the path of macroeconomic stability over the fiscal recklessness of the past.

Madam Speaker,

The fiscal operations of the Central Government in 2025 present a mixed and sobering picture, and this Honourable House deserves clarity.

On the revenue side, we increased Current Revenue by 8.0 per cent, reaching EC\$855.64 million. However, expenditure pressures continued to outpace revenue growth. Current Expenditure rose by 10.0 per cent to EC\$925.41 million.

The consequence is clear and concerning: the current account deficit widened from EC\$49.6 million in 2024 to EC\$69.8 million in 2025. Put simply, the revenues we collect are still insufficient to meet the basic, day-to-day costs of government—to pay salaries, keep the lights on, and deliver essential services.

Madam Speaker,

While the overall fiscal position improved compared with the exceptional pressures of 2024, it remains deeply in deficit. The Overall Balance in 2025 recorded a deficit of EC\$404.4 million, equivalent to 12.2 per cent of GDP, following a deficit of 16.02 per cent of GDP in 2024.

This brings me directly to the central issue confronting our nation: the public debt.

Preliminary data indicate that as at 31 December 2025, total public debt stood at EC\$3.49 billion, equivalent to 110.3 per cent of GDP—up from 102.8 per cent of GDP at the end of 2024. This represents a sharp increase from pre-pandemic levels of approximately 70 per cent of GDP, and it places Saint Vincent and the

Grenadines well above the Eastern Caribbean Currency Union benchmark of 60 per cent of GDP by 2035. In other words, our public debt has been moving in the wrong direction and doing so quite rapidly. The result is that to service the debt now consumes approximately 39.3 percent of our current revenue—a hook in the gill that limits our ability to fix roads, buy medicine, pay our dedicated public officers and to invest in development projects.

Madam Speaker,

The weight of this debt is no abstraction. Debt servicing now consumes approximately 39 per cent of every dollar of revenue we collect. That is the reality of the “hook in the gill”—a burden that limits our ability to repair roads, procure medicines, or fairly compensate our dedicated public servants.

Fiscal Indicator (2025)	Value	Implications
Total Public Debt	EC\$3.49 billion	Historic high; sustainability risk
Debt-to-GDP Ratio	110.3%	Exceeds ECCU target of 60%
Overall Deficit	EC\$404.4 million	Borrowing required for operations
Debt Service Ratio	39% of Revenue	Crowds out social and capital spend

This trajectory is unsustainable. To continue on this path would be fiscally reckless and would place our country at heightened risk of debt distress.

That is why this Government has taken a clear and responsible decision. We will re-establish the Fiscal Responsibility Framework, strengthened with more effective fiscal rules, to reduce deficits in the short term and achieve fiscal surpluses in the medium term. Fiscal discipline is not an ideological choice; it is an economic necessity and a matter of national sovereignty.

PHYSICAL INFRASTRUCTURE

Madam Speaker,

Upgrading, expanding, and maintaining our critical infrastructure is not optional; it is fundamental to national development. These assets form the backbone of our productive economy. They enable trade, attract investment, connect communities,

and—most importantly—create sustainable employment that is necessary to lift people out of poverty.

This Government's commitment is clear. In the 2026 Capital Budget, we have allocated EC\$357.5 million to infrastructure investment. That level of commitment reflects both ambition and responsibility.

But Madam Speaker, we must also speak with honesty. Our development efforts are repeatedly tested by our extreme vulnerability to natural disasters. Hurricane Beryl alone caused damage to infrastructure estimated at US\$48.3 million (ECD to be stated). Each time we rebuild poorly or without foresight, we pay twice—first in public funds, and again in lost opportunity.

We therefore reject the cycle of build, break, rebuild. We cannot afford it financially, socially, or fiscally. Every new project must be climate-resilient, environmentally sound, and properly maintained. Climate resilience is no longer a slogan; it is a fiscal necessity.

AIRPORTS

Madam Speaker,

Air access is the lifeblood of our two principal productive sectors—tourism and agriculture. In recognition of this, Budget 2026 provides EC\$62.0 million for airport upgrades and operational improvements.

Argyle International Airport (\$14.0m): Madam Speaker, it is distressing to note that the runway at AIA has been experiencing surface challenges in some areas for a long time now and that over the years this problem has required frequent interventions to patch up the damaged sections. This has resulted in flight disruptions and modifications. The work required to fix the runway permanently was delayed and not done under the previous government. Given the critical importance of the airport to our economy and personal mobility, it is unfathomable why this was so. As such, the government has commissioned consultants who are conducting a comprehensive technical study of the underlying problems causing the frequent damages to the runway. We are awaiting the findings and

recommendations of this study.

- Crucially, we are introducing a scheduling protocol to end the flight bunching that causes terminal congestion, giving AIA the authority to spread arrivals across the day.
- Further we have budgeted \$2M for the conduct of a master plan for the future development of the AIA
- **Canouan Airport (\$40.0m):** Like AIA, this airport was not properly maintained over the years and now needs urgent attention. It is a critical gateway to the country for high-value tourism. Further, it is vital to the further development of tourism, particular in the Southern Grenadines, and the many jobs that come from it. The work that is required includes resurfacing of the runway, installing energy-efficient lighting, and constructing sea defences to protect the main infrastructure. A \$130 million loan from the CDB was secured by the previous government. We will proceed with this financing, while we seek to engage the developers in Canouan to partner with us in this vital and expensive restorative work.
- **JF Mitchell Airport and Union Island Airport.** The total sum of \$2.4million has been allocated to repair the airports in Bequia and Union Island.
- The JF Mitchell Airport needs urgent attention. Over the years, its terminal building, parking area, control tower, fire station, and runway fell into disrepair. The repair work must now be done. While the apron has been resurfaced, the ravelling on the runway was not fixed, and continues to pose a danger to airplanes using the runway. The airport has been closed for 14 days while the work to re-seal the runway and make associated repairs is being done. The roof of the terminal building will also be repaired. It was repaired recently but continue to leak. The restrooms and main doors in the terminal building will also be repaired.

Madam Speaker, when I visited the airport last week with fellow ministers and officials, I made a promise to the officers at the airport fire station that we would finally repair the fire station and provide suitable living conditions for them. It is simply unacceptable for them to continue to live in the conditions that they live in now. We will honour that promise because we are a government that keep our promise.

- As we all know, the Union Island Airport like so much of the rest of the

Union Island was severely damaged by Hurricane Beryl. Much of the repair work has been done but there is still more to do. The rehabilitative works to restore the Union Island airport to full operational capacity will be completed this year.

ROADS

Madam Speaker,

A road is only as good as its last maintenance cycle. For 2026, we have allocated EC\$87.2 million for road works—but just as important as how much we spend is how we manage those resources.

First, we are breaking the asphalt monopoly. Too many road projects have been delayed because the State depends on a single supplier. We are commissioning a feasibility study for a government-owned asphalt plant, with a capacity of 20 to 40 tonnes per hour. This will allow BRAGSA to pave when conditions are right—including nights and weekends—and ensure delivery of the EC\$39 million National Road Rehabilitation Programme.

Second, we are enforcing strategic prioritisation. We are re-assessing unfunded *ghost projects*, including proposals such as the EC\$50 million Lanse Mahaut Road. Under our Funded-Only Rule, this Budget will no longer list aspirations without secured financing. Credibility demands discipline.

SEAPORTS

Madam Speaker,

A modern port is not merely a place where ships dock; it is a revenue-generating national asset. To unlock that potential, we are reforming both governance and commercial structure.

At Campden Park, we will reposition the port as a regional trans-shipment hub for bulk materials. A new digital Yard Management System will replace manual tracking, improve turnaround times, and strengthen accountability.

Moreover, we are a country comprised of many islands. For the country to work seamlessly and productively, the main islands must have reliable and efficient transportation among them. We must be able to get from Union Island and Mayreau to Bequia or from Canouan to Kingstown as suits our purpose, reliably and affordably. The sea is our highway and the ferries our means of traversing that highway. We must provide the necessary infrastructure to enable them to do their job efficiently and profitably.

This means expanding and repairing jetties in the Grenadines and Kingstown. This is long overdue. We may have missed an opportunity to make hay while the sun shines; that is, to undertake some of this work when the Kingstown Port was being done.

BRIDGES

Madam Speaker,

Bridges are the critical links in our transport network. When they fail, communities are isolated and economic activity is disrupted.

For this reason, we have allocated EC\$20.0 million for priority bridge works, including the Noel, Overland, and London bridges. These structures will be rebuilt to modern engineering standards, capable of carrying heavy cargo while incorporating climate-adaptation measures to withstand future shocks.

WATER SECURITY

Madam Speaker,

Saint Vincent and the Grenadines stands at a critical juncture in securing its most essential resource—water. Across our islands, climate change is no longer a distant threat; it is a lived reality. It is disrupting rainfall patterns, damaging critical intakes, and placing unprecedented pressure on the availability, reliability, and

quality of our water supply. The era of predictable wet and dry seasons has passed. What we now face is variability, volatility, and vulnerability.

Madam Speaker,

While the Central Water and Sewerage Authority currently serves approximately 39,972 domestic and 1,486 commercial connections, this headline figure masks a deep and persistent geographic divide.

On the mainland, we rely heavily on surface water systems located in steep, high-elevation terrain—systems that are increasingly exposed to landslides, drought, and storm damage. In the Grenadines, the challenge is even more acute: there is no piped supply, leaving communities dependent on rainwater harvesting and limited desalination.

This is not merely a technical problem.

It is a question of equity, resilience, and national security.

Today, this Government sets out a clear and practical roadmap to ensure that no community—from the volcanic slopes of the north to the arid islands of the Grenadines—is left behind.

Madam Speaker,

We have commenced the development of the Overland Water Supply System—a \$23 million, groundwater-based investment designed to secure reliable water for climate-vulnerable communities in the north-east.

This project marks a deliberate shift away from fragile surface water systems towards resilient, climate-proof groundwater sources.

Specifically:

- **Borehole Infrastructure:** We are developing a well field at Overland, equipped with modern pumps and disinfection facilities, to deliver safe and reliable potable water.

- **Expanded Network:** The CWSA is undertaking a new **1.2-kilometre transmission line** and nearly **10 kilometres of distribution pipelines** that will extend service to **Sandy Bay, Point Village, and Owia**.
- **Storage and Energy Efficiency:** We are constructing two new concrete reservoirs, including a **1,073-cubic-metre tank at Overland**, powered by **solar photovoltaic systems** to reduce operating costs and improve reliability.
- **Operational Control:** A modern administration facility will enable real-time monitoring and data-driven management, ensuring continuity of supply during disruptions.

This is not piecemeal repair.

It is system-level resilience.

Madam Speaker,

Beyond Overland, we are modernising both the physical network and the information systems that underpin water delivery across the State.

Mainland Priorities

- **Groundwater Exploration:** We are deploying **isotope hydrology techniques**—funded by the **International Atomic Energy Agency**—to identify sustainable groundwater sources in the Marriagua Valley.
- **2026 Pipeline Upgrades:** Budget 2026 provides for a new **350,000-gallon storage tank at Peters' Hope**, alongside critical line replacements at **Montreal and Chester Cottage**.

The Grenadines Strategy

- **Union Island and Mayreau:** Under the **Beryl Emergency Resilient Recovery (BERRY) Project**, we are installing desalination plants to restore and stabilise water services following Hurricane Beryl.
 - **Bequia:** In Bequia, Madam Speaker, we are advancing the installation of a desalination plant and pipelines to serve Port Elizabeth and surrounding areas. This project is funded by a grant from the Government of Italy. It languished for several years under the

previous government, risking the loss of the grant funds. We will move urgently to capitalize of the \$1.7 million available from the Italian grant to get this project finally started.

- Going forward, attention will also be paid to the existing desalination plant at Paget Farm which is not functioning to proper standards to effect necessary maintenance and upgrades.
- These interventions recognise a simple truth: **one solution does not fit all**, but resilience must reach everywhere.

Madam Speaker,

The future of our water sector must be one of long-term resilience, not perpetual crisis response.

To that end, we are in the advanced stages of finalising a US\$48 million grant proposal to the Green Climate Fund.

This initiative will transform how water is planned, managed, and delivered.

It will:

- Strengthen institutional capacity, improving the planning and regulation of our water resources.
- Enhance technological tools enabling us to deploy data-driven operations and ensure more reliable service.
- Mobilize critical investments and construct additional storage and solar-powered desalination plants to reduce demand pressures.
- Promote National Awareness and empower our citizens to contribute actively to resilient water management.

Madam Speaker, by shifting from vulnerable surface supply to resilient groundwater and solar-powered desalination, we are not just fixing pipes; we are securing the "external lungs" of our development.

ENERGY

Madam Speaker, energy is the fundamental driver of our economic and technological development. It provides the foundation for all production activities, for our industrial productivity and for improving living standards.

Yet the reality we face is stark. Our energy system remains heavily—and increasingly dependent on imported fossil fuels. In 2025, diesel-generated electricity accounted for 85.4 per cent of total power production, requiring the importation of 8.9 million gallons of fuel at a cost of \$96.0 million.

That dependence carries a price.
It exposes us to volatile international fuel markets.
It drains our foreign exchange.

And it leaves our economy vulnerable to shocks beyond our control.

Recent events—the 2021 volcanic eruptions and Hurricane Beryl—have laid bare the fragility of our energy infrastructure. In response, this Government is making a clear pivot: away from rescue-driven spending, and towards a resilience-focused investment strategy—one that prioritises risk containment, cost control, and realism in the energy transition.

GEOHERMAL ENERGY

Madam Speaker,

We must now confront the facts surrounding the geothermal project with honesty and responsibility.

The geothermal wells have begun to emit steam and gases, creating a potential public-safety and environmental risk. At the same time, the economic viability of the project has become increasingly uncertain when weighed against its high capital costs and the limited fiscal space available to the State.

Accordingly, this government is acting prudently. We are restricting further expenditure strictly to risk mitigation and environmental safety. Additionally, we

are undertaking a technical review in preparation for a likely decision to cap and safely maintain the wells.

This is not a retreat. It is responsible stewardship of public assets.

TARGETED CLEAN ENERGY INTEGRATION

Madam Speaker,

Rather than pursuing system-wide roll-outs, our 2026 energy strategy focuses on targeted clean-energy integration—deploying renewables where they deliver the greatest and most immediate savings.

Specifically:

- **Strategic Priority Sites:** We are prioritising rooftop solar and hybrid systems at high-consumption facilities, including ports, airports, and the Arnos Vale Acute Hospital, to reduce operating costs.
- **Grant-Driven Projects:** We are leveraging World Bank and European Union grant financing for pilot projects, aligning energy upgrades with wider infrastructure improvements—without adding to our already bloated and burdensome public debt.
- **Utility Modernisation:** Solar photovoltaic penetration is projected to rise to 4.0 per cent in 2026, supported by projects such as the Union Island Solar PV Plant and upgrades at Lowmans Bay.

This is a practical transition—focused on bills, balance sheets, and resilience.

REGIONAL RESILIENCE AND INFRASTRUCTURE UPGRADES

Madam Speaker,

Across the Caribbean, renewable energy development has often been constrained by regulatory uncertainty and small project scale. To overcome these barriers, Saint Vincent and the Grenadines is participating in the Caribbean Resilient Renewable Energy Infrastructure Investment Facility (CRREIIF). Through this World Bank-supported programme, **\$81 million** has been allocated to:

- establish a national risk-mitigation mechanism, and
- modernise our electricity infrastructure.

Within this framework, VINLEC's 2026 capital priorities include:

- the Lowmans Bay Phase 3 engine hall,
- Battery Energy Storage Systems at Cane Hall and Mayreau, and
- a new power station in Bequia.

These investments strengthen reliability today while preparing the grid for tomorrow.

MODERNISING THE REGULATORY BACKBONE

Madam Speaker,

Infrastructure alone is not enough. Reform must be anchored in law.

To support this transformation, we are modernising the regulatory framework that governs the energy sector:

- National Energy Policy: We are updating the 2009 policy to reflect advances in renewable technologies and grid management.
- Electricity Supply Act: We are amending the 1973 Electricity Supply Act to facilitate renewable integration, enable future independent power producers, and strengthen consumer protection.

This legal renewal is essential to crowd in private investment while safeguarding the public interest.

Madam Speaker,

Our energy strategy for 2026 represents a decisive shift. We are not merely reacting to past shocks.

We are reducing exposure, containing risk, and re-engineering resilience.

By acting with realism, discipline, and foresight, this Government is securing a more stable, more affordable, and more sovereign energy future for Saint Vincent and the Grenadines.

CONSTRUCTION AND RESILIENT HOUSING

Madam Speaker,

Construction demand will continue to expand, driven by the recovery of the Southern Grenadines and our large-scale road rehabilitation programmes. Yet national contractor capacity has not grown at the same pace. The result has been chronic delays and escalating costs. This mismatch has three clear dimensions.

First, the skills gap.

Despite high unemployment, contractors report acute shortages of skilled masons, carpenters, and heavy-equipment operators. This reflects not a lack of labour, but a **productivity deficit** rooted in weak skills transmission and certification.

Second, the wage-incentive paradox.

Construction wages have not kept pace with inflation, while wages in hospitality have risen sharply. For many young people, construction is perceived as physically demanding work with insufficient reward. Our **TVET reforms** are designed to rebalance these incentives—by professionalising the trades, improving site productivity, and restoring dignity to skilled work.

Third, the execution gap.

Demand has surged faster than systems, skills, and standards have adapted.

Madam Speaker,

Our move towards steel-frame housing has exposed limited prior experience among local firms. To deliver homes at the speed recovery demands, Cabinet has endorsed a targeted response.

We are deploying specialist construction teams on a short-term basis, working alongside local contractors. This is not substitution; it is parallel participation—practical, on-the-job skills transfer designed to flatten the learning curve and build domestic capability.

Madam Speaker,

Capacity constraints have been compounded by weak financial discipline. We have seen funds commingled across projects and repeated extensions granted without consequence. That practice ends now.

We are shifting decisively to performance-based participation.

To ensure accountability, all contract terms will be strictly enforced, and non-compliance will result in immediate penalties. Furthermore, we will implement a disqualification policy for any participants who consistently fail to meet our established performance standards.

Eligibility for future awards will be based on demonstrated delivery capacity, not simply the lowest bid price.

Madam Speaker,

Improving construction productivity delivers fiscal dividends. Every delay increase borrowing costs and crowds out other priorities. By focusing on productivity, equipment access, and execution discipline, we are repositioning construction to be the engine—rather than the bottleneck—of national transformation.

Madam Speaker,

Housing is far more than mere shelter; it serves as a measure of equity and a vital anchor for human dignity. Ultimately, the way a society ensures its people are housed stands as a definitive test of its national progress.

The facts are stark. By 2023, households had increased by 27.5 per cent to nearly 39,000, yet our housing stock is ageing rapidly. Nearly half of all dwellings were built before 1999, while only 11 per cent have been constructed since 2017.

Meanwhile, the squatting population has nearly tripled since 2001, signalling a deepening structural deficit.

Madam Speaker,

The back-to-back shocks of the 2021 La Soufrière eruption and Hurricane Beryl in 2024 exposed a painful truth: many homes failed not solely because of storm intensity, but because of structural weaknesses, poor construction practices, and limited access to resilient financing.

In the Southern Grenadines, destruction was nearly total. Recovery credibility now rests on visible progress. Accordingly, \$35 million has been allocated in the 2026 Capital Estimates for housing development, rehabilitation, and the upgrading of informal settlements.

This Government has launched Project HOPE as a stability-critical intervention, not a routine capital programme. Speed, visibility, and standards define its approach.

Key pillars include:

- Mixed-Team Execution: Specialist housing teams are working alongside local contractors to accelerate steel-frame construction and overcome immediate capacity bottlenecks.

Madam Speaker,

We will not merely rebuild; we will re-engineer.

Our strategy includes:

- Targeted relief for the elderly poor, prioritising repairs based on objective vulnerability assessments.
- Informal-settlement retrofitting, benefiting 300 families over three years.
- A National Housing Recovery and Resilience Fund, housed within the National Development Bank, offering low-interest loans and grants to support “build-back-better” reconstruction.
- Modular and alternative construction methods, faster and more scalable than traditional masonry, to overcome land and cost constraints.

We will also facilitate and promote private sector investment in the housing sector.

Madam Speaker,

The road to recovery is paved with the roofs we place over our people's heads. Through Project HOPE, we are replacing uncertainty with steel, fragility with resilience, and vulnerability with dignity—building a nation ready to withstand the next storm.

EDUCATION AND HUMAN CAPITAL

Madam Speaker,

The Ministry of Education is undergoing a structural transformation, reflecting its expanded responsibility for human capital formation and long-term national productivity.

Our consultations across the system have revealed one unavoidable truth: access alone is no longer enough.

If we are to raise productivity, close skills gaps, and unlock opportunity, we must confront the quality deficits that now represent a principal constraint on our national development.

Madam Speaker,

THE MATH CRISIS

Data from our Education Management Information System presents a sobering reality. National mathematics pass rates remain critically low, fluctuating between 29 per cent and 41 per cent.

This is not an abstract concern.

Weak numeracy undermines readiness for technical and scientific careers. It constrains entry into engineering, construction, and digital fields.

And it explains the paradox we face today—high unemployment alongside acute skills shortages.

To address this at the root, this Government is changing how mathematics is taught.

We are moving decisively away from the traditional generalist teacher model and toward early, specialist intervention.

Accordingly:

- **Specialist Deployment:** We are deploying specialist mathematics teachers at the primary level, from Grades K–6, to ensure strong foundational learning at the point where it matters most.
- **Productivity Reform:** This reform is explicitly designed to feed into our TVET, engineering, and construction pipelines, strengthening the supply of technically capable workers over the medium term.

This is early intervention in the service of national productivity.

Madam Speaker,

We must now confront a long-standing cultural failure: the stigma attached to Technical and Vocational Education and Training.

TVET must be a first-choice pathway, not a remedial option—particularly in an economy facing acute labour shortages in construction, plumbing, electrical, and mechanical trades.

This Budget therefore introduces a set of practical reforms.

- **Prior Learning Assessment (PLA):**
A major innovation in this Budget is the introduction of the PLA. This allows skilled but uncertified community tradesmen to gain formal certification. Once certified, these practitioners can be engaged to train young people locally decentralising skills transmission and accelerating labour supply.

- National TVET Centre of Excellence:
While feasibility work continues a broader network of Centres of Excellence, we remain firmly committed to establishing a National TVET Institute to deliver industry-aligned, high-quality technical training.

This is how we turn informal skill into formal productivity.

REINSTATING TEACHERS

Madam Speaker, we are managing the reintegration of teachers terminated under the previous administration's vaccine mandate. My government has kept its principled promise to reinstate teachers and other public servants fired under the previous government's draconian vaccine mandate policy. This process is ongoing as we work to ensure the affected persons are put back into jobs with their full benefits intact and can continue to provide service with dignity and professionalism. We are committed to the smooth and speedy implementation of this policy and have worked closely with the relevant trade unions to move it along accordingly.

Madam Speaker,

At the same time, we are addressing the hidden costs of education borne by families.

Accordingly:

- School Fee Review:
We have noted with concern the growth of fees at secondary schools and at the community college. They are posing to be onerous for students and their families and even deter students from starting or continuing at the college. We cannot as a nation risk the loss of skills and abilities that come with educating our people simply because many cannot afford to attend our schools. Accordingly, we will remove the administrative fees and ensure equity and affordability across the public school system.
- Resource Revitalisation: We are revitalising school libraries through partnerships such as Hands Across the Sea, maximising educational impact while minimising fiscal cost.

Madam Speaker,

Education reform is not about rhetoric—it is about outcomes. It is about skills that match jobs, learning that feeds productivity, and systems that serve the future.

By confronting quality gaps, professionalising technical pathways, and restoring fairness with discipline, this Government is building the human capital foundation required for sustained growth and national resilience.

SOCIAL PROTECTION

Madam Speaker,

The people of Saint Vincent and the Grenadines have entrusted this administration with a mandate for transformation—a mandate to rebuild confidence, strengthen resilience, and restore faith in our future. At the heart of that mandate lies human development: creating the conditions in which every citizen can live with dignity, security, and opportunity.

Within the first week of taking office, it became clear that our institutional framework required strengthening. We therefore acted decisively, establishing two dedicated entities to better serve our people: the Ministry of Social Welfare, Community Empowerment, Ecclesiastical Affairs and National Heritage, and the new Ministry of Family and Gender Affairs, Persons with Disabilities and Labour.

For 2026, the estimated total expenditure for the Ministry of Social Welfare and Community Empowerment stands at **\$36.9 million** - a clear statement of this Government's priorities.

Madam Speaker,

Our social protection systems have come under severe strain from overlapping physical, social, and economic shocks. These shocks exposed deep socio-economic vulnerabilities and placed extraordinary pressure on the mechanisms designed to

protect our most vulnerable citizens—the elderly, the youth, the unemployed, persons with disabilities, and women and children.

The Public Assistance Programme remains the primary tool for cushioning households in distress. To provide immediate relief from the rising cost of living, this Government is doubling the Poor Relief benefit to \$500 per month for 4,614 beneficiaries. This action responds directly to the reality that one in three Vincentians is either living in poverty or just one pay cheque away from it.

Alongside this expansion, we are strengthening the system itself:

- Eligibility Reform: By March 2026, we will execute a critical review of the eligibility criteria for all public assistance programmes to ensure equity, transparency, and alignment with current socio-economic conditions. All who need the assistance must get it. And support will be provided to assist those who can transition into employment to do so effectively.

Madam Speaker,

Social protection must do more than cushion hardship; it must support progress.

In 2026, we will implement the WE CAN Empowerment Programme, assisting beneficiaries through:

- Social assistance and family life education, and
- Farm skills internships and business skills development, linking vulnerable households directly to productive sectors.

This is support that empowers—not dependency that endures.

Madam Speaker,

Social Development remains the cornerstone of our commitment to the indigent and the poor.

Under this programme:

- Vulnerability Grants will continue for the elderly, persons with disabilities, and those medically unfit for work, including the continuation of the hot meals programme.

- Emergency Relief Grants will be provided to 10 per cent of the indigent population to meet urgent needs—medical care, funeral costs, utility payments, and back-to-school expenses.
- Home Care Services will be expanded through the Home Help Programme, offering dignified residential support as an alternative to institutionalisation.

Madam Speaker,

The 2023 Population and Housing Census reveals sobering demographic pressures:

- An ageing population: 14.4 per cent of our people are now over the age of 65.
- A rising dependency burden: The Total Age Dependency Ratio stands at 52 per cent, with older persons accounting for nearly 40 per cent of that burden.
- Pressure on National Insurance: In 2024, 46,176 insured persons supported 10,226 pensioners.

The sustainability of social protection is inseparable from labour-market outcomes.

While the employed population grew by 13.9 per cent between 2012 and 2023, national unemployment remains high at 17.9 per cent, with youth unemployment far more severe:

- Ages 15–19: 51.1 per cent
- Ages 20–24: 28.3 per cent
- Ages 25–29: 19.4 per cent

These figures underline a difficult transition from school to work and reinforce the need to integrate education with hands-on, work-based training.

Madam Speaker,

Against this backdrop, Budget 2026 advances a coordinated resilience agenda—shifting social protection from reactive support to proactive empowerment. While government must continue to do its part, we will help to enable people to protect and help themselves, especially as they know their own needs much better than government can.

We are:

- Re-orienting systems towards employability, through expanded TVET, digital skills development, and the Youth Guarantee Pledge.
- Strengthening community and household resilience, supported by \$36.9 million in expenditure.
- Implementing conditional cash transfers through the WE CAN Programme, linking assistance to skills and education.
- Reforming targeting and eligibility to ensure equity and transparency.
- Promoting job creation and structural mobility, by linking skills development directly to entrepreneurship and employment.

YOUTH

Madam Speaker,

Our young people are the living capital of this nation. They embody our creativity, our resilience, and our capacity to adapt. If we are serious about securing the future of Saint Vincent and the Grenadines, then we must be equally serious about investing in our youth—not as a slogan, but as a governing priority.

As the artist Buju Banton observed, **“Opportunity — a scarce, scarce commodity in this time.”**

For too many young Vincentians, that line has felt less like poetry and more like lived reality.

For too long, opportunities in information technology, digital enterprise, sport, and the creative industries have been constrained—by weak infrastructure, by limited access to finance, and by a failure to properly value youth talent. That era ends now.

This Government has adopted a deliberate, disciplined, and deliverable plan to expand opportunity, retain talent, and ensure that young people can build meaningful lives here at home.

Madam Speaker,

By the end of our first term, every young person in Saint Vincent and the Grenadines will have access to one of three pathways:

- a job,
- a place in education or training, or
- a structured internship.

We refuse to let any young person sit idle or allow their inherent talent to be written off. This is our promise to ensure that no generation is ever allowed to drift.

GENDER AND SOCIAL INCLUSION

Madam Speaker,

Gender and social inclusion are not peripheral concerns. They are cross-cutting determinants of protection, productivity, and social stability.

If we fail to address them, we entrench inequality; if we confront them, we unlock national potential.

First, the education performance gap.

Female students currently outperform male students by **9 to 15 per cent**. This is not a triumph to be ignored, nor a disparity to be denied. It is a signal for early, targeted intervention. Our policy response must address the specific vulnerabilities of boys at the earliest stages—strengthening engagement, reducing drop-out risk, and preventing the downstream pathways to crime and exclusion.

Second, the care economy.

Women remain the primary absorbers of economic shocks through unpaid care work—work that sustains families, stabilises communities, and supports the wider economy, yet too often goes unrecognised. This Government is **expanding the Home Help Programme** to support **378 clients**, providing a cost-effective

alternative to institutionalisation while preserving the dignity and independence of our seniors.

Third, safeguarding our girls.

It is a moral deficit that there is currently **zero state residential capacity** for teenage girls over the age of 11 who are removed from unsafe homes. That gap is unacceptable. I have therefore directed the **immediate funding of a dedicated residential facility**—not as a discretionary item, but as a **sacred obligation of the State** to protect those most at risk.

Fourth, protecting “invisible children.”

Too many children remain legally invisible because their births are unregistered, leaving them exposed to exploitation and denied access to basic rights. We are **harmonising our legislation** to address this crisis decisively - ensuring that every child is recognised, protected, and accounted for, including reforms to **raise the age of consent** and strengthen safeguards.

HEALTH AND WELLNESS

Madam Speaker,

The health of our nation is the bedrock of productivity, resilience, and national development. Access to affordable, high-quality healthcare is not merely a social service; it is a strategic investment in growth.

For 2026, the total estimated expenditure for the Ministry of Health, Wellness, Environmental Health, and Energy stands at \$117.5 million. This allocation reflects a holistic vision—one that nurtures mind, body, and spirit, while safeguarding the environmental services upon which public health depends.

Madam Speaker,

We must also confront an uncomfortable truth revealed by the 2023 Census. Saint

Vincent and the Grenadines is facing a silent epidemic of non-communicable diseases. We now record 12,239 cases of hypertension and 7,039 cases of diabetes. These conditions reduce quality of life, strain families, and place growing pressure on the health system.

A trip to the wards at MCMH reveals a sad story. Many people with amputated limbs and vision problems caused by diabetes—sugar, as we call it. We are fully aware that more must be done to prevent and manage these chronic illnesses. The ancient wisdom in the saying ‘An ounce of prevention is better than a pound of cure’ still applies. We will put it into practice in our health care system in an urgent and compelling manner.

Madam Speaker,

Our reform agenda is grounded in risk mitigation, self-reliance, and institutional strength. We are building a system that is resilient to shocks and responsive to local needs.

Accordingly, we are:

- Implementing a Human Resources for Health Plan, aligning skills with service demand and addressing critical staffing gaps.
- Medical Staffing Localization: We will begin a three-year phase-out of the reliance Cuban District Medical Officers, starting with the recruitment of four local Medical Officers in 2026 to address language barriers and reduce foreign staffing costs. They may be redeployed elsewhere as needed.
- Decentralising diagnostic services, strengthening laboratory quality systems to increase patient access at community laboratories from 8 per cent to 18 per cent in 2026.
- Expanding dental services, hiring two additional Dental Surgeons and two Dental Assistants, and increasing capacity at Calliaqua and Chateaubelair.

This is a shift from dependence to capability; from fragmentation to fit-for-purpose delivery.

Madam Speaker,

While we build for the future, we must stabilise the present.

- **Arnos Vale Flagship Hospital:** Work continues the Arnos Vale Hospital, which will consolidate maternity, paediatric, and all major hospital services. This facility will become the principal hospital of Saint Vincent and the Grenadines. We will not leave paediatrics and maternity behind in Kingstown. Our women and our children are too important to be left behind.
- **Milton Cato Memorial Hospital Repairs:** We have allocated up to \$1 million for urgent roof and operating-theatre repairs to ensure continued functionality during the transition.
- **Supply-Chain Efficiency:** To eliminate \$350,000 in annual rental waste, we will construct a \$2.5 million centralised prefabricated warehouse at Diamond, securing medical supplies and improving logistics.
- **Emergency Medical Services:** We are standardising training and response protocols to integrate and strengthen the national emergency response system.

Madam Speaker,

Our health strategy begins not in hospitals, but in communities.

- **Cancer Screening and Support:** In 2026, we will introduce screening for breast, cervical, prostate, and colon cancers at all primary health-care centres. In addition, \$1 million is allocated for a Patient Support Unit to coordinate overseas radiotherapy and other life-saving interventions.
- **Mental Health and Geriatric Care:** We are revising policy frameworks to strengthen mental-health services and enhancing geriatric care at the Lewis Punnett Home through updated admission policies and targeted staff training.
- **Digital Transformation:** Supported by a \$6 million grant from Taiwan, we are implementing a comprehensive Health Information System, digitising records and enabling data-driven planning and accountability.

Prevention, early detection, and timely care remain the most cost-effective investments we can make.

Madam Speaker,

Environmental health is public health.

The Ministry is strengthening its role as the guardian of public well-being by prioritizing safe water, secure food systems, and a cleaner energy footprint. Central to this mission is the enhancement of our public-health surveillance, which includes the development of a modern electronic complaints registry and the expansion of our regulatory capacity to ensure the highest standards of safety and sustainability.

Madam Speaker,

The road ahead is demanding.

But by focusing on stabilisation, localisation, and quality, this Government is building a health system that is resilient in crisis, responsive in care, and respectful of every Vincentian.

Our health and the wealth of our nation are inextricably bound up together. Hence, we will continue our push to improve healthcare as a critical component of resilient development.

NATIONAL SECURITY AND PUBLIC SAFETY

Madam Speaker,

The mandate of the Ministry of National Security, Disaster Management, and Immigration underpins the confidence our citizens and investors place in this nation. Safety is not merely a social good; it is a pre-condition for stability, investment, and national resilience.

For 2026, the total estimated expenditure for this Ministry is \$111,620,891, comprising \$93,800,881 in Recurrent Expenditure and \$17,820,010 in Capital Expenditure.

Madam Speaker,

The 2026 security agenda is defined not by a simple expansion of headcount, but by the urgent need for internal repair and structural correction. For too long, our security services have operated under personnel bottlenecks and degraded infrastructure that undermine morale and effectiveness. We are correcting these distortions and restoring dignity to those who protect us.

Madam Speaker,

A critical distortion exists within the Royal Saint Vincent and the Grenadines Police Force. Approximately 112 officers have been serving as Acting Corporals, some for as long as eight years, without receiving the substantive salary attached to that rank. That erosion of morale ends now.

Accordingly:

- Pay for Performance: We are implementing a “pay for acting” policy, under which officers receive the rank’s salary after a six-month probationary period.
- Fiscally Neutral Reform: To fund this change, we will forego the creation of new senior ranks—including Deputy Commissioner—in the 2026 Estimates, redirecting those savings to frontline supervision.

This is reform that is fair, disciplined, and fiscally responsible.

Madam Speaker,

The condition of several police facilities is unacceptable—posing health risks, operational inefficiencies, and legal liabilities. We are acting immediately.

- Immediate Relocations: The Calliaqua Police Station is unfit for occupation. Officers will relocate to the Town Hall while a new facility is pursued. Similarly, officers in Barrouallie will move to the Community Centre to escape hazardous conditions.
- Station Rehabilitation: The capital budget provides for design and consulting services for the Spring Village, Layou, Calliaqua, Paget Farm, and Union Island Police Stations, laying the groundwork for modern, fit-for-purpose facilities.
- Technological Advancement: We are expanding the Police Crime Management Data System beyond its current 20 per cent coverage, and advancing procurement of forensic software, drones, and a modern forensic laboratory design.

Madam Speaker,

Operational readiness depends on mobility and communication. Where multiple stations have shared a single vehicle, we are applying practical solutions.

- Fleet Acquisition: We have approved the purchase of quality used vehicles to put wheels on the road quickly, avoiding five-month delays associated with new dealer lead times.
- CCTV Expansion: An allocation of \$200,000 funds Phase 2 of CCTV expansion, targeting 17 additional high-crime access points.
- Communications: We are continuing procurement of Tait digital mobile radios and supporting IT hardware to ensure a secure, modern communications network.

Madam Speaker,

Security reform must extend across land and sea.

- Prison Decommissioning: We have set a strategic objective to close the Kingston Prison and consolidate operations at Belle Isle by mid-2026.

Madam Speaker,

National security is inseparable from disaster preparedness.

Through NEMO and Meteorological Services, we are strengthening early-warning systems and response capacity.

- Seismic Monitoring: Upgrades to the Belmont Observatory and the seismic network for La Soufrière Volcano are underway, with completion expected by May 2026.
- Warehousing and Headquarters: Planned works include repairs to the NEMO Headquarters and enhanced warehouse facilities in Union Island and Barrouallie.
- Community Readiness: Bequia is scheduled to achieve Tsunami Ready status in 2026, strengthening local preparedness and public awareness.

Madam Speaker,

The 2026 national security agenda is about removing operational chokepoints. It is about restoring dignity to service, and it is about ensuring readiness in the face of risk.

By investing in people, facilities, and systems, this Government is building a foundation of safety, respect, and operational confidence—ensuring our officers

have the tools, the conditions, and the fair pay they need to keep the people of Saint Vincent and the Grenadines safe.

FOREIGN POLICY, TRADE, AND INVESTMENT

Madam Speaker, Honourable Members, the 2026 Budget marks a strategic repositioning of our foreign policy. We are moving away from a traditionally representational portfolio toward a platform for economic statecraft—the deliberate use of our diplomacy and trade policy to advance growth, investment, and fiscal resilience.

Today, this Ministry is framed not merely as a diplomatic function, but as a driver of three core components of our growth: Consumption, Investment, and Net Trade. Our agenda emphasizes commercial diplomacy, investment facilitation, and risk containment, ensuring that every external relationship translates into a tangible economic outcome.

Diaspora Affairs: Mobilizing Global Vincentian Capital

Madam Speaker, our diaspora is a magnificent extension of our nation, contributing \$236.8 million in remittances in 2025 alone. However, we must move beyond episodic engagement toward structured Diaspora Direct Investment and skills transfer.

- Department of Diaspora Affairs: We are establishing a dedicated Department, including Diaspora Desks in key consulates, to match the capital and expertise of Vincentians abroad with opportunities in housing, tourism, and niche agriculture.
- Fiscal Discipline: To operationalize this unit, we have identified a requirement of \$146,000. In keeping with our commitment to fiscal discipline, this allocation will be phased to ensure every dollar is tied to measurable engagement benchmarks.

Strengthening Trade Capacity and Market Access

Madam Speaker, our vulnerability as a Small Island Developing State is compounded by gaps in our external trade representation. We currently lack a permanent presence at the WTO in Geneva and have limited representation in the post-Brexit UK and EU environments.

- Investment Facilitation Unit: Within the Trade Department, we are establishing a specialized unit to assist local exporters with complex certification requirements and navigate multilateral trade regimes.
- Commercial Diplomacy: This is a skills-intensive intervention designed to defend Vincentian interests in global negotiations and support our exporters as they seek new horizons for our produce.

Investment Promotion Reform: Internal Readiness First

While we seek to market Saint Vincent and the Grenadines to the world, we must ensure our internal house is in order.

- The Investment Act: External promotion is hollow without a modern legislative foundation. We are prioritizing the drafting and tabling of a new Investment Act to provide the certainty and credibility required by serious global investors.

Economic Diplomacy as a Deal-Generator

Our foreign policy is now a tool for grant and concessional financing mobilization. We are aligning our diplomatic efforts with facilities from the World Bank and the European Union to fund:

- Digitization of our ports and customs systems.
- Food security and trade facilitation initiatives.
- Clean energy integration at our national gateways.

Madam Speaker, the 2026 approach avoids new bureaucracies in favour of targeted units and legislative fixes. We are building an economy that is not just open for business but strategically positioned to thrive on the world stage.

Economic Transformation: The Four Pillars of Growth

The long-term goal of the administration is to grow our way out of the current crisis through a program of economic stabilization and transformation. This strategy is built upon four structural pillars: Agriculture, the Blue Economy, Tourism, and the New Economy.

AGRICULTURE AND FORESTRY

Madam Speaker,

I turn now to the bedrock of our national development—the agriculture and forestry sectors. For 2026, the estimated total expenditure for the Ministry of Agriculture, Forestry, and Rural Transformation is \$33.2 million. This allocation is not merely a line item; it is a strategic investment in the twin objectives of food security and rural development. Our strategy is designed to foster an environment of entrepreneurial activity among farmers, fisherfolk, and forest users, ensuring that our natural resources drive employment and foreign exchange.

Madam Speaker,

We must confront the unvarnished truth revealed by the data. The contribution of Agriculture, Forestry, and Fishing to our GDP plummeted from 8.7 percent in 2020 to 3.5 percent in 2024. Our crop sub-sector alone collapsed from a 5.9 percent contribution to a mere 2.0 percent in the same period. This is the heartbreaking result of unprecedented natural shocks and poor management and hollow policy direction.

The export performance tells a similar tale, decreasing by 15.3 percent in value in 2024 as our main commodities—bananas, plantains, and root crops—suffered significant losses. However, by the latter half of the first six months of 2025, we saw increased output of fruit-bearing commodities.

Madam Speaker,

Agriculture must be repositioned from a social safety net into a productive, export-led engine. Today, we commit to treating farming as the serious business it is.

Labor Productivity and Structural Reform

Labor Redeployment Pilot: We are launching a pilot to second idle government-paid agricultural workers to private farms to boost national production and address acute labor shortages.

Fiscal Discipline: The Ministry of Finance will no longer entertain "Special Warrants" for predictable wage overruns; these costs must be regularized or cut.

Infrastructure and Market Transformation

National Aggregator: We will fulfill our commitment to establish a central aggregator and buyer of last resort to secure international contracts and prevent produce from rotting in the fields.

Market Expansion Project (\$4.0 million): We will upgrade agricultural facilities at La Croix, Langley Park, and Lauders to support advanced post-harvest handling and processing.

Strategic 2026 Capital Investments

In 2026, the government has allocated \$10.6 million to implement fourteen transformative capital projects:

Arrowroot Revitalization (\$2.7 million): We are completing the new processing plant and procuring equipment that meets international safety standards (HACCP) to breathe life back into the northern economy.

Agriculture and Fisheries Census (\$521,000): Under the OECS Data for Decision Making Project, we are funding a comprehensive census to provide critical data on production and land use.

Digital Integration: We expect the operationalization of the National Agricultural Information Management System (NAMIS) by the third quarter of 2026 to provide evidence-based data for planning.

Madam Speaker, the theft of a farmer's hard work is a crime against our national security. We are implementing a zero-tolerance approach to praedial larceny by:

Establishing a special police unit to combat agricultural theft.

Reforming the Praedial Larceny Act and introducing special court procedures to ensure swift prosecution and compensation for losses and increasing prison sentences for those convicted of agricultural theft.

Furthermore, we are investing in the next generation by reintroducing agricultural science in schools and reintroducing Agricultural Exhibitions to encourage

innovation. We will also launch a National Farmer Identification Programme to improve produce traceability, meeting the rigorous standards of global markets.

Our reforestation and "Ridge-to-Reef" programs are not merely environmental initiatives; they are economic imperatives. The damage to our watersheds affects the marine life. We shall protect the watersheds that underpin our entire agricultural and fisheries systems and enhance climate resilience.

Madam Speaker, the road ahead is steep, but the NDP philosophy is proven. We are building an agriculture sector that is resilient, adaptive, and future-oriented—one that secures our food, our soil health, our sovereignty, create jobs and wealth.

PILLAR II: THE BLUE ECONOMY

Madam Speaker, Honourable Members, the Blue Economy is more than just a buzzword; it is the sustainable lifeblood of a multi-island state. While 71% of our planet is covered by water, for Saint Vincent and the Grenadines, the ocean represents our greatest under-leveraged growth frontier. For too long, our maritime assets—from our rich fishing grounds to our natural harbours—have been constrained by policy fragmentation, weak infrastructure and regulation, and limited commercialization.

Today, I announce a pivot from neglect to a **pragmatic and enabling** strategy. We will pair conservation with development, ensuring that our coral reefs and coastal assets are preserved while we unlock new economic prospects in eco-tourism, marine innovation, and sustainable fisheries.

Institutional Strengthening and Fisheries Reform

Madam Speaker, to demonstrate our resolve, this administration has created a stand alone **Ministry of Fisheries, Marine and Land Conservation and Climate Resilience**. This Ministry is not merely a name change; it is a mandate to foster a thriving blue economy and build resilience against climate vulnerabilities.

However, we must be honest about the starting point. The 2026 budget consultations revealed that the Fisheries Department headquarters is currently a health and safety liability, plagued by persistent mold and equipment dating back to the 1980s. We cannot build a sustainable fisheries sector on a crumbling foundation. Consequently, our 2026 program prioritizes:

- **Infrastructure Triage:** Immediate funds are being released to BRAGSA for comprehensive renovations of the Fisheries headquarters to ensure occupational safety.
- **Commercialization:** We are repositioning fisheries from a subsistence activity into a commercial, export-capable sub-sector by strengthening cold-chain integration and storage.

Conserving our Fisheries Stock

Madam Speaker, the ocean does not have infinite resources. Accordingly, the Fisheries Marine and Land Conservation and Climate Resilience Ministry in close consultation with the fishers, will establish two ‘wild nurseries’ in 2026; these are protected areas where there will be a prohibition on the harvesting of conch, lobsters and most types of fishing, one off Adams Bay and one to the West of Isle a Quatre.

The Ministry will also partner with NGOs to do regular mapping and data collection of our fish stocks and our coral reefs and river species. My Government will develop policies driven both by data and in close consultation with the fishing communities.

My government recognises the need for increased regulation to improve fish stock and ensure long term sustainability. Such regulation will include rules on yachts against discharge to reduce damage to coral reefs.

We shall forge partnerships to develop a marine spatial plan for our exclusive economic zone and also explore debt for nature swaps, marrying conservation goals with sustainable financing. The funds from blue financing will be re-invested into building more climate resilient infrastructure for fishers, including fisheries centres, jetties and ramps.

Strategic Investments in Coastal Livelihoods

While Fishing and Aquaculture currently contribute less than 1% to our GDP, the room for growth is immense. The Ministry has been allocated **\$10.9 million** for high-impact investment projects:

- **Barrouallie Blackfish Facilities (\$2.8 million):** This project will improve food safety and quality control, securing a sustainable livelihood for the local community.
- **Bequia Fish Market (\$2.1 million):** We will provide a safe, hygienic environment for the handling and sale of fish on Bequia.
- **National Fisheries Enhancement (\$750,000):** New centers at Lowmans Bay and Shipping Bay will drive food security and rural employment.
- **Northern Grenadines & Mainland Recovery:** Through the Volcanic Eruption Emergency Project (VEEP), we are prioritizing the rehabilitation of the **Owia and Chateaubelair Fisheries Centres**. Despite escalating construction costs, these facilities are paramount to addressing the poverty identified in our northern communities.

Maritime Logistics and Yachting Competitiveness

Madam Speaker, our ports must be more than just transit points; they must be Blue Economy anchors.

- **Port Authority Reform:** We are restructuring the Port Authority into a **landlord-regulator model**, eliminating administrative bloat and monetizing port facilities through concession fees.
- **Ottley Hall Marina:** The total refurbishment of the Ottley Hall Shipyard remains a priority to establish SVG as a premier centre for vessel repair. Our government is open to new private sector partnerships to see a renaissance of this hallmark project of the New Democratic Party.

PILLAR III: SUSTAINABLE TOURISM

Madam Speaker, the tourism sector remains the primary engine of our national growth and a central pillar of our **One Nation** transformation agenda. While we celebrate a "tourism super-cycle" that saw stay-over arrivals exceed 100,000 for the first time in 2024, we must move beyond the vanity of aggregate statistics. Our mission in 2026 is to ensure that the increased airlift from carriers like JetBlue and Delta translate ultimately into higher wages for the worker in East St. George and expanded markets for the farmer in Marriaqua.

Sectoral Performance and the Growth Paradox

Madam Speaker, total arrivals are projected to reach **440,000 in 2026**, underpinned by a target of **110,000 stay-over visitors**. However, our performance presents a troubling paradox. While stay-over arrivals grew by 14% in the third quarter of 2025, our traditional yachting sector is losing market share to neighbours with more competitive policy environments.

Furthermore, our marketing is currently constrained by a structural imbalance: of the \$13 million allocated to the Tourism Authority, nearly **\$8 million is consumed by Minimum Revenue Guarantees (MRGs)** for airlines. To reclaim our fiscal sovereignty and maximize the "tourism dollar," the 2026 Budget focuses on four strategic pillars:

Optimizing Value and Reclaiming Fiscal Sovereignty

We are moving the metric from mere arrival numbers to total visitor expenditure and institutional efficiency.

- **Airlift Renegotiation:** We will commission specialists to renegotiate airline MRGs, reducing the fixed cost burden to free up resources for proactive destination marketing.
- **The Yachting Policy Fix:** Our decline in yachting is a policy failure, not a geographic one. We are losing spend to neighbours because we lack competitive incentives. To attract more yacht service business, we will introduce a **duty-free concession regime** for yacht parts and services, incentivizing refits and provisioning within our waters.
- This will enable us to capitalize of the natural advantages we have for yachting visitors, who come in increasing numbers but tend to go elsewhere to do maintenance and provisioning. We intend to recapture this very lucrative component of the yachting subsector.
- **The Work from Paradise Program:** We are targeting high-value digital nomads to encourage extended stays and deeper integration into the local economy. To this end we will also examine the prospects of introducing a temporary residence program for yacht visitors of a high net worth so that they would make SVG their base or 'second home' while in the Caribbean.

Expanding the One Nation Product

Tourism must not be a prosperous south phenomenon. We are committed to an inclusive model that reaches every corridor of our islands.

- **Niche Markets:** We are leveraging niche markets—Romance, Meetings and Conferences, and Festivals
- **Community Tourism** —we will develop wellness and adventure tourism to ensure benefits reach North Windward and North Leeward.
- **Sustainable Development:** A total of **\$721,151** is allocated to the Sustainable Development programme to formalize the National Technical Advisory Committee on Climate Change (NTACCC) and develop a **Coastal and Marine Ecosystems Atlas**.

Investment in Plant and Infrastructure

Our 2026 capital expenditure of **\$15,725,830** is a direct investment in the "external lungs" of our economy.

- **Site Rehabilitation:** We are utilizing **\$9 million** from the UBEC Loan and local grants for the urgent enhancement of heritage sites, including **Fort Charlotte**, Rawacou, and Dark View Falls. The build-out of the Craft Market and Pirate's Cove will be completed by Q2 2026.
- **AIA Efficiency:** Less than ten years after opening, and still with only a few airlines operating in the country, AIA is already out of space! To solve terminal congestion, we are investing **\$1.04 million** in a new Air Traffic Management (ATM) system and establishing scheduling protocols to spread airline arrivals across the day.
- **Domestic Entrepreneurship:** We will use the **National Development Bank** to partner with local entrepreneurs, waking up asleep liquidity to invest in quality room stock alongside international brands.

Human Capital and Safety

- **TVET Centre of Excellence:** To bridge the skills gap, we are establishing a national centre for industry-aligned certifications, ensuring Vincentians are leaders, not just employees.
- **Civil Aviation Triage:** We are funding urgent cadet training and retention

allowances to protect the safety and regulatory capacity of our skies.

Tourism Performance Metric	2023 (Jan-Sept)	2024 (Jan-Sept)	2025 (Jan-Sept)
Stay-over Arrivals	57,967	71,100	81,025
US Market Arrivals	22,898	28,733	39,187
Growth Rate (YoY)	-	22.7%	14.0%

Madam Speaker, the outlook for tourism is bright, but it requires not only expansion but also **optimization**. By fixing policy distortions and investing in our people, we ensure this sector delivers sustained benefits to every Vincentian household.

PILLAR IV: THE NEW ECONOMY

Madam Speaker, if our traditional sectors are the roots of our economic tree, the **New Economy** represents the fresh branches reaching toward the limitless possibilities of the digital and creative age. We cannot build a 21st-century nation on a 20th-century framework. Our "One Nation" transformation agenda recognizes that innovation, sports, and the creative arts are not mere hobbies; they are core national assets capable of generating sustainable wealth.

The Digital Revolution and Innovation Hub

The Digital Pivot is already visible in our labour data, with the Information sector expanding by **110%** over the last decade. To accelerate this, we are establishing a **National Innovation Hub**. This campus will serve as an incubator for entrepreneurship, providing our youth with high-demand ICT certifications that command global wages.

Through the **National Development Bank (NDB)**, we will provide the "start-up" capital for digital entrepreneurs, ensuring that a lack of collateral does not mean a lack of opportunity for our brightest minds.

The Creative Industries Act

Modelled after successful regional frameworks, we will introduce the **Creative Industries Act**. This legislative pillar will:

- Establish a **Cultural Industries Development Fund** within the National Development Bank to provide seed financing for artistic ventures.
- Provide duty-free concessions for creative equipment up to **\$20,000**, empowering our musicians, filmmakers, and designers to produce world-class content.
- Operationalize the **National Cultural Foundation (NCF)** as a revenue-generating body, featuring an E-commerce platform to sell Vincentian artisan goods globally.

The National Athlete Programme and Sports Tourism

Madam Speaker, our athletes are our most visible ambassadors. We are institutionalizing high-performance training through the **National Athlete Programme**, where elite athletes of all ages will receive support parallel to our national scholars. Furthermore, we are redirecting **\$1 million**—previously used for political semi-pro leagues—toward **lighting our playing fields**. This provides immediate community access, supports social development, and creates the infrastructure necessary to market Saint Vincent and the Grenadines as a premier destination for sports tourism.

The Youth Guarantee Pledge

To anchor these initiatives, I repeat the sacred pledge of this administration: The **Youth Guarantee Pledge**. By the end of this term, every young person in this country will have access to a job, a training spot, or an internship. We will not allow a generation to languish in idleness while the world moves forward; we will give them the tools to build their lives and their nation.

PRIVATE SECTOR DEVELOPMENT

Madam Speaker, Honourable Members,

The consultations of recent weeks have delivered a clear and sobering consensus: private-sector-led growth is the only viable path to medium-term economic expansion and fiscal sustainability.

Our public investment capacity is constrained by a historic Debt-to-GDP ratio of 110.3 per cent, and the public service has reached its limit as the employer of first resort. In this context, growth cannot be commanded by the State alone; it must be enabled, unlocked, and sustained by private enterprise.

Madam Speaker,

This Government is therefore redefining its role. We are no longer the primary operator of economic activity. We are the facilitator, the regulator, and the risk-reducer.

Our 2026 private-sector framework is designed to crowd in investment, lower the hidden taxes of inefficiency, and remove the institutional bottlenecks that have for too long suppressed Vincentian initiative.

We are formalising a Private Sector Advisory Council with immediate effect, tasking it to review our Ease of Doing Business performance and submit a deregulation roadmap within 90 days. Certainty attracts capital. Credibility sustains it.

Madam Speaker,

For too many businesses, operational inefficiency and high utility costs act as a silent tax on competitiveness. This Government is removing those frictions.

- Energy-Sector Reform: We have heard the concerns of our manufacturers. To make solar investment viable, we will review and revise the regulatory cap on renewable self-generation for commercial entities.
- Logistics Efficiency: Rather than chasing new megaprojects, we are prioritising operational fixes at our ports and airports, reducing logistics costs for exporters and tourism operators.

Lower costs mean higher margins.
Higher margins mean more jobs.

Madam Speaker,

Small and Medium-Sized Enterprises are the lifeblood of our villages and communities, yet too many remain locked out of traditional credit markets.

We are changing that.

- National Development Bank: We are accelerating the relaunch of the National Development Bank, using partial credit guarantees to de-risk lending to agriculture and MSMEs and to crowd commercial banks into productive sectors.
- Small Business Development Bill: We will bring forward this long-dormant legislation to legally define MSMEs and link fiscal incentives directly to growth, employment, and formalisation.
- Local Content Policy: Foreign contractors on government projects will be required to sub-contract a minimum of 20–30 per cent of works to local firms, ensuring that the cranes in the sky translate into income for Vincentian contractors.

This is how we turn procurement into participation.

Madam Speaker,

We face a persistent paradox: high unemployment alongside acute shortages in technical trades.

- Skills Rebalancing: In line with our education and TVET reforms, we are shifting training towards technical certifications aligned with the needs of construction, tourism, and infrastructure.

This is growth without debt.

Investment without exposure.

Madam Speaker,

The State must exit areas where the private sector operates more efficiently. By shifting from operator to enabler, this Government is forging a new social contract—one in which enterprise is rewarded, initiative is unlocked, and growth is shared.

This is how we move
from rescue to resilience,
from dependence to dynamism,
from constraint to confidence—
driven by the ingenuity and enterprise of the Vincentian people.

NATIONAL DEVELOPMENT BANK

Madam Speaker,

A central lesson of our economic reality is clear: Saint Vincent and the Grenadines cannot grow its way out of debt without unlocking the productive potential of its people. The transformation we seek will not be delivered solely by large public projects or foreign investment; it must be driven by small and medium-sized enterprises, start-ups, farmers, fishers, creatives, and innovators across this nation.

This Budget therefore places deliberate emphasis on broadening access to finance, particularly for those productive sectors that are consistently identified as “too risky” by traditional commercial lending institutions, despite their proven capacity to generate employment, exports, and income.

Madam Speaker,

It is for this reason that in 2026, this Government will establish and operationalise a National Development Bank (NDB)—not as another bureaucracy, but as a strategic financial instrument designed to fund growth, resilience, and productive enterprise.

The National Development Bank will focus explicitly on:

- Micro, Small, and Medium-Sized Enterprises (MSMEs)
- Start-up and youth-led enterprises
- Agriculture, fisheries, agro-processing, and food security
- Tourism-linked domestic entrepreneurship
- The Blue Economy, creative industries, and the digital economy

These sectors are essential if we are to broaden ownership in the economy, deepen local value-added, and ensure that growth reaches communities that have historically been excluded from the economic mainstream—particularly in rural and northern districts.

Madam Speaker,

The purpose of the National Development Bank is not to crowd out commercial banks, but to de-risk lending and mobilise capital where the market has consistently failed. Through the use of concessional financing, partial credit guarantees, and blended finance, the NDB will enable viable enterprises to access credit that would otherwise remain beyond their reach.

In practical terms, the Bank will:

- Provide low-interest loans to MSMEs and productive entrepreneurs
- Operate credit guarantee mechanisms to share risk with commercial lenders
- Support start-ups and early-stage enterprises that lack collateral but possess strong business potential
- Prioritise projects that generate employment, exports, and import substitution

Madam Speaker,

We are equally mindful that access to capital alone is not sufficient. Too many small and medium enterprises struggle not only with financing constraints, but with technical, managerial, and planning gaps that undermine their sustainability.

Accordingly, the National Development Bank will be complemented by enterprise development support, including:

- Business development and financial literacy assistance
- Support for the preparation of bankable business plans
- Targeted advisory services for exporters, agri-processors, and digital enterprises

This integrated approach reflects a simple truth: productive finance must be paired with productive capacity.

Madam Speaker,

The establishment of the National Development Bank in 2026 is therefore a pillar of our private-sector-led growth strategy. It represents a decisive shift away from consumption-driven expansion toward investment-driven development, and from dependence toward enterprise.

By mobilising domestic and concessional capital to support Vincentian initiative, the NDB will play a critical role in:

- Reducing unemployment, particularly among youth
- Strengthening food security and export capacity
- Supporting innovation and the New Economy
- Growing national income without increasing sovereign debt

This is how we grow our way out of the crisis we inherited. By trusting our people, backing their ideas, and providing the financial tools they need to succeed, we are laying the foundation for a more resilient, inclusive, and productive Saint Vincent and the Grenadines.

CITIZENSHIP BY INVESTMENT PROGRAMME

Madam Speaker,

I now turn to an issue of critical national importance: securing a resilient, sustainable, and sovereign financial future for Saint Vincent and the Grenadines.

The economic vulnerabilities inherent to our status as a Small Island Developing State—particularly the high and recurring costs of climate resilience, coupled with the fiscal risks of relying solely on traditional debt—demand a strategic and non-traditional approach to capital mobilisation.

It is in this context, Madam Speaker, that I announce the Government's firm intention to launch a Citizenship by Investment Programme by the middle of 2026.

Let me be clear from the outset: this will not be a revenue-at-all-costs programme. It will be a sovereign capital mobilisation strategy, designed to strengthen national resilience, reduce debt dependence, and finance long-term development—and it will be built on a foundation of uncompromising integrity.

Integrity First: Standards from Day One

Madam Speaker,

Saint Vincent and the Grenadines enters this space at a pivotal moment. We will therefore adopt the most stringent regional and international standards from the very first day of operation.

Our programme will be positioned deliberately as secure and reputable, and fully aligned with emerging international norms. It will adhere to the mandated investment floor, residency requirements, incorporate best-in-class due-diligence systems, and include:

- Continuous Due Diligence (CIDD) throughout the life of citizenship;
- robust, multi-layered background screening; and
- a residency requirement

We will not compete on volume.

We will not compromise on standards.

And we will not trade reputation for short-term gain.

Madam Speaker,

Equally important is how these resources will be governed.

All proceeds from the programme will be channelled through a legislatively established and ring-fenced vehicle: the St. Vincent and the Grenadines Investment Fund (SVGIF).

This Fund will ensure that 100 per cent of non-debt capital mobilised is directed exclusively to verifiable, long-term productive expenditure—not recurrent spending, and not political discretion.

To safeguard this principle, we will enshrine in law a strict Fiscal Resilience and Expenditure Protocol.

The Fiscal Resilience Framework

Under this legally binding framework resources will be dedicated to:

- Productive Capital Investment, including climate-resilient infrastructure, the financing of public investment and productive sectors and reducing long-term costs and strengthening competitiveness;
- Social Infrastructure Development, with priority given to healthcare capacity, education, and technical and vocational training to build human capital;
- Fiscal Resilience and Contingency Buffer, applied directly to national debt reduction and providing immediate liquidity in the event of natural disasters or external shocks.

This is not discretionary spending.

It is structured investment.

It is resilience by design.

Madam Speaker,

This programme reflects a deliberate choice: to finance development without mortgaging the future, to strengthen resilience without expanding debt, and to mobilise capital without compromising our good name.

Our commitment to strong governance, proactive risk management, and total transparency is our promise—to the people of Saint Vincent and the Grenadines, to our regional partners, and to the international community.

This is not about passports.

It is about resilience.

And it is about leaving a **tangible, transformative legacy** for generations yet to come.

ESTABLISHING AND DEEPENING A NATIONAL SOCIAL COMPACT FOR GROWTH

Madam Speaker,

If Saint Vincent and the Grenadines is to move decisively from recovery to sustained development, we must be clear-eyed about one fundamental truth: **government alone cannot drive economic transformation.**

In small, open, and shock-prone economies such as ours, **growth is a shared responsibility.** It requires alignment between the State, the private sector, and organised labour—each playing its role, each honouring its obligations, and each committed to the national interest above narrow advantage.

It is for this reason, Madam Speaker, that this Government is committed to **establishing and deepening a National Social Compact** as a central pillar of our economic development strategy.

The Purpose of the Social Compact

The Social Compact is not a talking shop, nor is it an abstract declaration of goodwill. It is a practical governance framework designed to:

- Build trust and predictability between Government, employers, and workers;
- Align wages, productivity, prices, and investment decisions with national economic realities;
- Support macroeconomic stability, competitiveness, and job creation; and
- Ensure that the burdens and benefits of adjustment and growth are shared fairly.

Put simply, Madam Speaker, we cannot ask workers for restraint, investors for confidence, or citizens for patience unless there is a clear, credible, and inclusive national bargain.

Institutionalising Partnership, Not Ad Hoc Consultation

For too long, engagement between Government, the private sector, and trade unions has been **episodic and reactive**, often intensifying only in moments of crisis. That approach is no longer sufficient.

This Government will therefore **institutionalise structured social dialogue**, anchored in regular, formal engagement at the highest level.

Accordingly, Madam Speaker, we will establish a **National Social and Economic Partnership Council**, (NSEPC) bringing together:

- The Government of Saint Vincent and the Grenadines;
- Representatives of the private sector and business community;
- The recognised trade union movement; and
- Where appropriate, representatives of civil society, NGOs, academia and key productive sectors.

This Council will operate on a **partnership model**, grounded in mutual respect, shared information, and collective responsibility.

Core Functions of the Social Partnership

Once established, the Social Partnership Council will be mandated to:

1. Promote a national dialogue on growth, productivity, and competitiveness, helping to build public consensus around the reforms and adjustments required to secure long-term prosperity.
2. Advise Government on a framework of Growth and Productivity Initiatives, with clear timelines—focusing not only on *what* must be done, but *how* it will be implemented in practice.
3. Support wage and labour-market stability, by encouraging wage outcomes that are consistent with productivity growth, inflation realities, and fiscal sustainability—protecting workers’ purchasing power while safeguarding jobs.

4. Monitor and report on implementation, ensuring accountability, transparency, and follow-through once agreements are reached.

This is not about outsourcing policy-making, Madam Speaker. Elected Government will always govern. But good governance requires listening, partnership, and evidence-based decision-making.

The Role of the Private Sector

Madam Speaker,

The private sector is not merely a beneficiary of growth—it is the engine of growth.

Under this Social Compact, Government commits to policy stability, regulatory clarity, and improved ease of doing business. In return, we expect:

- Increased domestic investment;
- Commitment to workforce training and skills development;
- Responsible pricing behaviour, particularly in essential goods and services; and
- Greater integration of local suppliers and SMEs into value chains.

Growth that does not translate into opportunity, employment, and rising productivity **is not sustainable growth**.

The Role of Organised Labour

Madam Speaker,

The trade union movement has played a historic role in protecting workers' rights and social stability in this country. That role remains indispensable.

Within the Social Compact, organised labour is a strategic partner—not an obstacle to reform, and not a passive observer.

The Compact creates space for:

- Early engagement on fiscal realities and economic constraints;
- Joint problem-solving on productivity, absenteeism, and skills mismatches; and
- Constructive dialogue on wages, working conditions, and public-sector reform, grounded in facts rather than confrontation.

In a small economy, industrial stability is itself a competitive advantage. We intend to protect it.

From Stability to Growth

Madam Speaker,

International experience shows that countries which successfully transition from crisis to sustained growth do so by building strong institutions of dialogue and shared ownership.

This Social Compact is therefore not an end in itself. It is a means to an end—an economy that grows faster, more inclusively, and more resiliently; a society where adjustment is fair; and a State that governs with credibility.

As we pursue fiscal discipline, unlock productive investment, and modernise the public sector, this Social Compact will help ensure that growth is not imposed—but agreed; not fragile—but durable.

Madam Speaker,

Economic development is not achieved by decree. It is achieved by cooperation, confidence, and collective effort.

By deepening a national social compact with the private sector and the trade union movement, this Government is laying the institutional foundation for stable growth, decent work, and shared prosperity in Saint Vincent and the Grenadines.

That is how we move forward—together.

2026 BUDGET RESOURCE REQUIREMENTS

Madam Speaker, the financing of the 2026 Estimates has been carefully structured to ensure fiscal sustainability while providing the resources necessary to advance our national development priorities.

The Estimates of Revenue and Expenditure for 2026 amount to \$1.9 billion. Financing for this budget will be derived from a mix of current revenue, capital receipts, and prudent borrowing, consistent with our medium-term fiscal strategy.

Current revenue is projected at \$906.9 million, reflecting the Government's continued commitment to strengthening revenue administration and maintaining stable tax performance, notwithstanding the absence of extraordinary non-tax receipts recorded in the previous year. This level of revenue will support the bulk of recurrent expenditure, including wages and salaries, pensions, social assistance, and the delivery of essential public services.

The capital programme, amounting to \$577.3 million, will be financed primarily through capital receipts, comprising a combination of domestic and external resources. Domestic financing will include \$201.0 million, largely through local borrowing, while external financing will be sourced from concessional loans and grants provided by our multilateral and bilateral development partners. These resources are directed toward growth-enhancing and resilience-building investments in infrastructure, health, education, housing, climate adaptation, and economic transformation.

Madam Speaker, this financing framework reflects the Government's determination to **mobilize adequate resources at the lowest possible cost**, protect debt sustainability, and ensure that borrowed funds are applied to projects that strengthen productive capacity, enhance resilience, and improve the quality of life of Vincentians. The 2026 Budget therefore represents not only a statement of expenditure, but a disciplined and responsible plan for financing our country's development.

THE MISSION CRITICAL AGENDA

Madam Speaker, we cannot afford to sit still while our citizens navigate the crushing weight of a 20% cumulative increase in the cost of living, and the prevailing high levels of poverty and vulnerabilities across St Vincent and the Grenadines.

To address the immediate economic and social relief required by our population, this administration opened with a **“60-Day Rescue Plan”**, starting from December 2, 2025. This was more than a policy document; it was a covenant to provide tangible relief to households struggling with rising prices while simultaneously restoring discipline and efficiency to the public service.

Immediate Relief

Madam Speaker, the unvarnished truth is that one in three Vincentians is currently living in poverty or is just one disaster away from it. Since taking office, we took decisive action to throw a lifeline to those drowning in this rising tide:

- **VAT Free Shopping Day:** held on December 19, 2025, proved to be a successful and well-received initiative, delivering tangible benefits to consumers and the wider economy. The Inland Revenue Department reported total sales of approximately \$28 million, with an estimated \$4.2 million in VAT foregone, representing direct savings to households at a critical time of year.
- **Cost-of-Living Adjustment Support/ Bonus Payment:** On January 30, 2026, we launched a support initiative providing direct relief to approximately 12,000 government employees. This featured a tax-free payment ranging from EC\$1,000 to EC\$2,000, structured progressively to prioritize our frontline heroes—nurses, junior police officers, and sanitation workers. For over 6,000 households where the head earns less than EC\$3,000 monthly, this payment effectively doubled their monthly income.
- **Doubling Public Assistance:** By the end of February, we will fulfil our sacred responsibility to the most vulnerable by increasing Public Assistance grants from EC\$360 to EC\$500 per month for all 4,614 beneficiaries. This fulfilment of our campaign promise requires an additional EC\$8.6 million in this budget.

ECONOMIC STABILISATION MEASURES

Madam Speaker,

As I have stated earlier, this Government will implement a comprehensive Economic Stabilisation and Transformation Plan covering the period 2026 to 2035.

The purpose of this plan is clear, disciplined, and deliberate:

- to stabilise the public finances,
- to restore economic momentum, and
- to protect the most vulnerable while we rebuild resilience.

At the centre of this challenge lies the public debt—currently estimated at EC\$3.5 billion, equivalent to approximately 110.3 per cent of GDP. This level of indebtedness constrains choices, crowds out opportunity, and weakens our capacity to respond to shocks. Our task is therefore not cosmetic adjustment, but structural repair.

Accordingly, Madam Speaker, this Government is placing the public debt on a firm and credible downward path, while simultaneously revitalising the productive sectors of the economy to drive growth, jobs, and shared prosperity—all while safeguarding social protection and strengthening climate resilience.

Under this Plan, the Government will pursue three clear and measurable objectives:

- Reduce the Debt-to-GDP ratio progressively towards the ECCU benchmark of 60 per cent over the medium term;
- Achieve and sustain a positive Primary Balance, consistent with long-term debt sustainability;
- Rebuild fiscal buffers, so that future hurricanes, volcanic events, or global

shocks do not once again push the country into crisis.

These objectives are not abstract targets. They are the guardrails of sovereignty. They are the conditions for stability. They are the foundations of confidence.

Madam Speaker, the consolidation strategy rests on four mutually reinforcing pillars, each essential, and none sufficient on its own:

1. Revenue Enhancement and Tax Policy Reform. We will strengthen revenue mobilisation through fair, efficient, and better-administered taxation—broadening the base, closing leakages, and ensuring that effort is rewarded, not punished.
2. Expenditure Rationalisation and Public-Sector Efficiency. We will spend better, not simply spend more—prioritising value for money, enforcing discipline, and directing scarce resources to programmes that deliver real outcomes for citizens.
3. Improved Public Investment Management and Growth-Supporting Reforms. We will raise the quality, sequencing, and execution of public investment, ensuring that capital spending lowers costs, unlocks private activity, and strengthens long-term growth.
4. Debt Management, Fiscal Rules, and Resilience Building. We will actively manage public liabilities, re-establish fiscal rules, and embed resilience into infrastructure and budgeting—so that shocks no longer undo years of progress overnight.

Together, these pillars form a single strategy: stabilise first, then grow—grow to sustain stability.

Madam Speaker,

This Plan provides a credible, balanced, and transparent framework for restoring fiscal sustainability in Saint Vincent and the Grenadines. It recognises a simple truth: fiscal discipline is not an end in itself. It is how we secure sovereignty, build resilience, and deliver inclusive growth.

By combining stronger revenue mobilisation, productive spending, institutional reform, and growth-enhancing investment, this Government is laying the groundwork to move decisively from rescue to resilience.

And, Madam Speaker, we are determined that fiscal responsibility will not be episodic, reactive, or optional—but a permanent feature of governance in our country.

State-Owned Enterprises (SOEs)

Madam Speaker,

We are in the first phase of an assessment of SOEs, designed to strengthen monitoring and ownership oversight, clarify operational mandates, and identify concrete measures to improve efficiency, financial performance, and service delivery.

Strengthening the governance and performance of SOEs is a central pillar of this Government's economic reform agenda.

SOEs play a vital role in delivering essential services, supporting economic activity, and advancing national development objectives. But to fulfil that role effectively, they must operate with clear mandates, competent boards, transparent financial reporting, and robust accountability to the State as owner.

This Government is therefore acting decisively.

We are reinforcing ownership oversight.

We are clarifying the respective roles of Ministers, boards, and management.

And we are enforcing timely financial and performance reporting.

These reforms will ensure that SOEs are better managed, more resilient, and fully aligned with national priorities.

Madam Speaker,

The fiscal benefits of stronger Statutory Organisations are significant and long-lasting.

Well-governed and financially sound SOEs:

- reduce the risk of unplanned calls on the Budget,
- limit the accumulation of arrears and contingent liabilities, and
- strengthen overall fiscal discipline.

Improved performance lowers the need for recurrent subsidies, supports more predictable budgeting, and—where appropriate—generates dividends and other returns to the Treasury.

Just as importantly, enhanced oversight allows Government to identify and manage fiscal risks early, protecting public finances while ensuring that essential services are delivered efficiently and sustainably.

In short, public enterprise reform delivers fiscal sustainability, economic stability, and better value for money for citizens.

Madam Speaker,

The evidence is clear.

Budgetary grants to state owned enterprises increased from 2.5 per cent to 2.9 per cent of GDP between 2015 and 2025, reflecting rising operational inefficiencies and weak financial discipline.

If improved governance, clearer mandates, and stronger performance monitoring were to reduce SOE losses and quasi-fiscal activities by even 10–20 per cent, this would imply annual savings of *approximately 0.25–0.6 per cent of GDP (\$18.0mn – 20.0mn)*, through lower transfers and subventions alone.

Additional savings would flow from:

- enforcing timely financial reporting,
- strengthening arrears management, and
- preventing the build-up of unpaid liabilities that ultimately fall back on central government.

These are not theoretical gains.

They are practical savings with real fiscal impact.

Madam Speaker,

Further fiscal gains will come from better cash management and revenue generation within public enterprises.

Several enterprises remain persistently loss-making, operate with outdated tariffs, or carry large receivables due to weak collection systems and policy-imposed constraints.

We are addressing these weaknesses through:

- targeted tariff reviews,

- improved billing and collection systems, and
- transparent compensation for clearly defined public service obligations.

At the same time, the absence of a formal dividend policy means that profitable SOEs are not systematically contributing to the Budget. Even a modest, cash-flow-based dividend framework, applied to stronger SOEs, would generate regular and predictable non-tax revenues.

Improved financial transparency will also allow Government to identify risks earlier reducing the likelihood of costly bailouts and unplanned budget support in future years.

Madam Speaker,

SOE reform is not about privatisation by stealth. It is about discipline over drift, performance over patronage, and value over waste.

By restoring governance, enforcing accountability, and unlocking financial discipline, this Government is ensuring that State-Owned Enterprises serve the public interest—efficiently, transparently, and sustainably.

ACTIVE DEBT MANAGEMENT

Madam Speaker,

Despite economic recovery, persistent fiscal deficits have driven total public sector debt to EC\$3.49 billion, equivalent to approximately 110 per cent of GDP. This represents a sharp increase from the 70 per cent recorded in 2018 and places Saint Vincent and the Grenadines well above the ECCU target of 60 per cent.

The burden of this debt is not abstract.

Debt servicing now consumes approximately EC\$350 million per year—nearly 39 cents of every dollar collected by the State. Before a single road is paved, before a hospital is stocked, before a school is repaired, the debt must be paid.

This is the fiscal reality.

This is the constraint on development.

Madam Speaker,

This Government is changing course.

We are moving decisively from passive debt accumulation to active liability management. We will pursue debt reprofiling with discipline and intent—lowering interest costs, extending maturities, and restoring fiscal sovereignty.

We are not improvising. We are learning from proven regional experience and applying those lessons with care.

Across the Caribbean, countries have demonstrated that well-structured debt swaps and diversifying their financing sources can reduce fiscal pressure while advancing resilience:

- Barbados executed an innovative Blue Bond transaction, supported by the Inter-American Development Bank and The Nature Conservancy, generating approximately US\$50 million for marine conservation while simultaneously reducing debt-servicing costs.
- Belize completed a landmark Blue Debt restructuring with support from the World Bank and the U.S. Development Finance Corporation, reducing its debt stock by US\$189 million and securing over US\$4 million annually for ocean protection.
- Through institutions such as CAF – the Development Bank of Latin America and the Caribbean, governments are now

deploying Debt-for-Climate swaps, converting high-interest commercial liabilities into long-term, lower-cost financing for resilient infrastructure.

These are not gimmicks.

They are instruments of fiscal repair.

They are tools of sovereignty.

Madam Speaker,

Our objective is clear: to reduce reliance on expensive, short-term domestic commercial paper and to rebalance our debt portfolio toward structured, concessional, and longer-dated instruments.

Objective	Fiscal Impact
1.Lower Interest Rates	Reduces the 39-cent debt tax on every revenue dollar
2.Extended Maturities	Aligns repayment schedules with the long-term life of public infrastructure
3.Expanded Fiscal Space	Redirects interest savings to health, education, and social protection

By aligning our liabilities with our capacity to pay, we protect the vulnerable, stabilise the economy, and rebuild confidence.

Madam Speaker,

Our government is in active discussion with our major creditors (World Bank and the Caribbean Development Bank) and other development partners (including CAF – the Development Bank of Latin America and the Caribbean) on mobilising concessional financing, strengthening our public sector investment programme,

financing the pipeline of capital projects, budget support and piloting debt for development swaps.

REVENUE MEASURES

RATIONALISING TAX EXPENDITURES

Madam Speaker,

The scale of import concessions granted over the period 2022 to 2025 has imposed a substantial and growing fiscal cost on the State. Over the period, the cumulative revenues forgone was \$624.1mn, or 30 percent of the total value of concessional imports.

In 2025 alone, the foregone revenues amounted to \$152.3mn and equated to 64% per cent of all revenue collected from taxes and charges on imports (\$238.7mn). Put plainly, more than half of the revenue we should have collected at the border was given away through concessions.

Madam Speaker,

This level of revenue loss is no longer sustainable.

A 20 per cent reduction in total import concessions, applied uniformly across categories, would generate an estimated additional \$30.4 million in government revenue each year. This figure is derived directly from the 2025 revenue loss and demonstrates that even a modest and disciplined rationalisation can create meaningful fiscal space.

Importantly, this revenue gain can be achieved without abolishing concessions outright. Instead, it can be delivered through:

- Targeted priority sectors
- tighter eligibility criteria, and
- stronger oversight, particularly where concessions are discretionary.

Special Cabinet concessions alone accounted for a significant share of the increase in concessions over the period 2022-2025. More disciplined management in this area would therefore deliver disproportionate fiscal benefits, without undermining productive investment.

Madam Speaker,

The estimated \$30.4 million in additional annual revenue could be redeployed strategically to:

- reduce the fiscal deficit and borrowing needs;
- strengthen priority social spending in health, education, and social protection; or
- increase capital investment without raising tax rates.

In the context of fiscal discipline and debt sustainability, a 20 per cent reduction in import concessions represents a high-impact, low-distortion policy option. It strengthens revenue mobilisation, restores fairness at the border, and preserves incentives that genuinely support productive investment and inclusive growth.

PROPERTY TAX REFORM

Madam Speaker,

A central pillar of revenue reform over the medium term is the strengthening of the property tax system, which remains one of the most under-performing and inequitable components of the tax framework.

The property tax regime was reformed in 2008 to adopt market value as the basis for assessment, replacing the outdated annual rental value methodology. However, the current valuation list—implemented in July 2013—remains in force, despite significant changes in market conditions over more than a decade.

Under the Valuation and Rating Act No. 18 of 2012, the Minister is empowered to order the preparation of a new valuation list. The absence of a revaluation since 2013 has resulted in:

- Systematic undervaluation of properties;
- Erosion of the real property tax base;
- Inequities between taxpayers; and
- Persistent revenue leakage.

In addition, a substantial number of properties remain unregistered, further constraining collections and weakening compliance.

Madam Speaker,

Government will therefore commence:

- A nationwide property registration programme to expand coverage of the tax roll; and

- A comprehensive national property revaluation exercise.

These reforms will broaden the tax base without increasing rates, enhance fairness, strengthen compliance, and generate sustainable revenue to support fiscal consolidation and local service delivery.

TAX AND CUSTOMS ADMINISTRATION

Madam Speaker,

Revenue sustainability depends not only on tax policy, but on administrative capacity and enforcement discipline. Strengthening the effectiveness of the Inland Revenue Department and the Customs and Excise Department is therefore central to this Government's revenue strategy.

At the Inland Revenue Department, the full digitisation of tax administration is underway through the implementation of a modern Tax Information Management System (TIMS) under the Caribbean Digital Transformation Project. Once fully operational by 2027, all major tax types will be integrated into a single digital platform.

In parallel:

- The Tax Administration Act will be fully enforced;
- Audit capacity will be strengthened, including joint audits with Customs and Excise;
- Tax arrears collection, particularly for PAYE and VAT, will be intensified.

At the Customs and Excise Department, the development of the Vincy Single Window for Trade Facilitation (VSWiFT) will integrate 16 trade-related

government agencies into a single digital interface. This reform will:

- Reduce clearance times and transaction costs for traders;
- Improve risk management;
- Strengthen revenue collection; and
- Enhance transparency and compliance.

An updated Customs (Management) Act will also be enacted to strengthen post-clearance audits, advance rulings, and penalty provisions.

Together, these reforms treat administrative efficiency as a form of revenue enhancement, not through higher rates, but through better governance.

VAT REDUCTION

Madam Speaker,

This Government is acutely conscious of the pressure that the cost-of-living places on households across Saint Vincent and the Grenadines. High prices for food, electricity, and essential goods erode wages, strain family budgets, and undermine social stability. Addressing these pressures is therefore not optional; it is a core responsibility of governance.

Accordingly, we are actively undertaking a comprehensive assessment of options to reduce the burden of Value Added Tax on households, with particular focus on essential goods and domestic electricity. This work is being conducted jointly by the Ministry of Finance, the Inland Revenue Department, and key stakeholders, to ensure that any reform delivers real relief to consumers while remaining fiscally

responsible and sustainable.

Madam Speaker,

The assessment covers three priority areas.

- First, a general reduction in the VAT rate, with the objective of lowering prices across the economy and increasing disposable income.
- Second, the removal of VAT from essential items, including fresh food and medicines, to protect the most vulnerable from the rising cost of basic necessities.
- Third, the removal of VAT on domestic electricity, recognising that electricity is not a luxury, but a basic input into daily life, education, and small-scale economic activity.

In parallel, we are reviewing the design and timing of VAT-free shopping initiatives, particularly around back-to-school and the Christmas period, to provide targeted, time-bound relief to families at moments of peak financial pressure.

Madam Speaker,

This work is being approached with discipline and care. Tax relief must be well-targeted, administratively feasible, and consistent with our wider fiscal consolidation objectives, including the reduction of public debt and the achievement of a sustainable Primary Balance. For that reason, we will not act on impulse; we will act on evidence.

We intend to return to the public and to this Honourable House with the findings of this assessment, prior to an implementation target date in October 2026. At that point, Vincentians will be able to see—not promises—but practical, costed

measures designed to put more money back into household budgets while safeguarding fiscal stability.

This is how responsible governments lower the cost of living:
not through rhetoric,
not through recklessness,
but through careful reform that delivers lasting relief.

DISCIPLINE WITH PURPOSE

Madam Speaker,

Before I conclude, it is my duty to place clearly and unequivocally on the record the fiscal contours of this Budget—because credibility begins with clarity, and clarity is the foundation of trust between Government and people.

This 2026 Budget is framed against a stark fiscal inheritance. At the end of 2025, total public debt stood at approximately EC\$3.5 billion, equivalent to 110.3 per cent of GDP, while debt servicing consumed 39 cents of every dollar collected by the State. This is the hook in the gill—a burden that constrains our choices, crowds out opportunity, and threatens our sovereignty.

Against this reality, Budget 2026 makes three deliberate and disciplined choices.

First: Targeted Relief, Not Blunt Populism

Madam Speaker,

We have chosen to protect households without undermining fiscal stability.

This Budget delivers direct, tax-free cost-of-living support to approximately 12,000 public employees, alongside the increase of Public

Assistance to EC\$500 per month for 4,614 of our most vulnerable citizens.

This is relief that is targeted, temporary, and responsible support that cushions hardship today without blowing a permanent hole in the revenue base tomorrow.

Second: Execution, Not Aspiration

Madam Speaker,

We are ending the era of aspiration-based budgeting and replacing it with execution-based governance.

The 2026 Capital Budget allocates approximately EC\$357.5 million, focused decisively on infrastructure that lowers costs, builds resilience, and unlocks private-sector growth—including roads, ports, airports, health facilities, housing recovery, and climate-resilient public assets.

Crucially, we are enforcing a “Funded-Only Rule.”

No more unfunded promises.

No more ghost projects.

No more Estimates that impress on paper but fail in practice.

Credibility demands discipline—and delivery demands funding.

Third: Restoring the Guardrails of Fiscal Responsibility

Madam Speaker,

This Budget marks the formal re-establishment of the Fiscal Responsibility Framework, including the operationalisation of the Fiscal Responsibility Oversight Committee.

Our medium-term objective is clear and unambiguous:
to reduce public debt from 110.3 per cent of GDP today to 60 per cent by 2035.

We will no longer normalise large structural deficits.

And we will no longer treat fiscal indiscipline as inevitable.

GROWTH AND JOBS: TURNING FISCAL DISCIPLINE INTO ECONOMIC EXPANSION

Madam Speaker,

Fiscal discipline is not an end in itself. It is the means by which we create the space to invest, the confidence to grow, and the conditions to employ. That is why this Budget does not merely balance numbers; it backs a growth strategy—a strategy designed to raise incomes, expand opportunity, and strengthen resilience across this country.

And let me be clear: we will not cut our way to prosperity. We will grow our way to sustainability—by rebuilding the productive economy and ensuring that public investment lowers costs and unlocks private enterprise.

Madam Speaker,

Accordingly, Budget 2026 aligns capital spending and reform with the Government's four strategic pillars of growth: Agriculture, the Blue Economy, Tourism, and the New Economy. These are not slogans. They are the engines through which we will expand output, generate jobs, and broaden the base of national income.

- In Agriculture, we are not treating farming as a social safety net. We are repositioning it as a productive, export-capable business—backed by targeted infrastructure, market support, and modern systems that reduce

waste and raise farm incomes. That is how we cut the import bill, strengthen food security, and create jobs in rural communities.

- In the Blue Economy, we are moving from fragmented policy to practical enablement—strengthening fisheries infrastructure, improving commercial potential, and unlocking marine-linked livelihoods while safeguarding sustainability. This is how we turn our ocean frontier into a genuine pillar of national growth.
- In Tourism, we are shifting from headline arrival numbers to value, linkages, and efficiency—so that increased airlift translates into higher earnings for workers and reliable markets for farmers, vendors, and local suppliers. Tourism must be a national engine, not a narrow enclave.
- And in the New Economy, we are building pathways into digital work, innovation, and the creative industries—because the world has changed, and our economy must change with it. This is how we retain talent, expand opportunity for youth, and earn globally while living locally.

Madam Speaker,

This is the disciplined bargain at the heart of Budget 2026: we restore the guardrails of fiscal responsibility so that we can invest with purpose; we enforce execution so that capital spending produces results; we stabilise the debt so that growth can take hold. Not growth for statistics, not growth for speeches, but growth that creates jobs, raises wages, and reduces poverty in communities that have waited too long.

In short, Madam Speaker, this Budget insists on three things at once: discipline, delivery, and development—and it anchors all three in the productive economy, where sustainable jobs are made and lasting resilience is built.

CONCLUSION

Madam Speaker, Honourable Members, this Budget Address is not a victory lap. By the Grace of God, we believe future budgets will be such. This address today is instead the outline of a **rescue operation**—one anchored in truth and honesty. It is disciplined by reality and driven by a moral obligation to be honest and helpful to those who daily struggle to make ends meet, many silently.

We have told you the people—our boss-- the unvarnished truth:

- That economic growth has returned, but for too many prosperity remains elusive and has not reached everyone.
- That one in three Vincentians live in poverty or vulnerability.
- That debt has tightened its grip on our future.
- And that the old model—borrow, patch, and hope—has run its course and delivered little.

But Madam Speaker, a rescue mission is not a flag of surrender. We are the children of Chatoyer. We don't give up. So, we have laid out a plan to meet current need, stabilize the ship of state and then to turn it around to head in calmer, more bountiful waters.

- A plan to protect the vulnerable now, through direct relief and expanded social assistance.
- A plan to fix what is broken, from police stations and hospitals to roads, ports, and schools.
- A plan to grow our way out, by unleashing agriculture, the blue economy, tourism, the digital sector, and private enterprise.

- And a plan to restore dignity—to workers, to public officers, to communities long forgotten, and to a nation that deserves better.

This is what the journey from rescue to resilience require: substance over drama; diligence over pretence; action over excuses and the broad public interest over narrow partisan or personal interest.

Madam Speaker, the road ahead is steep and the hole we inherited is deep. But we know how to climb and we have begun climbing. You will hear more about our efforts and achievements in that regard as we go forward. What I tell you now is this: whatever we do, we will put the people's well-being ahead of all else.

And in turning things around, we will not mortgage our children's future for our present benefit; nor will we accept that poverty, insecurity, or inequality are permanent features of Vincentian life.

This Budget affirms a simple but powerful belief: that in Saint Vincent and the Grenadines, your community must not limit your prospects and determine your destiny. Everywhere, our possibilities will be endless, and our personal dreams are constrained by mere geography. There are good times ahead. Let us reach them together and enjoy them together, a future built together, as people, one nation.

Madam Speaker, I commend this Budget to this Honourable House—and to the people of our beloved nation.