BUDGET2021
SAINT VINCENT AND THE GRENADINES

SVGSTRONGER

Overcoming today's challenges, building resilience, strengthening social protection, creating jobs and accelerating transformational development

The *Budget Speech* is delivered annually, and precedes the Parliamentary debate on the Appropriations Bill. *Budget 2021,* and its attendant *Estimates of Revenue and Expenditure for the year 2021*, are prepared under the guidance of Mr. Edmond Jackson, Director-General of Finance and Planning, Mr. Recardo Frederick, Director of Planning, and the entire staff of the Ministry of Finance, Economic Planning, Sustainable Development and Information Technology. The *Budget Speech* and the *Estimates* are published by the Government Printery.

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Government of Saint Vincent and the Grenadines

2021 BUDGET SPEECH

"Overcoming today's challenges, building resilience, strengthening social protection, creating jobs and accelerating transformational development"

Hon. Camillo Gonsalves
Minister of Finance

1 February 2021

Budget 2021:

$1.2b

Estimated Revenue and Expenditure, a 2.2% over the approved 2020 Budget

-$51m

Projected current account deficit, as a result of COVID related economic shocks

77

Projected current account deficit, as a result of COVID related economic shocks

$317m

Budgeted Capital expenditure, surpassing the 2020 allocation by $6 million

$32m

For road construction and suport to BRAGSA for repairs and maintenance

$15m

For housing development home reconstruction, and building materials

$3m

Budgeted for support to youth entrepreneurs through the PRYME programme

$41m

Budgeted for development of the modern cargo port at Rose Place

$1m

Budgeted to assist capacity building among fisherfolk

by the numbers

$25m

Budgeted expenditure, for coastal defense work at Georgetown and Sans Souci

$0.4m

To establish additional volcano monitoring stations and to conduct disaster drills

$31m

Budgeted expenditure, hotel development at Diamond and Mt. Wynne

$8m

To purchase additional tablets for primary schools and for computer replacement

$25m

For school construction, and repairs to schools and TVET training centres

>700

Anticipated number of Vocational education CVQs to be granted in 2021

$8m

For refurbishments to 15 health facilities and the Milton Cato Memorial Hospital

$3m

Budgeted expenditure for COVID vaccinations and dengue erradication

600

Additional beneficiaries of increased social assistance in response to COVID

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I. A STRONGER SVG

Madame Speaker,

We begin by giving thanks.

Thanks to Almighty God for his continuing mercies and abundant blessings. In this year of unprecedented global upheaval, we are ever more grateful that we reside here, in the Land of the Blessed.

Thanks, too, for the completion of a safe, peaceful, free, fair and conclusive General Election process – a hallmark of our young democracy. Under the leadership of Prime Minister Gonsalves, the Unity Labour Party has once again been returned to office for an unprecedented fifth consecutive term. Moreover, the one seat majority that we nursed for ten years has now been increased to a three-seat cushion. We are fortified by our renewed mandate and humbled by the historic nature of our re-election. We are also mindful that beyond the vote of confidence in the Party, the Prime Minister, and his policies, programmes and projects, the electorate has also told us that we can and must do better – in keeping close to the citizens of Saint Vincent and the Grenadines, and in delivering to them in a more timely and meaningful manner.

We are also thankful for the presence of new faces, and new energy in our small parliamentary family. There are two new faces on the opposition benches, and four on ours. It is safe to say that, notwithstanding partisan preferences, the electorate did not vote for division, but for delivery. Not for gridlock but for cooperation in the common interest of all Vincentians.

We give thanks for this tremendous opportunity and responsibility to discuss and debate the future path and priorities of our great nation as we seek to accelerate our progress towards a more prosperous future, even amidst an uncertain present.

Madame Speaker:

The recorded history of Saint Vincent and the Grenadines is dotted with calamitous events of breath-taking scale and intensity. The early 18th century saw the introduction of colonial settlement and the inhumane exploitation of enslaved Africans. That 18th century ended with war and genocide, culminating with the exile of 5,000 Garifuna to Balliceaux, and their remaining survivors to parts of Central America. One hundred years later, the end of the 19th century and the beginning of the 20th saw two cataclysmic natural disasters, a mere four years apart – the 1898 hurricane, which killed 400 and left 20,000 homeless, and the 1902 eruption of La Soufriere, which burned and buried nearly 2,000 Vincentian souls, mainly of Garifuna descent. La Soufriere's eruption in 1979 created loss and damage in excess of US$100 million, and forced the evacuation of 20,000 citizens.

History records that the people of Saint Vincent and the Grenadines met, with equanimity, each of these challenges, and more. Experience teaches that, after each national convulsion, the Vincentian people emerged stronger, more united, and more resolute. A national identity was forged: That of a people resistant to foreign domination, resilient against the slaver's whip, stout in the face of Mother Nature's wrath, and possessed of both a sunny optimism and a steely determination, forged in volcanic flame.

Through every test and trial, we have proven ourselves over the centuries to be a resilient, resourceful and proud people; undaunted by adversity and fortified by our faith.

Today, as this Parliament meets to debate Budget 2021, our nation finds itself beset on all sides by mortal threats – both fresh and familiar. A global pandemic has claimed close to two million lives, and spared no nation – however remote – from infection. A dengue fever outbreak causes discomfort and death. Our volcano once again belches boiling magma from the earth's core. In our annual game of chance with the Atlantic Hurricane Season and with climate change, the odds continue to worsen.

These threats form the backdrop to a budgetary process that has been unprecedented in its unpredictability. However, despite the swirling uncertainties, Budget 2021 is firmly rooted in the unshakeable knowledge that our people will meet, and overcome, any and all challenges that we may encounter on our developmental journey, and our shared objective of lifting Saint Vincent and the Grenadines higher.

For ten months of 2020 we lived under the shadow of the COVID-19 Pandemic, which arrived on our shores a few weeks after we passed a carefully calibrated Budget. The ensuing recalibration of priorities and response recalled the poetic wisdom of Robert Burns, who observed that *the best-laid plans of mice and men often go awry*.

Creatively and compassionately responding to the immediate health, economic, social and security impacts of the Pandemic quickly became one of the more urgent demands on the human and financial resources of the State. We will discuss our continuing Pandemic response elsewhere in today's presentation.

But while the Coronavirus was an unexpected, multifaceted and daunting challenge, it was not the only one faced by Saint Vincent and the Grenadines. Nor could it be a singular, narrow, paralysing focus of our Government. Indeed, we declared early in the Pandemic that we anticipated the economic fallout to be more immediate and widespread than the anticipated serious healthcare challenges. We determined that one of the best ways to keep Saint Vincent and the Grenadines' strong economy was to continue our work, wherever possible. While a number of important plans were unavoidably delayed, many others were pushed to completion, keeping Vincentians on the job and our economy afloat.

As such, 2020 was still a year of accomplishment for a number of critical infrastructural projects and for the advancement of some critical medium-term policy objectives:

Through the fog of COVID-19, the Government completed, among other initiatives:

1. Bridges at Fenton, Dauphine and Green Hill
2. The Chateaubelair Jetty
3. Roads at Brighton, Fireburn, and Buddy Gutter
4. 106 footpaths under the PAVE initiative
5. Early Childhood Centres at Biabou and Marriaqua
6. Expansions to the Calliaqua Anglican and Kingstown Government Schools and the construction of the Pearl Best Centre at Park Hill
7. Placed tablets in the hands of every single child from grade six in primary school to the community college
8. Salt Whistle Bay sea defence at Mayreau
9. An impressive tourism facility at Brighton
10. Remodelled market facilities for the relocation of vendors and the reorganisation of Kingstown
11. The rollout of 200 CCTV cameras
12. Purchased a $4.5 million Medivac Coastguard vessel
13. The approval of 1,000 PRYME grants to entrepreneurs
14. The construction of Hard Courts at Rose Hall, Sans Souci and Choppins
15. The laying of a world-class synthetic track at the emerging Sir Vincent Beache National Stadium

In addition, we have commenced work on the Holiday Inn Express, the Joshua Centre Shopping Plaza, Coastal defence work at Georgetown and Sans Souci, and sporting facilities at Lowmans Leeward and Evesham.

Through encouragement and creative cajoling, we also kept a number of private and foreign projects active and on track, even if their pace was slowed by the Pandemic.

Today, we will present to the people of Saint Vincent and the Grenadines our plan to make this country stronger, and safer, in the face of all our challenges. This is the Budget of a government with a record of getting things done, and the confidence and capacity to continue getting things done, even in a difficult time.

II. GLOBAL, REGIONAL & LOCAL ECONOMIC ENVIRONMENT

2020 was a year unlike any other. Its economic impacts will continue to reverberate throughout 2021 and beyond. There is no person alive today who has experienced a global economic upheaval of the magnitude that we experienced in 2020. That this small island state is still standing, battered but unbowed, is to the enduring credit of the leadership of Prime Minister Gonsalves and the resilience of the Vincentian people.

The International Monetary Fund's World Economic Outlook is stark in its assessment of 2020, and equivocal in its predictions for this year. The latest estimate of the International Monetary Fund pegs the global economic collapse in 2020 at -3.7%.

Just as international poverty rates were recovering in the extended aftermath of the global economic and financial crisis, the COVID-19 Pandemic has catapulted tens of millions of people into extreme hardship. The World Bank estimates that over 100 million people have been pushed into extreme poverty by the Pandemic.

Within CARICOM and the Eastern Caribbean Currency Union, the COVID-19 Pandemic turned 2020 into an economic catastrophe. With the exception of Guyana, every single CARICOM economy contracted. According to the IMF and the Eastern Caribbean Central Bank (ECCB), eight or nine of CARICOM's 14 states suffered double-digit economic contractions in 2020. The remaining CARICOM states will experience GDP loss of between five and nine per cent. Not even after the global economic crisis did CARICOM suffer such an acute and near-universal depression.

Among the six independent member states of the Eastern Caribbean Currency Union, the downturn is even more severe. Preliminary estimates from the ECCB suggest that the currency union shrank by 16.2% in 2020, the most pronounced economic collapse on record. The Economic Commission for Latin America and the Caribbean (ECLAC) attributes the OECS downturn primarily to the decline in tourism revenue and Citizenship by Investment Programmes.

Preliminary data suggest that the Gross Domestic Product of Saint Vincent and the Grenadines will contract by between 2.2 and 5.0 per cent, depending on whether one places more stock in estimates from the IMF, ECCB, World Bank, ECLAC or Ministry of Finance. By any measure, the projected decline is by far the least severe economic response in the Eastern Caribbean Currency Union. The decline in the Vincentian economy to date, though significant, is less calamitous than almost every other CARICOM member state.

For 2021, lingering uncertainties mean that there is little consensus about how our economy will respond to last year's contraction. The IMF predicts 3.7% growth, while the World Bank forecasts 0%. Our own conservative estimates, subject as they are to myriad caveats, suggest less than 1% growth in 2021. Of course, those estimates are clouded by numerous COVID-19-related uncertainties, ranging from the likelihood of further waves of Coronavirus infections, to the efficacy of vaccine rollouts to the return of global tourism demand. The possibility of natural disaster is also a significant variable. However, by whatever measure, it is clear that the Vincentian economy will take longer than one year to recover from the economic fallout of 2020. Our best estimate is that we will not return to our 2019 levels until next year. Economically, we survived 2020, we will begin recovery in 2021, and hope to return to normalcy, soon thereafter.

III. SVG's RESPONSE TO THE COVID PANDEMIC

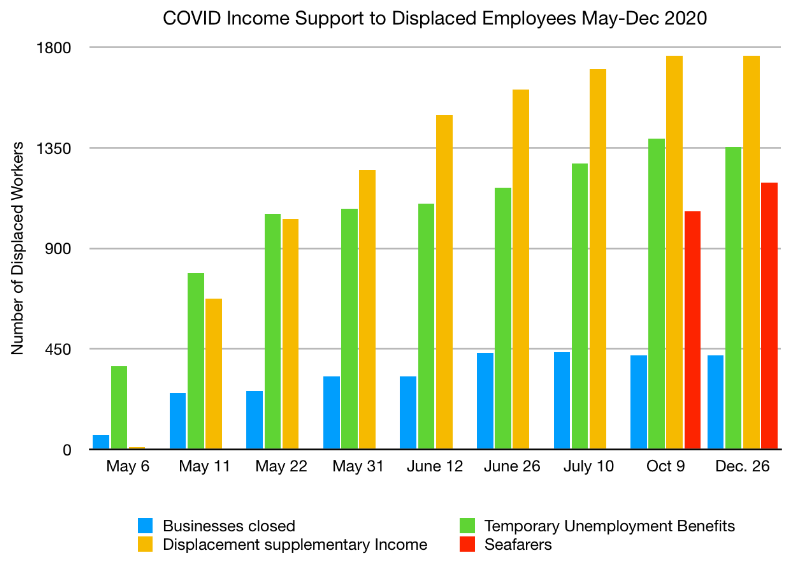
The Coronavirus is a killer. The COVID-19 Pandemic that we face today is a destroyer of lives, livelihoods and economies. As of today, the World Health Organisation reports that over 90 million people have tested positive for COVID-19, and close to two million people have died from the disease. This is a staggering number. There are entire, horrific wars – from Vietnam to Korea, that have produced fewer casualties than the Coronavirus.

In the United States of America alone, over 400,000 people have died as a result of the Coronavirus. That's more than three times the number of people living here in Saint Vincent and the Grenadines. Tragically, two COVID-19 infected persons have also died in Saint Vincent and the Grenadines, and Vincentians in the Diaspora have not been immune from the fatalities visited on their adopted homes.

In Saint Vincent and the Grenadines, the fallout has been tangible. Businesses have closed. Jobs have disappeared. Our sense of normalcy has been upended. The very fabric of our lives has changed. We now shop differently, dress differently, and greet each other differently. We travel, work, worship, and celebrate in a profoundly different way. Just a few years ago, the government of France made it illegal for Muslim women to wear masks or face coverings in public. Today, in that same country, it is now illegal to appear in public *without* a mask.

We have a new vocabulary in Saint Vincent and the Grenadines. Today, we all speak of "social distancing," "bubbles," "lockdowns," "contact tracing," "sheltering in place," "herd immunity," "COVAX, PPE and PCR."

We have also become accustomed to the quiet heroism of the healthcare workers on the frontline of our battle against the Pandemic. But we should never become indifferent to their strength and sacrifice. Today, a grateful nation once again gives thanks for the safety they provide to us.



(Source: National Insurance Services)

The COVID-19 Pandemic has touched every Vincentian in some way. The Government recognised early that the Pandemic would have a debilitating social and economic impact in 2020. Within one month of the declaration of a Pandemic by the World Health Organisation, the Government crafted a far-reaching COVID-19 Recovery & Stimulus Package, which we passed in this Honourable House on 7th April, 2020.

We elaborated a Recovery & Stimulus Package: clear plan of temporary, targeted, and proportionate measures, designed to achieve three objectives:

- Protect the health and preserve the lives of citizens
- Strengthen the social safety net to protect the vulnerable; and
- Keep the economy ticking over as much as possible

The wide range of measures contained in the Recovery & Stimulus Package has directly touched well over 30,000 Vincentians. Thousands more have received tangible benefits from the Package in ways that are harder to accurately quantify.

Today, given the unprecedented nature of both the COVID-19 impact, and the Government response, it is appropriate to report on the success of the measures announced last April, and how much has actually been spent to date.

Over 14,000 Vincentians were most directly affected by Government interventions, to the tune of over $20 million. These included:

Number of persons affected	Value
2,955 hospitality workers and seafarers received Supplementary Displacement Income Support	$6.1 million
1,354 laid off workers received a Temporary Unemployment Benefit	$2.4 million
5,000 farmers received $1,000 in COVID/Drought Relief	$5 million
2,473 farmers received 3,462 sacks of fertilizer	
225 farmers received livestock	$243,000
30 farmers received support in the clearing/cultivation of land	$33,000
52 additional loans were disbursed by the Farmer's Support Co.	$89,000
2,302 vendors received income support	$4.53 million
107 handcart operators received income support	$32,000
425 cultural/creative professionals received supplementary income	$249,000
441 minibus operators received income support	$399,000
340 taxi and tour bus operators received income support	$212,000
600 vulnerable persons received social benefits until Dec. 31	$730,000
500 vulnerable women received 3 months of social support	$300,000
14,024 total persons (not including subgroups of farmers)	**$20.32 million**

These 14,024 persons do not include the [17,000] students and teachers who received $5.53 million worth of tablet computers to facilitate distance learning, or the 2,423 individuals who took advantage of loan moratoria offered by local banks. Including those recipients of tablets and loan moratoria brings the total of impacted individuals to **33,447 persons** and a value of **$25.85 million.**

Crucially, that number does not include the individuals impacted by the free distribution of 40,443 "Love Box" food packages, the recipients of additional PRYME grants, the 8,189 persons who received a two-month prepayment of their pensions from the National Insurance Services or the number of persons who took advantage of moratoria from the utility companies. Conservatively, the number of directly-impacted Vincentians may easily eclipse 40,000 individuals when the accounting is complete.

The $25.85 million in direct disbursements of one form or another was augmented by additional COVID-19 -related purchases, payments and subventions. To date, these items total over $15 million, and include:

Intervention	Value
Purchase of 500,000lbs of arrowroot starch for "Love Boxes"	$1.5 million
Purchase of produce and distribution of 40,443 "Love Boxes"	$2.6 million
Additional PRYME grants (inc. PRYME+ and cultural professionals)	$2.97 million
50 nurses and doctors hired temporarily to the SET Programme	$308,000
20 additional Home Helpers for the Elderly	$116,000
Purchase of laboratory supplies	$157,000

Purchase of medication	$183,000
Purchase of cleaning and sanitisation supplies	$152,000
Accommodation , transportation, meals etc. for medical staff of Isolation Centre, including Cuban Medical Brigade	$917,000
Rental of facilities for quarantined persons	$543,000
Purchase of Medivac Vessel (payment to Damen Shipyards)	$700,000
Additional subvention support to Arrowroot Association	$706,000
Additional subvention support to Argyle International Airport	$1.2 million
50% reduction in departure tax for 8,714 passengers	$435,000
Duty waivers for cleaning products, masks, etc.	$2.79 million
	$15.28 million

The stimulus component of the Recovery & Stimulus programme focussed on a multiplicity of short-term infrastructure projects to spur economic activity and increase demand for labour. While accounting for these infrastructure projects is not yet finalised, over $13 million was spent by year-end.

Infrastructure Project	Expenditure
COVID-19 Isolation Centre at Argyle	$1.81 million
PAVE footpaths	$1.61 million
Enhancement of Government buildings	$0.6million
North Leeward Rehabilitation Programme	$0.64million
Community Infrastructure Projects	$0.55 million 547,000
Road Rehabilitation Programme	$7.82 million
	$13.03 million

The combined total of these interventions, to date, is roughly $54 million. A number of on-going interventions are excluded from this $54 million total, including the value of the duty concession on over 25,000 barrels, the value of non-fertilizer inputs, tools, seedlings and plants provided to farmers. Similarly VINLEC, the CWSA and certain accounting departments are still in the process of disaggregating and quantifying the value of various concessions, grants and expenditures. The value of the Government's initiatives is certainly higher than even this impressive total.

Of course, the Government did not implement all of the planned components of the Recovery & Stimulus Package. Some infrastructural works that took longer to get underway have been rolled over into Budget 2021. Grades 1-5 of the primary school system have yet to receive their tablet computers, but will in the coming weeks. Some medical and testing equipment that we planned to purchase, were ultimately donated by development partners or friendly governments.

Nonetheless, the Government intervention was timely and targeted. It was also sufficiently large to maintain some degree of economic activity and, more fundamentally, to help vulnerable households to hold things together during the most devastating global economic downturn in over 100 years.

By acting quickly, decisively and comprehensively, the Government helped Saint Vincent and the Grenadines to beat the odds and defy the naysayers. We emerge from a tumultuous 2020, down, but definitely not out. We were badly battered by COVID-19, but we are still breathing. And we position ourselves, with this Budget, to resume our mission of transformational development.

Madame Speaker,

It is important to remind Honourable Members that our relative success to date was by no means assured. There were some members of this Honourable House who took to the public airwaves to predict tens of thousands of infections and thousands of deaths by this point in time. There were others who were advocating a draconian approach that would have seen our economy collapse by even more than the 10 to 20 per cent declines that we have witnessed in our neighbours who, within their own contexts, deemed it necessary to react with stringent lockdowns and states of emergency. To his everlasting credit, the Prime Minister managed as best as possible within our context to thread the needle – preserving lives while also preserving livelihoods.

That said, we recognise that this Pandemic is far from finished, its health and economic stories are still being told. Indeed, as the Elections season transitioned to the holiday season, we have experienced a worrying spike in infections.

During the elections campaign, and cognisant of post-election COVID-19 increases in neighbouring states, the incumbent party originally intended to conduct its campaign virtually, but in the absence of bipartisan consensus on this strategy, it took the difficult decision to join its opponents by taking the campaign on the road. Large rallies and public meetings were held throughout the country in the lead-up to the General Elections, with thousands of supporters standing shoulder-to-shoulder for hours on end. Despite this, infection rates remained flat and low in the weeks following the elections, in contrast to what happened in other CARICOM countries that went to the polls in 2020. This strongly suggested that the virus was not present in Saint Vincent and the Grenadines up to and including the November elections, other than in imported, quarantined cases. Human nature being what it is, the election's incident-free mass gatherings undoubtedly bred some level of complacency and casualness among citizens.

We have been less fortunate with the Christmas holiday season, which coincided with a major spike in cases both in our source tourism markets and here at home. Evidence indicates that some visitors broke quarantine in an effort to be at home with their families for Christmas, and that there was a permissive attitude towards traditional Christmas celebratory events. The spike in cases is a reminder that "*it aint over til its over*," and that we must remain ceaselessly vigilant and disciplined in the face of the Pandemic.

IV. OUR PLAN FOR A STRONGER SVG

Madame Speaker,

The COVID-19 Pandemic is a daunting challenge, but it is not the only one facing SVG. Lives and livelihoods are at risk from multiple threats. However, we have a plan. We are confident that we know what we must do to get through the challenging months ahead of us.

This is not a year to place blind faith in uncertain sectors or the shifting sands of global factors beyond our control. In the Vincentian context, it was apparent in 2020 that the State played an outsized role in crafting and driving interventions to keep our economy afloat. Budget 2021 applies this lesson to our process of recovery. We have decided that it is impractical to simply sit back and wait for the external fortunes and fluctuations to once again move in our favour. Similarly, it is untenable to adopt the approach of austerity – slashing services at a time that they are most needed – in pursuit of a pristine ledger book that balances the budget but unbalances the society. As John Maynard Keynes instructed in the 1930s, "*the boom, not the slump, is the right time for austerity at the Treasury*."

As such, within the constraints of our economic and fiscal realities, Budget 2021 concentrates on aggressively pulling the levers that are within State control, while setting the stage for future recovery and growth in the sectors that have been most affected by the Pandemic.

Budget 2021 therefore focuses on implementing shovel-ready construction projects, equipping the agriculture and fisheries sectors to take advantage of emerging opportunities, and concentrating on expanding the yachting subsector while we prepare for a broader rebound in the fortunes of mass tourism. We also rely on the resilience, creativity and adaptability of our private sector to innovate in the face of new challenges.

Budget 2021 will also concentrate on the types of social interventions necessary to protect the most vulnerable, reduce inequality, and strengthen social safety floors during this difficult time.

Sector by sector, Budget 2021 takes the necessary decisions to make Saint Vincent and the Grenadines stronger, both today, and in our preparations for a post-Pandemic future.

V. SECTORAL SUMMARY

A. AGRICULTURE & FISHERIES

Agriculture is at the core of the Vincentian identity. Our farmers and fisherfolk of Saint Vincent and the Grenadines remain at the heart of our existing economic structure and our vision for a modern and prosperous future. As such, our plans for accelerated economic transformation cannot succeed without greater productivity, possibilities and profit from our hardworking men and women, who toil on our soil and seas.

As much as we have consistently reaffirmed the centrality of agriculture to our economy and prosperity, the COVID-19 Pandemic reinforced its importance. Last year, the agriculture sector was an important reason that the Vincentian economy did not contract in the same manner as some of our neighbours. Even in the face of a devastating drought and drastically reduced export markets brought about by regional lockdowns, agriculture proved to be a mainstay in sustaining employment and economic activity.

When shuttered hotels and closed businesses sent workers home, farmers kept farming, and fishers kept fishing. Without their perseverance and production, our economic fortunes would have been far worse, and our vulnerabilities and food insecurity would have increased significantly.

Other countries have abandoned agriculture in the pursuit of ephemeral economic mirages. Some pay lip service to the sector, without investing in the necessary support, reform and modernisation. However, we are convinced, as is the Organisation for Economic Cooperation and Development, that "*economic growth originating in agriculture can have a particularly strong impact in reducing poverty and hunger*."[1] Indeed, according to the World Bank, "*GDP growth originating in agriculture is at least twice as effective in reducing poverty as GDP growth originating outside agriculture*."[2]

Budget 2021 applies these lessons and observations, positioning agriculture and fisheries as cornerstones of our efforts to withstand the worst economic impacts of the Pandemic. This year our tourism sector will once again suffer. However, we expect our agriculture to rebound from the worst of the 2020 drought, and our fisheries sector to continue its strong growth. Further, important private sector investments in the hotel and fisheries sectors will multiply the demand for Vincentian farmers, fishers, and their produce. As a potential growth area in a particularly challenging economic environment, this sector will play an outsized role in economic growth, poverty reduction and job creation in the short and medium term.

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[1] OECD, *Trade, Agriculture and Development: Policies Working Together*, 18 Apr. 2006, p. 173 (https://read.oecd-ilibrary.org/agriculture-and-food/trade-agriculture-and-development_9789264022010-en#page1) Accessed 23 Jan. 2021

[2] World Bank, *World Development Report 2008: Agriculture for Development*, 2008, p.6 (http://documents1.worldbank.org/curated/en/587251468175472382/pdf/41455optmzd0PA18082136807701PUBLIC1.pdf) Accessed 23 Jan. 2021

As indicated earlier, agricultural production withstood two body blows. First, Saint Vincent and the Grenadines suffered its worst drought conditions in 72 years, with some months experiencing 80% reductions in rainfall.[3] The Central Water and Sewerage Authority was forced to impose water-rationing measures as the drought severely depleted our nation's reservoirs.[4] The Minister of Agriculture indicated that farmers endured $16 million in losses as a result of the drought.[5]

Second, the Pandemic-induced collapse in tourism reduced hotels' and restaurants' need for food, while lockdowns and border restrictions in crucial regional markets limited market access.

It was a difficult year for farmers. Preliminary data gathered over the first three quarters of 2020 indicate that crop yields decreased by 14.4% relative to 2019 production. We experienced declines in major crops such as Dasheen (-14%), Eddo (-10%), Sweet Potato (-8%), Yam (-11%), Plantain (-11%) and Banana (-46%). The few instances of increased production were concentrated among permanent crops like Avocado (16%), Breadfruit (4%), Cocoa (4%), Coconut (14%) and Mango (9%), which are the fruits of hardier trees.

The Government implemented a targeted and multipronged response to the drought- and COVID-19 related challenges to farmers.

The Government implemented a targeted and multipronged response to the drought- and COVID-related challenges to farmers. As indicated earlier, 5,000 farmers received drought and COVID support of $1,000 each. A subset of almost 2,500 farmers received heavily-subsidised fertilizer. A further 225 farmers benefitted from donations of livestock, and 30 farmers received cultivation and tractor service on 49 acres of farmland.

At the insistence of the Minister of Agriculture, the PRYME programme sets aside a minimum of 15% of its grants to entrepreneurs in the agriculture, fisheries and agro processing businesses. Our most current data indicate that, last year, 137 grantees in these sectors received just under $1 million in support from PRYME. This included 83 farmers, 45 agro processors, six fisherfolk, one veterinary doctor, one butcher and one florist. A further 52 farmers obtained low-interest loans from the Farmer's Support Company. That level of support will continue, and intensify in 2021.

The response of the Minister of Agriculture to the twin challenges of COVID and the drought has been nothing sort of extraordinary. The Honourable Minister is on the phone almost daily to his colleagues in our Trinidad, Barbados and BVI markets to ensure, on a week-to-week basis, that our

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[3] *See*, "CWSA extends water rationing to help negate worst drought in years," *Searchlight*, 29 May 2020 (https://searchlight.vc/searchlight/press-release/2020/05/29/131997/) Accessed 23 Jan. 2021

[4] *Ibid.*

[5] *See*, J.P. Schwmon, "Agricultural Sector Hit Hard by Drought," *The Vincentian*, 21 Aug. 2020, p. 15 (https://issuu.com/thevincentian/docs/vin_pages-21-08-20-_for_web) Accessed 23 Jan. 2021

traffickers have access to their markets. He piloted the distribution of 156,000 seedlings and 1,000 plants to farmers, and was instrumental in the acquisition and distribution of the subsidised fertilizer.

Of course, his most well-known COVID response was the famous "Love Box," which addressed the twin problems of food insecurity and reduced market access in the time of COVID. By purchasing agricultural produce from farmers, he reduced the impact of logistical challenges to export. By distributing the foodstuff to vulnerable families, he ameliorated food insecurity challenges. And by aggregating, packaging and transporting the Love Boxes to depots for onward distribution by churches and NGOs, he developed a model that can be studied and modified for future social interventions. The 40,443 Love Boxes are an enduring testament to this Government's creativity, responsiveness and, yes, love, for the farmers, the poor and the vulnerable of Saint Vincent and the Grenadines.

In keeping with our focus on agriculture as a developmental mainstay, Budget 2021 places major emphasis on revitalising and modernising critical segments of the sector.

Despite COVID- 19 related delays, the Government expects to construct and procure equipment for a modern arrowroot processing facility at Orange Hill in 2021. Half of the estimated $9.7 million for the arrowroot industry revitalisation project will be spent in 2021 – primarily on the assembly of the factory shell, purchase of machinery, improvement to the water supply and external works. As arrowroot has enjoyed a resurgence, our antiquated production facilities have not been sufficient to meet the quality standards befitting its new global status as a pure, high-end health food for adults and babies. Our arrowroot farmers and the crop they produce continue to be world-class; now, our production and packaging of the starch will be similarly top-notch. The Government of Saint Vincent and the Grenadines once again expresses its deepest gratitude to the Government and people of the Republic of India for their US$1 million contribution to the construction of the factory shell.

Budget 2021 also makes critical investments in modernisation and improved competitiveness in agriculture. $4.4 million will be spent across two projects[6] to complete a food science laboratory at Arnos Vale, upgrade the packing facility at Langley Park and assist aggregators with business plans to help them find local and regional markets for Vincentian produce.

Two relatively small, but hugely significant projects in Budget 2021 are dedicated to analysing and mapping the composition and fertility of soil across the country and to construct an artificial insemination and embryo transplant centre at Rabacca to help improve the quality of our livestock. The design of a modern abattoir – appropriate to the size of our industry and its market demands – is also a critical component of adding value to livestock production. Emerging hotels, restaurants and our growing middle class are increasingly demanding choice cuts of meat and production

[6] See, Project # 451801, "OECS Regional Agricultural Competitiveness Project" ($1,560,000); and Project #451306, "Agricultural Modernization and Development Programme," ($2,857,000)

standards that only a select few can currently provide. As with arrowroot, we intend to help livestock farmers and butchers meet contemporary standards and find local and regional opportunities for their products.

In 2021, the Ministry of Agriculture is introducing an important programme that seeks to build on the lessons learned from the successful "Love Box" initiative and prepare for the presence of over 1,000 new hotel rooms on mainland Saint Vincent. The programme, dubbed the "Food Market Stabilisation Fund," will assist groups of farmers and cooperatives in finding appropriate markets and prices for their produce. The Food Market Stabilisation Fund will help to pool products from famers and negotiate collective supply agreements and prices with purchasers. Such a mechanism is critical in ensuring that Vincentian small farmers have an opportunity to offer reliable supplies of their produce to rapidly growing markets.

Take, for example, the 350-room Beaches Resort at Buccament. The Government specifically negotiated with Sandals Resorts International that agricultural produce should be purchased from local farmers, providing they can supply the produce in sufficient quantities and quality levels. Beaches Resort will purchase over 700,000lbs of such produce annually, including, among other items, 82,000lbs of pineapple and 37,000lbs of lettuce.[7] Data from the Ministry of Agriculture indicate that, through three quarters of 2020, we produced 191,000lbs of pineapple and 43,000lbs of lettuce. Therefore, Beaches alone can consume 43% of our current pineapple production and 86% of our local lettuce (through three quarters). The Food Market Stabilisation Fund will enable a multiplicity of small farmers to secure access to this market, and ensure that Sandals does not simply import its lettuce, pineapples, melons, bananas, potatoes and eggs from overseas. Similarly, other hotels will have large food demands that can only be met locally by increased production and increased coordination among farmers.

The Food Market Stabilisation Fund will be developed through the Farmer's Support Company, which already has a mandate to assist farmers and fishers in the growth of their businesses. This important work will continue. The PRYME programme will also continue offering specific support to young entrepreneurs pursuing farming and agro-processing.

Another project critical to the modernisation of the agricultural sector is the Agriculture Technology Enhancement Project. The diversification of our agricultural sector has exacerbated the challenges in compiling accurate statistics on agricultural production. The Ministry of Agriculture, like many other productive ministries, is bedevilled by inaccurate, incomplete and inconsistent data gathering. These gaps in our data gathering, affect not only the accuracy of our GDP projections, but also the policy responses to various challenges and opportunities. As part of a wider reform of our capabilities to

[7] *See*, "Sandals will require 700,000 pounds of fruit and vegetables annually – Official," *Searchlight*, 24 July 2020 (https://searchlight.vc/searchlight/news/2020/07/24/sandals-will-require-700000-pounds-of-fruit-and-vegetables-annually-official/) Accessed 24 Jan. 2021

gather and analyse statistics, the Government is procuring drones and additional computers to modernise the way in which we measure agricultural production.

A crucial call to arms must also be made to the Vincentian public: buy local. A reasonable debate can be had about the efficacy of food self-sufficiency and "eat what you grow/grow what you eat" sloganeering in a globalised world. Our vision for Saint Vincent and the Grenadines is not only that we provide more food for ourselves, but that we entrench our country as the breadbasket of the southern Caribbean, as we said in last year's budget. Export to regional markets and beyond is the cornerstone of our vision for agriculture. However, in a period of lockdowns, travel restrictions and broken supply chains, we owe it to our farmers, our economy and our own self interest to expand the local market for Vincentian produce. Look in your kitchen, cupboard and refrigerator today, and see how many items you have there that are locally grown or produced. Try to double it. You will be helping a farmer, helping your country and helping yourself. Until things return to normal, make a special effort to buy local.

Medicinal Cannabis

The COVID-19 Pandemic undoubtedly delayed many planned developments in the embryonic medicinal cannabis sector, as investors and equipment were unable to land in Saint Vincent and the Grenadines, and important supply chains were disrupted. Nonetheless, 2020 was a year of solid progress in establishing a sustainable, well-regulated, export-oriented medicinal cannabis industry.

To date, the Medicinal Cannabis Authority (MCA) has received $5.6 million in licence fees from 312 applications. A total of 128 of those applications have been approved so far. The approvals span four distinct sets of applicants:

- 12 groups with an aggregated membership of over 190 traditional cultivators;
- 69 individual traditional cultivators;
- 29 non-traditional local cultivators; and
- 18 companies

Despite the challenges of the Pandemic, approved licensees invested over $10 million in 2020 to finance set-up and infrastructure developments, as well as cultivation activities. Investors have hired 80 staff to date, and provided steady income to over 150 traditional cultivators.

The MCA has also partnered with a private sector entity to construct and equip a state-of-the art laboratory to offer scientific analysis and support to the industry. The laboratory will be operational by March 2021.

While cannabis exports have yet to begin, three major manufacturing facilities for medicinal cannabis will become operational by mid-2021. These manufacturers will purchase and process substantial quantities of cannabis from local cultivators. Further, three additional facilities, occupying over 25 acres of combined greenhouse and outdoor cultivation space are well-advanced in the production of cannabis under controlled conditions.

As of 22 January 2021, over 2,000lbs of optimally dried raw cannabis material was in storage in a secure, specially retrofitted facility. This quantity is expected to increase sharply through the course of the year.

Although our medicinal cannabis industry will continue to remain heavily focussed on export earnings, the Government has approved dispensing licences for five locally-registered pharmacies. Two local medical doctors and nine pharmacists have received authorisation from MCA to prescribe and dispense, respectively.

The Government is aware that its trailblazing leadership and careful attention to the legal structure of our industry has spurred the establishment of similar regional forays into medicinal cannabis. We are also aware of the evolving legal status of Marijuana internationally. In December 2020, the United Nations' Commission for Narcotic Drugs approved a recommendation from the World Health Organisation to reclassify marijuana as a less dangerous drug, potentially paving the way for reduced barriers to production, export and use.[8]

We are carefully monitoring these developments, and will make the necessary legal and policy adjustments to comply with international law, protect our industry, and maintain our regional competitive advantages. We remain optimistic that the medicinal cannabis industry can contribute to the development of our country, and to the prosperity of our skilled local cultivators.

Fisheries

Our fisheries sector continues to be a bright spot among our productive sectors, with rapid continued growth expected in the coming years. Our collective challenge is to ensure that our fisherfolk are able to build capacity quickly to take advantage of the massive opportunities that will be forthcoming.

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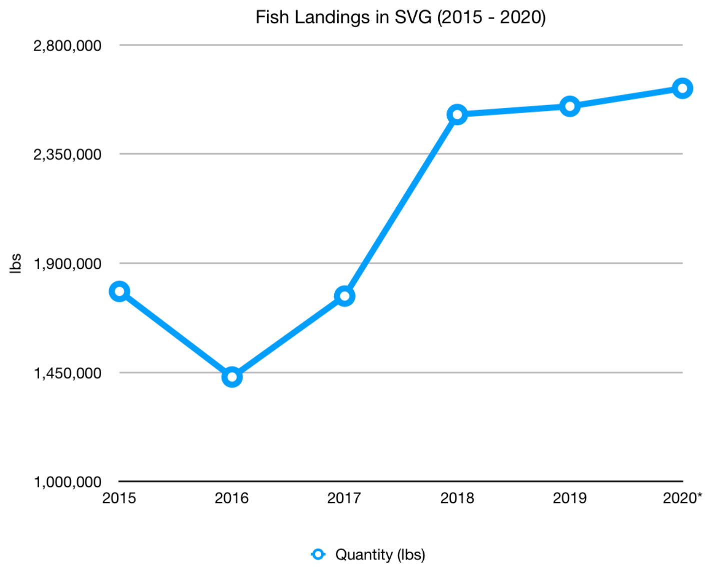
[8] I. Kwai, "U.N. Reclassifies Cannabis as a Less Dangerous Drug," *New York Times*, 2 Dec. 2020 (https://www.nytimes.com/2020/12/02/world/europe/cannabis-united-nations-drug-policy.html) Accessed 30 Jan. 2021; Commission for Narcotic Drugs, "CND votes on recommendations for cannabis and cannabis-related substances," 2 Dec. 2020 (https://www.unodc.org/documents/commissions/CND/CND_Sessions/CND_63Reconvened/Press_statement_CND_2_December.pdf) Accessed 30 Jan. 2021; "Draft report, Commission on Narcotic Drugs Reconvened sixty-third session: Implementation of the international drug control treaties," Economic and Social Council, Document E/CN.7/2020/L.1/Add.9, 2 Dec. 2020 (https://undocs.org/E/CN.7/2020/L.1/Add.9) Accessed 30 Jan. 2021



(Source: Ministry of Agriculture)
*2020 total reflects only first three quarters of the year

In 2020, despite the multiplicity of COVID-related challenges that beset all productive sectors, fish landings for the first 9 months of 2020 increased by 34% over the similar period in 2019. Indeed, the 2.6 million pounds of seafood landed during the first 9 months of 2020 exceeded the record amounts landed for the entirety of 2019. In 2016, fisherfolk landed 1.4 million pounds of seafood, valued at $9.4 million. Five years later, in the first nine months of 2020, those numbers had risen to 2.6 million pounds of seafood and $16.1 million – an 85% increase in quantity and a 71% jump in value for our fisherfolk.

Important policy decisions are driving this dramatic growth. First, the Government joined with development partners to build, equip or modernise a number of high-quality fisheries centres, located at strategic points nationwide. These centres have made fishing and purchasing more convenient for fisherfolk and consumers. The quality of stored and sold fish has also been enhanced.

Second, the Minister of Agriculture invited and incentivised private sector entities to assume management of various state-owned fisheries facilities. The focussed, professional and profit-centred management of these facilities – particularly in Bequia and Owia – has guaranteed additional markets and secured growth for fishers.

Third, the Government has aggressively pursued Foreign Direct Investment in the fisheries sector. We have sought out responsible partners willing to make transformative investments in the sector that will create jobs and guarantee markets for local fisherfolk. The first among these major Foreign Direct Investors is Rainforest Seafoods, the largest processor and supplier of seafood in the Caribbean. After some COVID-19 related construction delays, Rainforest Seafoods expects to complete its $10 million processing plant in Calliaqua by the third quarter of this year.

The agreement signed between Rainforest Seafoods and the Government of Saint Vincent and the Grenadines stipulates that the plant can process up to 1 million pounds of seafood per year, and that it will purchase $20 million worth of fish, conch and lobster annually from local fisherfolk. Think about those numbers for a moment: Rainforest Seafoods' plant will have the capacity to process more than one-third of all the fish currently landed in Saint Vincent and the Grenadines. The company – by itself – is willing to purchase $20 million worth of seafood from a sector that has never generated that much revenue in a single year. Indeed, Rainforest's production capacity for lobster is 4-5 times the quantity of lobster currently landed in Saint Vincent and the Grenadines. Up to 300 artisanal lobster fishers could make a living supplying product to Rainforest.

It is a potentially transformative investment.

However, to take full advantage of the developmental potential of this and forthcoming investments in the seafood sector, our fisherfolk must be able to rapidly ramp up their capacity to satisfy new markets, while improving both efficiency and quality standards.

Budget 2021 recognises these opportunities, and seeks to invest in the sector and our fisherfolk in innovative ways.

First, the Government will introduce a $1 million Fishing Development Project to expand our fishing fleet and provide capital to fishers willing to increase their capacity. With markets for our seafood growing exponentially, our challenge is not the availability of fish, but the capacity of fisherfolk to sustainably meet demand. The Fishing Development Project will provide low-interest loans for new vessels, help to refurbish existing boats, and supply necessary materials to help fisherfolk capture more seafood.

Second, Budget 2021 allocates a total of $1.5 million to accelerate the construction of the modern Barrouallie Blackfish Facility. While we have acquired and cleared the land and completed designs for the facility, COVID-19 complications prevented our Japanese partners and contractors from completing necessary site visits and mobilisation last year. We are optimistic that we will be able to welcome them to Saint Vincent and the Grenadines in 2021, and that work will commence to create a facility that will allow this specialty product to be caught and processed within the framework of our laws and regulations, and in accordance with the highest international standards.

The Ministries of Agriculture and Foreign Affairs have also initiated important negotiations to expand our regional and international markets for seafood. In light of recent reforms and changes locally, we have reengaged the European Union to revoke the "red card" that we have received for insufficiently combatting illegal, unreported, and unregulated (IUU) fishing.[9] We believe that the

[9] *See*, European Commission, "Fight against illegal fishing: Commission lists Saint Vincent and the Grenadines and the Comoros as non-cooperating, and issues warning for Liberia," 23 May 2017

classification is now unwarranted in light of recent measures taken, and we will work with the EU to address this situation. We are optimistic that Vincentian fishers and processors will regain access to the EU market in the medium term.

Additionally, we are working on an agreement with the Government of Taiwan that would facilitate preferential access for our seafood into their markets. While existing seafood processors sell their product in Hong Kong, the agreement that we hope to conclude would give Vincentian seafood a competitive advantage over similar products entering Taiwan from the USA, Australia or Latin America.

Few productive sectors attract as much uninformed commentary and prognostication as agriculture. Almost 65 years ago, former United States president Dwight Eisenhower delivered a famous speech in which he assailed "*synthetic farmers behind desks*" who enjoy instructing real farmers and offering simplistic policy solutions for agriculture. Eisenhower observed that "*farming looks mighty easy when your plow is a pencil, and you're a thousand miles from the corn field*."[10] His observation has stood the test of time, even as pencils have been replaced by keyboards, and the synthetic farmers sow their seeds in the well-tilled furrows of social media.

Farmers, by their very nature are optimists: calmly assessing and navigating a plethora of potential natural, market or man-made perils that would discourage those with a less sanguine perspective. We share their optimism. The sector is beset on all sides by threats, but it remains a central pillar in our economic diversity, development and growth.

B. DEVELOPING THE BLUE ECONOMY

The Government's planned developments for fisheries and tourism, including our focus on yachting, fall within the ambit of the developmental opportunities inherent in the Blue Economy. However, it is not our intent to gather a few incidental or episodic investments and rebrand them as the Vincentian Blue Economy. Rather, a renewed focus on the developmental potential of our marine resources will be a primary pillar of the Government's economic strategy for the upcoming decade.

Like other members of the OECS, Saint Vincent and the Grenadines is thought of as small. Tiny. You will find us clustered at the bottom of any list of nations arranged in order of land mass or population. The combined land masses of the six independent OECS members make us only

(https://ec.europa.eu/fisheries/fight-against-illegal-fishing-commission-lists-saint-vincent-and-grenadines-and-comoros-non_en) Accessed 24 Jan. 2021

[10] Dwight D. Eisenhower, "Address at Bradley University, Peoria, Illinois" 25 Sept. 1956 (https://www.presidency.ucsb.edu/documents/address-bradley-university-peoria-illinois) Accessed 23 Jan. 2021

slightly larger than Luxembourg – one of the smallest non-island states in the world. We are microstates; and our status as the smallest of Small Island Developing States carries with it a series of limited and limiting assumptions – resource-poor, of negligible geopolitical significance, and teetering on the edge of viability as sovereign states.

But we are not nearly as small as we think.

Focussing on the roughly 410 km^2 of Saint Vincent and the Grenadines' land mass ignores 99% of our country's territory. Saint Vincent and the Grenadines has a marine space of over 36,500 km^2, making us bigger than Rwanda, and almost as large as Switzerland. Our total area exceeds the land mass of Taiwan. Indeed, Saint Vincent and the Grenadines has the second-largest marine space in the OECS.

These are facts. And the basis of these facts lies in the ubiquity of the seas that surround us, connect us, and have the potential to catapult us to an entirely new developmental trajectory.

There are 83 countries in the world whose total area is more than 50% ocean. There are 50 countries in the world whose area is more than 80% ocean. Then there is the OECS, whose members' territories are between 96% and 99% ocean. We may be Small Island Developing States. But we are also, unequivocally, large ocean developing states. To ignore our vast seascape, and its tremendous potential, is developmental malpractice. We must cast our eyes outward, and recognise that the beach or the coastline is not the edge of our world, but the beginning of an immense, untapped resource that can sustainably fuel growth and development.

In recent years, our oceans' largely theoretical economic value has been outweighed by the grave and gathering threat that they present in this era of rapid climate change. Our rising seas have inexorably reclaimed prime coastal real estate and compromised multi-million dollar tourism investments. Unprecedented deposits of Sargassum seaweed have had a similarly negative effect on tourism. Coral bleaching has compromised complex ecosystems and driven fish beyond the reach of many subsistence fisherfolk. Warming oceans have proven to be deadly incubators for more intense and frequent storms. Those storms and hurricanes, in turn, whip our seas into battering rams whose surges inundate coastal towns, destroy infrastructure, and cost lives.

However, we stand today at a philosophical and developmental crossroad. We can continue our insular inward gaze, hoping that the answers to our challenges lie solely within the confines of our individual terrestrial spaces. We can view the oceans with fear and mistrust, marking time for the next, inevitable wave of climate-fuelled destruction. Or, we can look beyond our shorelines and develop plans for the sustainable use of our large ocean resources that are focused on economic growth and diversification, environmentally-responsible local management, and accelerated people-centred development.

We must embrace the Blue Economy wholeheartedly, and mainstream it as part of our developmental philosophy.

The concept of the Blue Economy has gained currency in recent years without really achieving much definitional clarity. The term "Blue Economy" means different things to different people. For some, it is the optimized exploitation of all marine resources. For others, it is centred on conservation, preservation and clean energy. In the Caribbean context, others still see the Blue Economy as an extension of our region's competitive advantage in tourism, and focus on the various ways in which we can monetize the ocean for our visitors.

The Government conceptualises the Blue Economy as encompassing the full range of economic sectors and policies that determine whether the use of our marine resources are (1) socially and economically beneficial; (2) sustainable and environmentally responsible; (3) locally-controlled; and (4) people-centred. The scope of economic activities that fall within such a conceptualization is vast: Anything that directly or indirectly takes place in the ocean and coastal areas, uses outputs from the ocean, restricts or regulates the human interaction with our marine space, or places goods and services in ocean activities could conceivably be a part of the Blue Economy.

As such, established ocean-based activities like fisheries, tourism, and transportation will form pillars of any local or regional Blue Economy. However, so too will aquaculture, biotechnology, renewable energy, and mineral extraction from our seabed. In this era of debilitating and externally-imposed climate change, the value of our ocean territory as carbon sinks and havens for biodiversity must also be valued and quantified.

For the most part, these concepts have gained global acceptance, if not tangible support. Goal 14 of the Sustainable Development Goals is titled "Conserve and sustainably use the oceans, seas and marine resources." This Goal includes a number of specific targets to guide its implementation. Of specific interest is Target 14.7, which states:

> *"By 2030, increase the economic benefits to Small Island Developing States and Least Developed Countries from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism"*

Such a mandate, and timeline, gives impetus and urgency to our regional pivot towards the Blue Economy. With a 10-year window of opportunity remaining to capitalise on international focus and support, we are compelled as a country and as a region to unambiguously define and prioritise a common vision of how the Blue Economy can drive regional development.

Beyond the self-evident abundance of fish, and the obvious attraction of our beaches, reefs and sailing waters to tourists, there are many critical, as-yet untapped, marine resources that can benefit from exploration and sustainable use in the region. The mining of seabed minerals, for example, is an emerging multibillion (dollar) industry. The world's ocean floor is home to vast deposits of highly prized metals, including copper, zinc, manganese, cobalt and rare earth elements. Many of these deposits are clustered around underwater hot springs or hydrothermal vents in the ocean – the type of which are prevalent in the waters surrounding volcanic OECS members. Seabed mining is already predicted to be a developmental game-changer in many archipelagic Pacific island states. More research is needed to see if our seabed holds similar potential. Over the past decade, the Jamaica-based International Seabed Authority has granted 29 exploration licenses for contractors sponsored by national governments to explore mineral wealth at a number of deep-sea locations. Those explorations are unearthing billions of dollars of available minerals and hundreds of species of aquatic life. The quickening pace of seabed exploration cannot be lost on our member states.

The full integration of the Blue Economy into our regional agenda is potentially transformative. Today, some of our most intractable developmental inhibitors are our narrow resource base, tiny size, and lack of diverse economic drivers. Many countries in our region are competing with each other to extract revenue from a limited number of increasingly unsustainable economic schemes whose continued viability are subject entirely to the whims of foreign regulators. However, a partial solution to a nihilistic regional race to the bottom is visible from almost every street, window and hilltop in the OECS: Our seascape. Our Blue Economy can deliver a vibrant, sustainable seafood processing and export industry. A well-managed and regulated logistics, communications and transportation network. An emerging industry of environmentally-sensitive mineral exploration and extraction. And a shared policy on monetizing the annual influx of over 2,500 cruise ship calls and 3.5 million cruise passengers into the region, which makes the OECS, collectively, one of the most popular cruise destinations in the world.

However, there is a fly in this ointment of optimism, and it is a familiar one: money. An effective implementation of Blue Economy development strategies is prohibitively expensive. The required infrastructure, equipment, exploration and industrial investment are frankly, beyond our capacity to self-finance.

The history of private sector investment in islands' oceans is not encouraging. The global tale of international private sector investment in small islands' Blue Economy initiatives has been one of unequal bargaining positions and grossly inequitable distribution of returns from the use of islands' seascape.

While no one expects private sector investors to be altruistic, their advantages of capital, equipment and specialised expertise give them negotiating advantages that oftentimes all but guarantee an exploitative relationship with a state's marine environment. It is therefore critical that, as a matter of principle, island states retain a great degree of control over its marine resources and seascape, even when partnering with responsible private actors.

The Government of Saint Vincent and the Grenadines is in discussions with the World Bank regarding the possibility of local and regional financing to facilitate a resilient, locally-controlled Blue Economy. Budget 2021 targets over $40 million in investments that touch and concern the Blue economy – from the modern port, to the expansion of fisheries, to coastal defences, to marine safety mechanisms. Private sector investments add tens of millions more to the total.

Currently, the management responsibilities for our marine territory and wealth are scattered among a number of discrete ministries, and oceans are oftentimes an inconvenient adjunct to other ministerial tasks. In that way, our oceans are the shared responsibility of ministries of tourism, fisheries, agriculture, environment, security, transportation, customs, immigration, civil works, mining and foreign affairs – with little central leadership or coordinated planning. Blue Economy initiatives therefore languish, or proceed in sporadic and sometimes contradictory fashion. This is an archaic approach to oceans. There should be a clear understanding of where governmental responsibility lies for the Taiwan-sized swath of ocean surrounding Saint Vincent and the Grenadines.

In 2021, the Government will collaborate with stakeholders on formulating comprehensive and forward-looking institutional arrangements to advance our important Blue Economy objectives. We are optimistic that we can also work successfully with our development partners and our fellow OECS members to mainstream a common approach to our vast ocean potential.

C. TOURISM

The COVID-19 Pandemic delivered a body blow to the hospitality sector across the Caribbean, including Saint Vincent and the Grenadines. The combination of lockdowns in source markets, the mothballing of cruise ships, changing protocols and various other disincentives made travel precarious for all but the hardiest tourists.

Additionally, the COVID-19 induced closure of LIAT further reduced airlift and access to the islands served by the airline.

The results of these challenges were ruinous. Preliminary data show that 2020 visitor arrivals plummeted by 56% when compared with the previous year. Stay-over visits and airline arrivals fared even worse, each recording an 80% decline.

The picture is even more sobering if you discount the first three months of the year – the period before the World Health Organization (WHO) declared COVID-19 a pandemic. The final three quarters of 2020 show a 92% decline in air arrivals, and a 90% drop in yacht passengers. In 2019, we welcomed 111,057 cruise ship passengers over the last three quarters of the year. In the corresponding period in 2020, that number fell to zero.

These stark numbers do not begin to tell the whole story. 2020 was an indescribably difficult year for our hospitality sector. Our stakeholders are overwhelmingly small, and lack the resources to withstand the type of prolonged shock to the system that this Pandemic has caused. That many of these stakeholders continued to operate and continued to hire Vincentians – albeit in a limited capacity – is nothing short of heroic. The magnitude of our economic decline in 2020 would have been far worse if our hospitality sector was not valiantly attempting to make the best of a very bad and unexpected situation.

Prior to the Pandemic, the Government declared its intention to raise our level of ambition in accelerating tourism development in Saint Vincent and the Grenadines. At the heart of that ambition was our plan to double the room stock on Saint Vincent within three years. While COVID-19 has altered timelines somewhat, it has not dampened our ambition. This Government remains resolute in its commitment to capitalise on the Argyle International Airport to increase airlift, room stock, jobs, and economic growth in Saint Vincent and the Grenadines.

We know that the Pandemic will not last forever, and we believe that tourists will return to the region once some semblance of normalcy is established. The Eastern Caribbean Central Bank estimates that the Currency Union will not return to its 2019 tourist arrival numbers until the year 2023.[11] We are hopeful that we can return to our 2019 levels by 2022, and that 2023 and beyond will mark a period of transformative growth in our tourism sector.

A critical part of our transformative vision hinges on attracting and constructing quality hotels, as well as securing additional airlift to the Argyle International Airport. We are well underway to achieving these goals. Despite the sector's dismal fortunes in 2020, the Government continued to aggressively and optimistically court investors and service providers throughout the year. We continued to sell our vision of SVG as the most diverse, most exciting, most welcoming destination in the Caribbean.

During the Budget presentation last year, we hinted at two important tourism developments. First, we stated that "*we [were] more than hopeful about a positive conclusion to on-going negotiations*" for a takeover of the former Buccament Bay Resort. Second, we said that "*it is likely that we will welcome direct flights from new destinations – including destinations beyond the continent of North America*." Today, we are proud to say that COVID-19 did not derail these two important developments.

In July 2020, even in the midst of the Pandemic, Sandals Resorts International announced that it would construct a 350-room Beaches Resort at Buccament, at a cost of over US$100 million. The Beaches Resort will be constructed over the same time period as a 250-room Marriott Resort at Mt. Wynne. These two hotels will add 600 top-quality rooms to our existing stock and begin the process of establishing our Leeward coast as a tourism Mecca.

[11] Eastern Caribbean Central Bank, "Governor's Report to the Monetary Council on Monetary and Credit Conditions," 24 July 2020, p. 20

Last November, Virgin Atlantic announced a new service between London and Saint Vincent and the Grenadines, starting in June 2021. Virgin Atlantic's announcement marks the first regular flights between AIA and the United Kingdom. Indeed, it is the first destination beyond the North American capitals of Toronto, New York and Miami. Arriving twice per week, Virgin Atlantic's 264-seat Airbus 330 aircraft will also be the largest regularly-scheduled flight to arrive in SVG to date.

Previously-announced hotel projects are regaining momentum after some COVID-19-related delays. In 2020, works began on the construction of the 93-room Holiday Inn Express and Suites at Diamond. At present, there are six other hotels at various stages of implementation, these are: the Royal Mill Hotel at Ratho Mill La Vue at Indian Bay, Mayah's Luxury Suites at Diamond, Soho House on Canouan, Black Sands Resort at Peter's Hope, and the Marriott Resort at Mt.Wynne.

Cumulatively, public and private investment in hotel construction on mainland St Vincent will exceed $740 million over the next three years.

Budget 2021 seeks to build upon these large scale investments with a number of capital projects designed to enhance SVG as a visitor-friendly destination with a uniquely Vincy vibe. Over $34 million of the Capital Budget is directly connected to tourism,[12] a number that does not include planned improvements to airports in the Grenadines.

In addition to construction of the Holiday Inn and Marriott hotels, the tourism projects include $1.5 million to be spent on the Villa Boardwalk and a tourism facility, $1.2 million on sites and signage, including the majestic Chatoyer National Park.

The Government is under no illusions that tourism will rebound to full capacity in 2021. We were fortunate in 2020 that the Pandemic arrived at the tail end of our cyclical tourist season. We have no such luck in 2021. Indeed, the 50,000 cruise passengers that visited us last January are all absent, and we will see nowhere near the 9,000 yacht passengers who arrived in the first month of 2020. Last January, we welcomed 92,000 visitors, overall. This January, we will be lucky to host one-tenth of that number.

We are already in a deep hole.

The projections and policies undergirding Budget 2021 recognise that Tourism cannot immediately assume its annual pedestal as a primary driver of economic growth. However, rather than shelving the sector to await better times, Budget 2021 invests heavily in our vision of a post-Pandemic SVG: uniquely welcoming, and uniquely positioned to drive job growth and economic development.

[12] Villa Boardwalk (790k), Chatoyer Park (821k), Brighton Salt Pond (300k), Villa Beach (725k), Tourism sites (350k), Diamond hotel (9.5m), Mt Wynn Hotel (22.1m), Aesthetic improvements (150k)

One of the lessons of the COVID-19 Pandemic is that it is dangerous to place all economic eggs in the tourism basket. Even in tiny economies, an overreliance on a single sector only increases vulnerability. However, as we will no doubt see in the pace of our neighbours' post-COVID-19 recovery, our tourism basket is not yet large enough. We are committed to not only helping our existing tourism sector to recover, but also to expand tourism in Saint Vincent and the Grenadines to create greater opportunities for jobs and economic growth. At the same time, we reiterate that we have no desire to abandon other sectors and areas of strength in a short-sighted, headlong pursuit of an oversaturated regional hospitality sector.

D. CLIMATE RESILIENCE, ENVIRONMENTAL PROTECTION & DISASTER PREPAREDNESS

Saint Vincent and the Grenadines' extreme vulnerability to climate change and natural disasters continues to pose the gravest threat to our growth and developmental prospects. Similarly, our stewardship of a fragile and unique ecosystem is critical to our national identity, our international obligations, and our responsibilities to future generations. Budget 2021 invests in making Saint Vincent and the Grenadines more resilient, more responsive, and more able to recover in the event of a natural disaster.

The ever-present threat of natural disasters is more pressing and urgent this year. In the waning days of 2020, our La Soufrière volcano awakened after four decades of slumber, releasing magma into its crater as part of an ongoing effusive eruption. This is likely the fourth effusive eruption to occur at the volcano since the 1780s.[13] Recent effusive eruptions over the past 250 years were followed by an explosive one between 8 and 30 years later.[14] However, 250 years is the blink of an eye for a volcano that has been active for millennia. As such we have woefully insufficient data from which we could make safe predictions about future behaviour. Similarly, we note, but draw no conclusions from, the evidence of a steadily shortening period between explosive eruptions of the La Soufrière.[15]

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[13] *See*, Aspinall, W. P., et al. "Eruption of Soufrière Volcano on St. Vincent Island, 1971-1972." *Science*, vol. 181, no. 4095, 1973, pp. 117–124. , (www.jstor.org/stable/1736842. Accessed 16 Jan. 2021.)

[14] *Ibid.*

[15] *See*, Cole, Paul & Robertson, Richard & Fedele, L. & Scarpati, Claudio. (2019). "Explosive activity of the last 1000 years at La Soufrière, St Vincent, Lesser Antilles." *Journal of Volcanology and Geothermal Research*. 371. 10.1016/j.jvolgeores.2019.01.002.,)
https://pearl.plymouth.ac.uk/bitstream/handle/10026.1/13152/Cole_et_al_2019.pdf?sequence=3. Accessed 16 Jan. 2021.)
"*It is clear however that the repose period between eruptions has not remained constant with time. A notable decrease in repose times is evident: > 300 yr before 1440 CE (although with large uncertainty), 140 yr before 1580 CE, 138 yr before 1718, 96 yr before 1812, 90 yr before 1902-03 and 77 yr before 1979. This might indicate that a future eruption could be < 77 years since 1979, giving rise to the possibility of an explosive eruption before 2059 if this trend were to continue*."

Nonetheless, both science and history demand that we prepare well for all eventualities. Budget 2021 helps to keep Vincentians safe by making provision for both general disaster response and specific volcano-related activities.

First, despite the economic challenges posed by the COVID-19 Pandemic, the Government has established the largest disaster-response fund in the independent history of Saint Vincent and the Grenadines. Our Contingencies Fund continues to grow. Started in 2017, the Fund, which is capitalized by a tax on consumption and a levy on visitor accommodations, now stands at $34.1 million after we have withdrawn $10 million dollars to partially fund the COVID-19 response supplementary budget. Our Contingencies Fund helped us to withstand the COVID-19 emergency last year, and will continue to grow until we need it again.

In addition to our home-grown Contingencies Fund, the Government also had the foresight to set aside a portion of its development financing for use in the event of a disaster. Under the World Bank's Catastrophe Deferred Drawdown Option (Cat-DDO) programme, Saint Vincent and the Grenadines can access US$20 million in rapidly-deployed financing should we declare a natural disaster or health emergency.

Therefore, as of today, the Government has almost $90 million or 4.1% of GDP in immediately-available resources to address emergencies. It is not a large sum when faced with the magnitude of the potential challenges that confront us, but it is more than we have ever put aside to fund our emergency responses.

Budget 2021 allocates $350,000 in capital spending to various monitoring and preparatory exercises related to La Soufrière. This allocation covers the conduct of preparatory drills and exercises, upgrades to the Belmont observation centre, and works related to the placement of various types of monitoring equipment.

Not reflected in the Budget is the value of numerous contributions of equipment and expertise that have come from a variety of sources, most notably the University of the West Indies Seismic Research Centre, the Regional Security System (RSS) and the Caribbean Disaster Emergency Management Agency (CDEMA). Our institutional cooperation with these entities has yielded fixed wing aircraft and helicopter reconnaissance; the use of thermal cameras, FTIR[16] Gas Analysers; the installation of multiple GPS monitoring stations and equipment; and the services of expert geologists, volcanologists, engineers and technicians. CDEMA's facilitation of helicopter flights and sampling – organized through a cooperation agreement with the United Kingdom – is worth over $185,000.[17]

[16] "FTIR" stands for Fourier Transform Infrared Spectroscopy. It is a powerful gas measurement technology for simultaneous measurements of multiple gases

[17] Press Release, "The United Kingdom FCDO provides funding for a rotary helicopter to support the monitoring of the St. Vincent and the Grenadines La Soufrière volcano," *CDEMANews*, 12 Jan. 2021 (https://www.cdema.org/news-centre/press-releases/2106-the-united-kingdom-fcdo-provides-funding-for-a-

The Government is also grateful for the many generous offers of support we have received from regional and hemispheric allies. Those offers range from satellite-based monitoring to evacuation support to assistance in the housing and care of evacuees, should such assistance ultimately become necessary.

As part of our *Saint Vincent and the Grenadines National Emergency Management Plan*, the National Emergency Management Organisation (NEMO)[18] prepared a "Saint Vincent and the Grenadines National Volcano Emergency Plan" in October 2014. The Volcano Emergency Plan is an 85-page document that delineates functions and responsibilities, establishes command, control and coordination structures, and specifies procedures for alerts, evacuation and emergency transportation. In light of the increased activity at La Soufrière, NEMO has convened meetings of stakeholders and response teams to highlight the applicable provisions of the Volcano Emergency Plan. This plan has been further reviewed and updated to meet any exigencies.

Nonetheless, no amount of planning and resources can completely prepare us for the full extent of La Soufrière's fury. It is sobering to recall that, in both seismic severity and consequence, the 1979 eruption was less powerful than the 1902 tragedy. The 1979 eruption was rated as a "Severe" level 3 on the Volcanic Explosivity Index,[19] while the 1902 eruption was "Cataclysmic" level 4, which indicates that it was at least 10 times more explosive than 1979's, and of similar magnitude to the eruption that devastated Montserrat in 1997. While no one died in 1979, over 1,600 perished in 1902. Our volcano has the power, the potential and the track record to be a major killer. While the Government's preparation and foresight mean that there is absolutely no need for panicked responses, all Vincentians must nonetheless remain vigilant and serious in the face of this gathering threat. Let us listen to the experts, and neither entertain nor encourage the baseless pronouncements of attention-seekers or doomsday prophets.

La Soufrière is not the only potential disaster looming on our horizon. We are a few months away from the 2021 hurricane season, which once more focuses our attention on the interconnected and existential threats of climate change.

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rotary-helicopter-to-support-the-monitoring-of-the-st-vincent-and-the-grenadines-la-soufriere-volcano) Accessed 17 Jan. 2021

[18] http://www.nemo.gov.vc/nemo/

[19] Newhall, Chris & Self, S. (1982). The volcanic explosivity index (VEI): an estimate of the explosive magnitude for historical eruptions. *Journal of Geophysical Research: Atmospheres* 87. (https://www.researchgate.net/profile/Chris_Newhall2/publication/285071244_The_volcanic_explosivity_index_VEI_an_estimate_of_the_explosive_magnitude_for_historical_eruptions/links/56b9e17e08ae7e3a0fa09187/The-volcanic-explosivity-index-VEI-an-estimate-of-the-explosive-magnitude-for-historical-eruptions.pdf)

Last December, at the 2020 Climate Ambition Summit, United Nations Secretary-General António Guterres called on all the countries of the world to "declare a State of Climate Emergency."[20] The Secretary-General observed that past global commitments to cut emissions were insufficient, and that even those inadequate commitments were being ignored. "If we don't change course," he said, "we may be headed for a catastrophic temperature rise of more than 3 degrees." A three-degree Celsius rise in global temperatures is double what Small Island Developing States can tolerate. Since 2009, CARICOM and other Small Island Developing States have been using the slogan "*1.5 to Stay Alive*" to highlight the absolute limit of what is tolerable. In 2018, the global scientists at the Intergovernmental Panel on Climate Change confirmed that "*small islands . . . are projected to experience high multiple interrelated climate risks even at global warming of 1.5°C*"[21] These risks include, more frequent and severe hurricanes, floods, droughts, increased vector-borne infections, food insecurity and catastrophic sea level rise.

The last seven years of human history have been the warmest seven years on record. The year 2020 has the unfortunate distinction of being the warmest year ever.[22] Today, we are already 1.2°C hotter than our pre-industrial baseline:[23] 1.5°C is looking increasingly likely. The Secretary-General's call for a climate State of Emergency is therefore merely belated recognition of a chilling reality for small islands like Saint Vincent and the Grenadines. Our very existence is under threat.

While we must continue our global advocacy for a future below 1.5°C, and while we must do our part to reduce our already miniscule emissions, we must also prepare as best we can for the likelihood that the world may become hotter and more dangerous than we can comfortably bear. That means adapting to climate change through greater expenditure on river defense, coastal protection and climate-resilient infrastructure.

[20] António Guterres, "Remarks at the Climate Ambition Summit," Office of the United Nations Secretary General, 12 Dec. 2020 (https://www.un.org/sg/en/content/sg/speeches/2020-12-12/remarks-the-climate-ambition-summit) Accessed 17 Jan. 2021

[21] Intergovernmental Panel on Climate Change, *Special Report: Global Warming of 1.5°C*, Oct. 2018 (https://www.ipcc.ch/sr15/) Accessed 17 Jan. 2021

[22] T. Greene and P. Jacobs, "2020 Tied for Warmest Year on Record, NASA Analysis Shows," National Aeronautics and Space Administration (NASA), 14 Jan. 2021 (https://www.nasa.gov/press-release/2020-tied-for-warmest-year-on-record-nasa-analysis-shows) Accessed 17 Jan. 2021

[23] *See, e.g.*, World Meteorological Organization, *State of the Global Climate 2020:Provisional Report*, Dec. 2020 p.2 (https://library.wmo.int/doc_num.php?explnum_id=10444); L. Lombrana, "Global Temperatures Already 1.2°C Above Pre-Industrial Levels," *Bloomberg,* 2 Dec. 2020 (https://www.bloomberg.com/news/articles/2020-12-02/global-temperatures-already-1-2-c-above-pre-industrial-levels#:~:text=Email-,The%20most%20notable%20warming%20was%20in%20the%20Siberian%20Arctic%2C%20fueling,wildfire%20season%20in%2018%20years.&text=Global%20temperatures%20from%20January%20to,three%20warmest%20years%20on%20record.); Guterres , Remarks at Climate Ambition Summit, *ibid;* Global Warming Index, "Human-induced warming," (https://www.globalwarmingindex.org/)

Budget 2021 continues the Government's commitment to make Vincentians safer and stronger in the face of climate change. Inclusive of our allocation for the Contingencies Fund, this year's capital budget contains almost $60 million in expenditure on climate change mitigation, adaptation and clean energy.[24] Even in the midst of immediate challenges, almost one fifth of our capital budget will be spent on this existential emergency.

This year, we will complete $25 million worth of coastal defense work at Georgetown and Sans Souci, while commencing similar protections at Sandy Bay. Shipping Bay, another vulnerable point on our harsh Windward Coast, will receive special temporary protections, much as we successfully completed at Salt Whistle Bay last year. At the same time, as promised, we shall complete our technical studies and implement a more lasting and coastal protection solution in Mayreau. We will also complete river defence work at Buccament.

In keeping with our strategy to reducing our carbon footprint and increasing the proportion of energy from renewable sources we will complete all engineering and funding arrangements for the solar PV plant in Bequia this year. Facilities already exist on Union Island and Mayreau, with the developers on Mustique planning on expanding their own solar footprint. We are well underway to mainstreaming solar power in the Grenadines.

Now is the time for solar investment. According to the International Renewable Energy Agency, solar panel prices have fallen by about 80 per cent since 2010, and continue to trend downwards. Our engineers are exploring other areas for solar expansion, and ways in which we can more efficiently integrate solar power with our preexisting grid. The quest for additional renewable energy thus continues apace.

The geothermal projects, which promised so much, have suffered a serious setback. As is well known, the three production wells that were drilled delivered the optimal temperature for the extraction of geothermal energy, but revealed the absence of the requisite level of permeability of the rocks necessary for a sustainable economic venture of a minimum output. Fortunately, the significant expenditure on the project was bourn by our private sector partners, grants from multilateral financial institutions, and friendly governments. Over the period, our Government's expenditure has been slightly in excess of $1 million. The Government is pursuing emerging alternative technologies in geothermal energy exploration and production with two overseas entities.

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[24] Total is 57,026,080, inclusive of the following: Contingency Fund Capitalization – 13,240,000; Salt Whistle Bay Sea Defense Project – 150,000, Glebe Land River Defence: Calliaqua – 75,000; Regional Disaster Vulnerability Reduction Project (RDVRP) – 30,089,900; Engender Project – 271,180; Green Climate Fund Readiness Project – 250,000; Georgetown Watershed Project (GEF) –5, 400,000; Yarabaqua River Defence Project – 72,000; Sandy Bay Sea Defence Resilience Project – 746,800; Natural Disaster Management [2m]; Energy Efficiency And Solar PV Plant Project – 2,122,000; Geothermal Development Project – 445,600; Bequia Desalination Plant - Phase II – 1,467,000; Initial Biennial Update Report (Bur1) - United Nations Framework Convention On Climate Change 464,000; Third National Communication - United Nations Framework Convention On Climate Change 69,600; Montreal Protocol/National Ozone Project 163,000

These discussions, while promising, remain a work in progress; as we seek to turn a setback into an advance, if practically possible.

E. DECENT WORK & JOB CREATION

This Government is driven by the twin policy objectives of reducing poverty and increasing opportunities for Vincentians. This is a Labour Government, and a Government that is inseparable from the working people of Saint Vincent and the Grenadines, and our common values of honest work, shared benefits and transformational development. We have neither the time nor the patience for pie-in-the-sky promises or debasing and unsustainable get-rich-quick schemes.

The driving motivation of our medium-term development philosophy is the generation of greater opportunities for decent jobs, fulfilling careers and sustainable prosperity. We are creating a modern, competitive, many-sided, post-colonial economy that can create jobs at all levels of the Vincentian society. Indeed, prior to the COVID-19 Pandemic, this Government outlined specific plans to facilitate the addition of almost 6,500 new jobs by 2025.

Data from the National Insurance Services show that the total active employees and self-employed Vincentians increased from 33,372 persons in 2001 to 42,940 in 2019 – a 29% growth amounting to 9,568 additional workers. Of course, while 2020 data is not yet finalised, this number will fall in the wake of the COVID-19 Pandemic, as it did in the aftermath of the global economic and financial crisis.

As such, our task with this year's budget is to institute targeted, short-term measures to stem the COVID-19-related loss of jobs, while quickly returning to – and accelerating – our established path of job creation.

Jobs in the time of COVID

The global economic and financial crisis holds lessons for our response to the economic contraction during the Pandemic. Post-crisis studies have established the intuitive value of implementing short-term work programmes to preserve jobs in the context of a recession.[25] However, those programmes must be time-bound and targeted, tapering off as the economy rebounds.[26]

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[25] *See, e.g.,* Hijzen, A. and S. Martin (2012), "The Role of Short-Time Working Schemes During the Global Financial Crisis and Early Recovery: A Cross-Country Analysis," *OECD Social, Employment and Migration Working Papers*, No. 144, OECD Publishing. (http://dx.doi.org/10.1787/5k8x7gvx7247-en) Accessed 30 Jan. 2021

[26] *Ibid.*

The Government of Saint Vincent and the Grenadines has no interest in the "jobless recoveries" and "jobless growth" of those countries that practice austerity during recessions, shedding thousands of jobs that never return. We are interested in activist countercyclical State interventions to keep as many Vincentians as possible within the active workforce until all of our economic pistons are firing normally.

Beginning with the April 2020 Recovery & Stimulus Package, and intensifying in Budget 2021, the Government is committed to the creation of employment opportunities including short-term jobs for Vincentians. Budget 2021's targeted investment in community construction projects, intensified road rehabilitation, and the repair of police stations, community centres, schools and clinics are all examples of the type of short-term job creation activities that can ameliorate otherwise severe losses.

In real terms, there are roughly 77 new public sector posts in the 2021 *Estimates of Revenue and* Expenditure – this is remarkable considering the circumstances.. At the height of the economic fallout from COVID-19, in a period of widespread private sector business closures, job losses and reduced hours, the Government of Saint Vincent and the Grenadines did not lay off public servants, miss salary payments, or defer single increments. We met our obligation to public servants and maintained the existing workforce. Again, it is important to credit the clear-eyed leadership and resolve of the Prime Minister in this regard.

We remain committed to preserving the jobs of public servants, teachers, police, medical professionals and the employees of statutory companies. We remain committed, too, to making the necessary investments to spur a private sector rebound in the shortest possible time.

The Path to Sustainable Jobs

However, Budget 2021 also looks beyond temporary employment, targeting expenditure on areas that can quickly put Saint Vincent and the Grenadines back on track to produce significant job growth over the next five years. Despite the uncertainties of COVID-19, we remain optimistic that our original objectives are still attainable.

The Government has constantly stressed our commitment to infrastructure investment as a driver of job creation. In the absence of tourism growth, both private and public sector infrastructure activities are crucial.

Our capital budget will consistently employ over 1,200 workers in 2021, with the RDVRP and hotel projects accounting for half of that total. Construction of the Beaches Resort at Buccament will employ over 600 persons in 2021, and will peak at over 1,100 full-time construction workers by the middle of next year. Black Sands and Royal Mill hotels will employ over 200 additional workers apiece, while Myah's Luxury Suites will retain its current complement of 40 workers through October, when it transitions to an equal number of hotel staff.

Private sector investments will also drive crucial job growth in 2021. For example, when the construction and operation of Rainforest Seafoods is complete, it's current contingent of 35 construction workers will be replaced by 75-100 factory workers. The increased demand in the fisheries sector will produce an additional 25 jobs in 2021, with more in 2022. Call centre growth – one of the few sectors benefitting from the global lockdown – is predicted to add another 100 jobs in 2021. The medicinal cannabis sector is conservatively estimated to add over 250 full-time agricultural and processing staff. PRYME grants will facilitate at least 200 business start-ups in 2021.

F. HEALTH & WELLNESS

The year 2020 severely tested our healthcare system. In the face of two deadly invading viruses, our valiant doctors, nurses and medical technicians manned the ramparts and battled tirelessly to keep us safe. In the face of an intense dual attack from COVID-19 and Dengue, the heroism and professionalism of our medical warriors cannot be overstated.

The Battle Against COVID-19

The tenor of our battle against COVID-19 has changed drastically in recent weeks. For much of 2020, our focus was confronting the virus as it bombarded our borders: our frontline workers manned the borders, controlled points of entry, tested visitors, and placed tourists in precautionary quarantine. Through an aggressive policy of testing, tracing and containing, Saint Vincent and the Grenadines was an isle of relative normalcy amidst a raging storm of infection and social upheaval beyond our borders. We had a small number of cases, the overwhelming majority of which were imported from abroad. We were attending mass gatherings with relatively flexible constraints, and if the crowds were to be a guide, relatively few concerns.

We are now in a new phase of the battle. Over the holidays, the virus infiltrated our border defences and took root in pockets across the country. The new cases are almost all of local origin. The enemy is now within.

As such, the strategies and tactics that we use to protect us from COVID-19 have been re-evaluated and modified in the context of our new realities. Amidst these changing conditions, the Government remains confident that our battle-tested medical professionals and our calm citizens will ride out the current COVID-19 wave together.

Back in April 2020, this Government presented its Recovery and Stimulus package to this Parliament in the form of a Supplementary Appropriation Bill. During the presentation, the Government was clear in its intent to use its time wisely in preparation for the challenges that we are now facing today:

From a healthcare perspective, our responses have been guided by the objective that we manage risk ***to delay the onset of local infection and community transmission as much as practicable****, while simultaneously improving our state of preparedness for those eventualities. As local, regional and international conditions change, so too will we make the appropriate proportionate policy adjustments.*[27]

Today, ten months after the declaration of that objective, we are grateful to Almighty God that we were blessed with such a lengthy period of low cases and no deaths. We are far more prepared for this spike of cases in January 2021 than we were a year ago. We are also far closer to gaining access to the vaccines that may help in accelerating our return to normalcy.

We have increased our complement of nurses by over 11% since January 2020 and contracted additional nursing staff through the SET programme. We have hired additional doctors. We have expanded our laboratory staff.

We have procured testing, protective and medical equipment to treat persons who contract the virus. We have outfitted an isolation centre for severe cases of infection. We have established leadership teams, task forces, protocols and plans of action. We have sensitised the public about risk reduction measures.

In short, we have used the last year wisely. We are stronger today than we were a year ago.

Budget 2021 advances our policy objectives of strengthening the Government's capacity to test, trace and treat the public. In addition to procuring additional medical equipment and supplies, the Government intends to:

1. Expand laboratory capacity by installing containerised laboratories in Canouan and Union Island, by constructing a building to house a public health laboratory and the Health Disaster Management Unit, and by developing a quality management system;
2. Increase isolation capability by retrofitting and constructing isolation units at health facilities in Georgetown, Chateaubelair, Mesopotamia and Buccament;
3. Enhance testing capacity by acquiring additional testing equipment and supplies;
4. Improve quality, safety and traceability by establishing storage space for supplies; and
5. Build competence by training frontline workers in Field Epidemiology, and staff at the molecular laboratory.

To date, Saint Vincent and the Grenadines has conducted roughly 30,000 COVID tests, the most among the independent states of the OECS.[28] We continue to report the results of that

[27] C. Gonsalves, Debate on Supplementary Appropriation Bill No. 1, *Hansard*, 7 April 2020 House of Assembly, Saint Vincent and the Grenadines (emphasis added)

[28] *See, e.g,* "Pan-American Health Organisation, "ECC COVID-19 Situation Update 115 - 22 January 2021," 22 Jan. 2021 (https://www.paho.org/en/file/80963/download?token=349hYrpe) Accessed 28 Jan. 2021

comprehensive testing in a timely and transparent manner. Additionally, as we speak, we are conducting trials on recently-installed equipment that will boost our testing capacity by over 1,000 tests per day. This new equipment will significantly reduce backlog, as will our decision to involve private sector laboratories in the administration of exit-screening for travellers. More tests can sometimes mean more positives, but we are determined to accurately assess, analyse and inform about rates of infection, to help protect and build resilience in our population.

The Ministry of Health has also entered into contractual arrangements with the local owners of two guesthouses to provide accommodation for local COVID-19 positive cases whose living conditions may not be appropriate for effective home quarantine. We will continue to monitor the demand for such accommodation, and enter into additional arrangements as the need arises.

As of the end of January, 90 million people worldwide had received COVID-19 vaccines, as part of what is likely to be the largest mass inoculation in history.[29] However, 80% of the 90 million vaccines to date have been administered in the United States, China, the European Union, the United Kingdom and Israel. A mere 55 persons resident on the entire continent of Africa had received vaccines. Vaccines have arrived at five of the twelve independent nations in South America, but most received only a smattering of doses. Beyond public relations exercises that saw a few public officials receive injections, no one in CARICOM is vaccinated.

The initial rollout of COVID vaccines has been unequal, to say the least. Vaccine nationalism and an absence of timely global solidarity have established national wealth as the primary determinative factor in who has access to the first doses of the vaccine.

Last September, before a vaccine was even announced, Prime Minister Gonsalves predicted this situation. Addressing the United Nations General Assembly, our Prime Minister said;

> *To be sure, human ingenuity and science will produce a vaccine within the next few months or a year and the COVID rate of infection, hospitalisation and deaths will come down globally.*
>
> *But haunting questions remain: Would the vaccine be available cheaply and universally to all peoples the world over? Or would its distribution be so skewed within, and across countries, that there is likely to arise a deafening roar that: "Only Rich Lives Matter?" The good intentions of our United Nations and its specialised agencies such as the World Health Organisation may nibble away at the inequity of a skewed outcome but their impacts are likely to be only marginal unless there is an enforceable, international rules-based compact between all countries and major pharmaceutical companies to deliver universally and affordably*

[29] *See*, "COVID Vaccine Tracker," *Bloomberg*, 30 Jan 2021 (https://www.bloomberg.com/graphics/covid-vaccine-tracker-global-distribution/) Accessed 30 Jan. 2021

the fruits of science and human ingenuity. It cannot be the usual result of corporate profits ahead of people's lives, livelihoods, social solidarity, and security.[30]

The prescient and haunting questions posed by the Prime Minister last September remain unanswered. In the absence of international cooperation, the emerging narrative of selfish might and money is sickeningly familiar. After breathless free media coverage of their vaccines helped create massive public demand, pharmaceutical companies now gleefully pick and choose among wealthy high-volume orders, to the obvious detriment of the poor and powerless.

Two weeks ago, CARICOM called for a "*global summit . . . to discuss equitable access and distribution of the COVID-19 vaccines*."[31] The call echoes our Prime Minister's four-month old demand. Neither CARICOM nor Saint Vincent and the Grenadines will sit meekly and idly by until the appetites of the wealthy have been fully sated.

Budget 2021 prepares for eventual availability of vaccines to the people of Saint Vincent and the Grenadines. We are members of the COVAX Facility – a collaboration among The World Health Organisation (WHO), the Global Alliance for Vaccines and Immunisations (GAVI), the Coalition for Epidemic Preparedness Innovations (CEPI), and the World Bank that is working to make COVID vaccines available to developing countries.[32] COVAX has been securing supply contracts with some of the major vaccine manufacturers, for onward distribution to countries like ours.[33] Saint Vincent and the Grenadines hopes to receive sufficient doses through COVAX in the coming months to vaccinate 20 per cent of our population.

These initial COVAX-supplied doses will be used to treat frontline workers and vulnerable groups in accordance with our 55-page *National Covid-19 Vaccine Introduction Plan*, which was developed by our National Technical Working Group.

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[30] R. Gonsalves, "Statement to the 75th General Debate of the United Nations General Assembly" 26 Sep. 2020, p. 4 (http://svg-un.org/wp-content/uploads/2020/09/Saint-Vincent-and-the-Grenadines-Statement-for-the-General-Debate-of-the-UN-General-Assembly-75th-Session.pdf) Accessed 28 Jan. 2021

[31] CARICOM Secretariat, "Statement by the Caribbean Community (CARICOM) on Covid-19 Vaccine Availability," 13 Jan. 2021 (https://caricom.org/statement-by-the-caribbean-community-caricom-on-covid-19-vaccine-availability/) Accessed 28 Jan. 2021

[32] *See,* S. Berkley, "COVAX explained," GAVI, the Vaccine Alliance, 3 Sep. 2020 (https://www.gavi.org/vaccineswork/covax-explained) Accessed 29 Jan. 2021

[33] *See, e.g,* World Health Organisation, "COVAX Announces additional deals to access promising COVID-19 vaccine candidates; plans global rollout starting Q1 2021," 18 Dec. 2020 (https://www.who.int/news/item/18-12-2020-covax-announces-additional-deals-to-access-promising-covid-19-vaccine-candidates-plans-global-rollout-starting-q1-2021) Accessed 29 Jan. 2021; UNICEF, "COVAX announces new agreement, plans for first deliveries," 22 Jan. 2021 (https://www.unicef.org/press-releases/covax-announces-new-agreement-plans-first-deliveries) Accessed 29 Jan. 2021; Pfizer, "Pfizer and Biontech Reach Agreement with COVAX for Advance Purchase of Vaccine to Help Combat COVID-19," 22 Jan. 2021 (https://www.pfizer.com/news/press-release/press-release-detail/pfizer-and-biontech-reach-agreement-covax-advance-purchase) Accessed 29 Jan. 2021

Of course, our medical professionals have advised that we require approximately 70% vaccine coverage to achieve appropriate levels of country-wide immunity. To that end, Budget 2021 also includes allocations for the purchase of COVID-19 vaccines.

We are also grateful for emerging signs of solidarity and cooperation from friends and allies. Just a few days ago, the Executive Board of the ALBA Bank announced plans to provide US$200,000 to each of the countries of the OECS for vaccine purchases, and a US$1 million rotating fund for the purchase of additional vaccines for ALBA members. Similarly, our Taiwanese allies have put aside US$600,000 in grant to facilitate additional vaccine purchases. And the Mustique Company/Mustique Charitable Trust has offered to provide at least $1 million to purchase vaccines, particularly 100,000 doses of Astra Zeneca.

Further, the Government is exploring additional possibilities and offers for sourcing vaccines from other sources, including Britain, Cuba, India and Russia. Our on-going discussions with these potential providers are subject always to the requisite authorisations through the WHO and/or CARPHA.

Despite systemic global challenges, rest assured that the Government of Saint Vincent and the Grenadines is working tirelessly to ensure that effective COVID-19 vaccinations will be available to all who wish to receive them.

<u>The Battle Against Dengue</u>

At the intersection of climate change and healthcare is our recent dengue outbreak. In recent years, the Intergovernmental Panel on Climate Change (IPCC) has drawn an increasingly certain connection between climate change and new patterns of diseases transmitted by rodents and insects. In particular, the IPCC has stated high confidence in its conclusion that "*dengue fever [is] associated with climate variables at both the global and local levels*."[34] By the time temperatures rise by 2°C, "*the mean potential of transmission intensity [of dengue fever] could be expected to increase by a factor of 2–5*" in Latin America and the Caribbean.[35]

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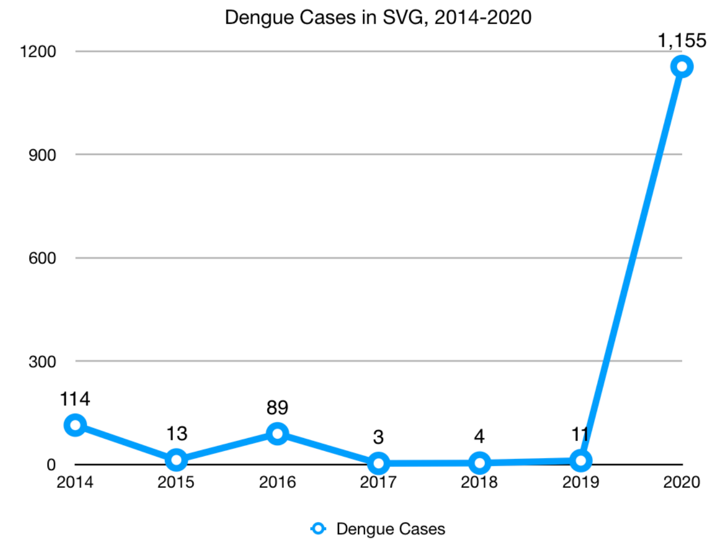
[34] Smith, K.R., A. Woodward, D. Campbell-Lendrum, D.D. Chadee, Y. Honda, Q. Liu, J.M. Olwoch, B. Revich, and R. Sauerborn, 2014: Human health: impacts, adaptation, and co-benefits. In: *Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part A: Global and Sectoral Aspects. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change* [Field, C.B., V.R. Barros, D.J. Dokken, K.J. Mach, M.D. Mastrandrea, T.E. Bilir, M. Chatterjee, K.L. Ebi, Y.O. Estrada, R.C. Genova, B. Girma, E.S. Kissel, A.N. Levy, S. MacCracken, P.R. Mastrandrea, and L.L. White (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, pp. 709-754 at p. 723 (https://www.ipcc.ch/site/assets/uploads/2018/02/WGIIAR5-Chap11_FINAL.pdf) Accessed 29 Jan. 2021

[35] *See*, A. Githeko, et al., "Climate change and vector-borne diseases: a regional analysis," *Bulletin of the World Health Organization*, 2000, 78 (9) at p. 1140 (https://www.who.int/bulletin/archives/78(9)1136.pdf) Accessed 29 Jan. 2021



(Source: PAHO, "Reported Cases of Dengue Over in The Americas: by Country or Territory, Cumulative Cases,")

The Caribbean has been experiencing shorter cycles between major dengue outbreaks, and more intense outbreaks, for reasons related to weather patterns, climate change, and inadequate adjustments to vector-control policies. In recent years, many Caribbean nations have been severely affected. For example, the 2019 dengue outbreak in the northern Caribbean, Central America and the Pacific islands was dubbed the region's "Worst medical crisis ever."[36] In 2020, Saint Vincent and the Grenadines and our neighbours were struck by a devastating outbreak of dengue.[37]

Laboratory-confirmed cases for dengue in Saint Vincent and the Grenadines increased over 100-fold between 2019 and 2020. While some of the increase may be attributed to increased awareness of

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[36] *See, e.g.,* HG Helps, "Worst Medical Crisis Ever," *Jamaica Observer*, 15 Dec. 2019 (http://www.jamaicaobserver.com/news/doctors-describe-dengue-outbreak-as-worst-medical-crisis-ever-doctors-describe-dengue-outbreak-as_182209?profile=1470) Accessed Jan. 29 2021; T. Meyers, "This is the Worst Dengue Year in Nearly a Decade. It May Get Worse from Here," *Direct Relief*, 4 Oct. 2019 (https://www.directrelief.org/2019/10/this-is-the-worst-dengue-year-in-nearly-a-decade-it-may-get-worse-from-here/) Accessed Jan. 29 2021; D. Ewing-Chow, "A Climate Change-Driven Dengue Outbreak Has Been Described As The Caribbean's 'Worst Medical Crisis Ever,'" Forbes, 31 Dec. 2019 (https://www.forbes.com/sites/daphneewingchow/2020/12/31/a-climate-change-driven-caribbean-dengue-crisis-has-been-described-as-the-worst-catastrophe-in-the-regions-history/?sh=5b33b32f1bcb) Accessed 29 Jan. 2021

[37] *See, e.g.*, "Saint Lucia: Dengue fever outbreak declared," *Outbreak News Today*, 27 Aug. 2020 (http://outbreaknewstoday.com/saint-lucia-dengue-fever-outbreak-declared-68926/) Accessed 29 Jan. 2021-01-29; "Grenada health officials report significant increase in cases of dengue fever," *CARICOM Today*, 25 Sep. 2020 (https://today.caricom.org/2020/09/25/grenada-health-officials-report-significant-increase-in-cases-of-dengue-fever/) Accessed 29 Jan. 2021; "Dengue Outbreak Update As At 20th October 2020," Saint Vincent and the Grenadines Ministry of Health, 20 Oct. 2020 (http://health.gov.vc/health/index.php/52-news/1147-dengue-outbreak-update-as-at-20th-october-2020) Accessed 29 Jan. 2021

illness and willingness to visit the doctor in the midst of the COVID-19 Pandemic, the regional outbreak was many orders of magnitude beyond what is typically experienced. Indeed, in 2020, dengue was both more widespread and more deadly than COVID-19 in the subregion. Otherwise healthy children and young people have tragically died in 2020 as a result of dengue. We owe it to their memory to pursue even more diligently the goal of no more dengue-related deaths this year.

The Ministry of Health has responded proactively, increasing fogging and public awareness activities, while testing and treating dengue cases more aggressively. Our aggressive posture against dengue is also manifest in Budget 2021. In addition to general strengthening of our polices, practices and systems, we have allocated $1 million in additional resources to a focussed and targeted dengue eradication campaign.

Through that expanded eradication effort, the Ministry of Health is confident that it can significantly reduce the mosquito indices and bring dengue back under control. This year, we shall reorganise and increase interventions, including fogging operations, house inspections and the monitoring and surveillance of public spaces. Additionally, we will establish six operational centres from which vector control activities can be done at the district level, thereby increasing the reach and efficiency of our eradication units.

Budget 2021 provides for the procurement of additional equipment and augmenting our fleet of fogging vehicles. It also provides resources for a comprehensive cleaning of public areas and buildings in Kingstown and surrounding areas.

Of course, beyond climate and weather, dengue is both spread and controlled by human activity. No amount of State activity can empty every container of stagnant water, or clean every overgrown backyard. The battle against this surge in dengue cases is quite simply a shared responsibility, and our likelihood of sustained success is only as strong as our weakest link. In making SVG strong in the face of this deadly virus every citizen must be increasingly vigilant and responsible for their immediate surroundings. Together, we can make 2020 a temporary and tragic aberration, rather than a new reality to which we must accommodate ourselves.

Improving the Delivery of Healthcare Nationwide

Of course, the work of the Ministry of Health is not limited to the immediate tasks of responding to the twin challenges of COVID-19 and Dengue. Budget 2021 significantly advances the Government's proven commitment to delivering quality primary and secondary healthcare services to citizens nationwide, while working creatively to improve accessibility of specialist care.

In recent years, the Government has constructed multiple new healthcare facilities across Saint Vincent and the Grenadines. These include the Levi Latham Health Complex, the Buccament

Polyclinic, the Chateaubelair Smart Hospital and the Modern Medical Diagnostic Centre in Georgetown.

This year, beyond the COVID-19 and Dengue-related projects, Budget 2021 is focused on rehabilitating, expanding and enhancing existing healthcare facilities, while finalizing funding arrangements for the construction of the Acute Referral Hospital, which will be built on the site of the old ET Joshua Airport.

Due to the Government's ambitious expansion of access to healthcare nationwide, Saint Vincent and the Grenadines is now home to a comprehensive healthcare network of 37 district clinics, three Polyclinics and five district hospitals. However, notwithstanding the professionalism and service offered by our healthcare professionals, many of these physical facilities are in need of repair. Our plans to address these clinics in 2020 were deferred by COVID-19-related logistical challenges. Having resolved those challenges, Budget 2021 dedicates $6.3 million to do rehabilitative work and upgrades at 15 health facilities nationwide. Through financing from the Pan American Health Organisation (PAHO), we will upgrade facilities at Georgetown, Barrouallie, Mayreau, Stubbs and Union Island to meet PAHO's "SMART" standards[38] for resilience, sustainability and environmental quality. The Government will also upgrade healthcare facilities at Calliaqua, Campden Park, Cedars, Chateaubelair, Coull's Hill, Rose Hall, Stoney Ground, Troumaca and Union Island.

In addition to its regular community health role, the Enhams Clinic will be upgraded to a full-fledged wellness centre, specialising in the treatment and prevention of non-communicable diseases. The unused nurses' quarters will be converted and expanded to a training kitchen, and a health and wellness physical centre, as a model for proactive interventions against diabetes, hypertension and heart disease.

In South Rivers, designers will complete preparatory work this year to construct a comprehensively refurbished health facility in 2022.

While tremendous resources have been dedicated to improving the equipment and services available at the Milton Cato Memorial Hospital (MCMH), the truth is that our heavily-trafficked main hospital is showing its age. In addition to the programme of refurbishment works at healthcare facilities across the country, Budget 2021 allocates significant funding for a far-reaching programme of refurbishment, upgrades and beautification at the MCMH. This year, we will spend $1.5 million to conduct repairs on the roof, install new floor tiles, windows, doors, air conditioning units, and paint the entire facility. We are confident that these enhancements will help to improve the overall experience and morale of patients, visitors and staff.

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[38] *See, e.g.*, "Smart Hospitals Must Have," Pan American Health Organization (https://www.paho.org/disasters/index.php?option=com_content&view=article&id=3660:hospitales-inteligentes&Itemid=0&lang=en) Accessed 28 Jan. 2021

Beyond cosmetic, aesthetic and functional upgrades, Budget 2021 also invests in enhancing the quality and availability of modern medical equipment. The MCMH will obtain new incubators, patient monitors and pathology and anaesthesiology equipment. New hospital and dental equipment will be distributed to healthcare facilities in Stubbs, Bequia, Kingstown, Georgetown, Buccament and Chateaubelair.

The dengue and COVID-19 outbreaks have strengthened the already-powerful case for a state-of-the-art acute referral hospital facility in Saint Vincent and the Grenadines. The Government of Saint Vincent and the Grenadines has publicly stated that we will construct a 140-bed acute referral hospital in Arnos Vale, at the northern end of the decommissioned ET Joshua Airport. Construction and equipping the hospital will cost approximately US$50 million.

In spite of some COVID-19-related delays, we have received architectural and design documents from the global architectural firms of Pinearq and Mallol Arquitectos. Those designs – as seen in concept drawings that have been publicly erected in Arnos Vale and Kingstown – reflect a modern, functional facility that will serve as an important northern anchor of our build-out of the modern city in Arnos Vale. Currently, work is ongoing between our engineers and the architects to resolve a few remaining technical issues regarding the optimal structure of the foundation of the building. Similarly, the Ministries of Finance and Health are deeply engaged with the World Bank regarding issues of sustainability, capacity and service delivery. We have targeted funding for the construction of the Acute Referral Hospital from within the World Bank's refreshed IDA allocation for Saint Vincent and the Grenadines.

In the decade preceding 2018 (the last year for which data is available), SVG ranked 6th within the 15-member CARICOM and 2nd within the OECS in the measure of government health expenditure as a percentage of total expenditure.[39]

There are those, who either out of genuine anxiety or premeditated political malice, fan the flames of fear to no constructive end. And those, whose motivations are more easily discernable, who look back with the benefit of perfect hindsight to castigate without context, and offer scorn, but no solutions. Those whose early pontifications and predictions proved premature, panicked or false, pause for neither reflection nor correction. Liberated by an absence of responsibility, but burdened by an absence of relevance, they simply barrel forward to the next ill-informed declaration, plucked randomly from a buffet of headlines, cable tv segments and conspiracy theories.

It is common, in these days of alternative facts and the mainstreaming of absurdity, for the expert and the uninformed to be given equal weight on all matters, or to ignore the article just to read the comments. If you post a lot, you must know a lot. In reality, the opposite is more often true.

[39] *See*, "Domestic general government health expenditure (% of general government expenditure)," The World Bank (https://data.worldbank.org/indicator/SH.XPD.GHED.GE.ZS?name_desc=false) Accessed Jan. 28 2021

If your parents are stricken with a life-threatening illness, will you seek the advice of a doctor or a DJ? If your children live in the foothills of a bubbling volcano, should you trust the volcanologist or the voyeur, who seeks to entertain rather than inform?

We must face our current health and safety challenges with unity, resolve and trust. Feelings are not facts. Details matter. And the experience of one country does not always translate to the circumstances of another.

We seek to build measures of confidence and consensus, not coercion. People who clamour for jackbooted enforcement have been frustrated by our insistence that measures must be measured, and our observation that no one has shut down the virus by shutting down a country. We continue to have confidence that Vincentians are intelligent, pragmatic and rational.

Listen to official announcements. Adhere to protocols for masks, sanitisation, crowds, and physical distancing. Work together for our collective safety.

G. EDUCATION

Few segments of our society endured more upheaval and change in 2020 than the Education sector. Over 30,000 students and teachers – from preschool to Community College – endured stoppages, restarts, health protocols, as both the reality on the ground and the evolving advice from experts caused abrupt changes and lingering uncertainty.

Despite the challenges, students, teachers and parents rose to the occasion. Using the final year exam results of Primary, Secondary and Tertiary institutions as a guide, 2020's graduating students performed at roughly the same level as their predecessors – a remarkable achievement in a challenging year. Indeed, while there was a one per cent decline in the pass rate at the Caribbean Primary Exit Assessment (CPEA) (from 87% to 86%); [40] students sitting the Caribbean Examinations Council Secondary Education Certificate Examinations (CSEC) exams saw an increase in pass rate from 74% to 82%, with double-digit improvements in both mathematics and English language.[41]

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[40] Ministry of Education, National Reconciliation and Information, Press Release, "Preliminary Results of the Caribbean Primary Exit Assessment (CPEA) 2020," 16 Jul. 2020 (http://education.gov.vc/education/images/PDF/Preliminary_results_of_2020_CPEA.pdf) Accessed 23 Jan. 2021

[41] Ministry of Education, National Reconciliation and Information, "Preliminary Results of the August 2020 CSEC Examinations," Sept. 2020 (http://education.gov.vc/education/index.php/news/97-preliminary-results-of-the-august-2020-csec-examinations) Accessed 23 Jan. 2021

Nonetheless, whenever COVID-19 forced children out of their classrooms and into at-home or remote instruction, it highlighted yawning inequalities in students' ability to access instruction. Some households lacked Internet access, while others did not have appropriate devices – or a sufficiency of those devices – to allow children to participate in remote learning. A digital divide between the haves and have-nots was threatening to become an opportunity divide – robbing children of equal access to education and academic advancement.

This Government – a Government that has worked heroically to guarantee equal educational access, to institutionalise an Education Revolution, and to ensure that no child is left behind – could not countenance such a divide.

To date, 17,000 Samsung 8-inch tablet computers have been delivered to all students attending the Saint Vincent and the Grenadines Community College, all secondary school students, and all students in Grade 6 of the primary schools. All teachers at those grade levels have also received identical devices.

Additionally, the Government is in the process of distributing tablets to the 5th Grade primary school students, using existing stocks of tablets. Budget 2021 provides the additional resources necessary to supply tablets to all grades of the primary school system, as well as their teachers. While arrival of the second batch of tablets has been delayed by complications related to the procurement procedures imposed by the funding source, we anticipate that every Vincentian student will have a tablet computer in the coming months.

While the tablets address the problem of devices, it does not address problems related to Internet access. Roughly half of Vincentian households have fixed broadband Internet connections, meaning that too many children would still be barred from participating in class activities and accessing educational material by the absence of affordable high-speed and reliable data connections in their homes.

As such, the Government has also negotiated with the major telecommunications providers in Saint Vincent and the Grenadines to provide a variety of mechanisms to make data affordable to students. One provider has provided a specially-priced education SIM card for the tablets, which offer reduced data costs. Both providers have also zero-rated various online meeting and content platforms, meaning that students accessing those platforms will pay no data costs whatsoever. The Ministries of Education and Finance are continuing to work with the providers to ensure that student access is affordable and reliable during the Pandemic. The Government applauds the cooperation of Digicel and FLOW in joining our fight to narrow this COVID-19 induced challenge to educational access.

Budget 2021's commitment to equipping students with adequate technology does not end with its tablet distribution programme. Even before the Pandemic, coursework and examinations were increasingly moving to computer-based delivery. As such, the Prime Minister directed that all secondary school computer labs receive a refresh and upgrade of their often-antiquated computers. Over $3 million is budgeted this year for procuring computers for secondary schools – a record amount.

The schools of Saint Vincent and the Grenadines are also happy beneficiaries of the Government's focus on construction activity as a particular area of attention in our Pandemic response. The repairs and upgrades of existing schools, and the construction of new facilities, have been accelerated and prioritised in Budget 2021. On the heels of record expenditure in the rehabilitation of schools nationwide, an additional $14 million will be spent this year on 13 institutions as follows:

- Demolition of the old Mary Hutchinson Primary School and Sandy Bay Secondary Schools, construction of temporary classrooms for those students, and commencement of modern replacement schools,
- Extensive rehabilitative works on eight primary and secondary schools, namely
    - Thomas Saunders Secondary
    - Girls High School
    - St. Vincent Grammar School
    - St. Clair Dacon Secondary
    - Bequia Community High School
    - Kingstown Anglican
    - Barrouallie Anglican
    - Barrouallie Primary
- Completion of an expansion to the Calliaqua Anglican School
- Infrastructural improvements at the Saint Vincent and the Grenadines Community College

The Government's renewed emphasis on Technical, Vocational and continuing education also necessitates capital works at various technical institutes and adult learning centres. Budget 2021 allocates $9.4 million for:

- SMART classrooms at Georgetown, Camden Park, Kingstown and Barrouallie
- Design and Supervision of Marriaqua Technical Institute
- Upgrading the Petit Bordel Multipurpose Centre and Canouan Government School to allow for the delivery of TVET instruction
- Upgrades to the Glen and Layou adult learning centres

In a relatively short period of time, we have dramatically improved TVET opportunity, access and quality nationwide. There are now 862 students enrolled at the Technical Division of the SVG Community College, an 8-fold increase over when this administration came to office. Last year – via the TVET programmes ANEW (Another Nexus in workforce Development), YATE (Youth and Adults Training for Employment Programme) and SKYE (Skills for Youth Employment Programme) – 675 formal TVET certificates were awarded to students. Those 675 certificates are more than three times the number granted just one year earlier.

This year, over 700 students will receive certification in Electrical Installation, Garment Production, Welding, Furniture Making, Plumbing, Horticulture, Agro Food Processing, Bartending, Cosmetology, Food Preparation and a host of other important practical and marketable fields. We strongly encourage all citizens to take advantage of the wealth of programmes on offer nationwide.

H. SPORTS

Sixteen years ago, the United Nations proclaimed 2005 as the International Year for Sport and Physical Education,[42] and explicitly recognised the role of sports to "*as a means to promote education, health, development and peace*."[43] Over the past two decades, academics and policy makers have refined the frameworks through which sport optimally contributes to economic and social development. Accordingly, the international community envisaged sports as playing a major role in both the Millennium Development Goals and their successor Sustainable Development Goals.

This Government has consistently and aggressively promoted sporting activity and access to sporting facilities – not simply as an end in and of itself – but as foundation tenets of our development policy. Sport has multifaceted developmental connections: It improves health and reduces instances of many non-communicable diseases. It encourages participation, while teaching discipline, confidence and leadership. It provides employment and employable skills. It attracts tourists. It encourages volunteerism and inclusion. Most of all, it is an indispensible component of youth's physical, emotional, academic and social development; and an important alternative to less beneficial activities.

It is necessary to repeat and reinforce the developmental significance of sports in a year such as this, where sporting events and audiences may be restricted, and where resources are scarce and uncertain. In a budget process where priorities were relentlessly reassessed, this Government's commitment to sport emerged as an indispensible developmental cornerstone.

Last year, this Government pledged action in the development of new hard courts and playing fields, as well as the refurbishment of other facilities nationwide. Despite the challenges of the Pandemic, 2020 was an excellent year for sporting infrastructure and access in Saint Vincent and the Grenadines. Today, there are new hard courts at Choppins, Sans Souci and Rose Hall, and one

[42] United Nations General Assembly Resolution A/Res/58/5 "Sport as a means to promote education, health, development and peace." 17 Nov 2003 (https://undocs.org/en/A/RES/58/5) Accessed 18 Jan. 2021
[43] *Ibid.*

under construction in Lowmans Leeward. Major hard court refurbishment took place in Clare Valley, and a $252,000 upgrade is underway at Rose Bank.

Work also commenced on a playing field in Evesham, and the SVG Football Federation finally began honouring its agreement with the Government to establish a first-class facility at Brighton.

2020 also marked the commencement of work on the country's first synthetic track and football facility. Despite delays and challenges in getting the German engineers and technicians into Saint Vincent and the Grenadines during the Pandemic, the track has been completed in compliance with the highest international standards.

In all, 2020 saw over $8 million invested in our athletic infrastructure by the Government, the National Lotteries Authority, and our private sector partners.

2021 will continue the Government's emphasis on improving sports infrastructure and community access to quality facilities. We anticipate completion of the Evesham, Lowmans Leeward and Rose Bank facilities this year, as well as the SVGFF-funded Home for Football in Brighton. The Government will also be partnering with private sector entities to provide lighting at the London, Campden Park and Richmond Hill playing fields. The National Lotteries Authority has also undertaken an ambitious programme of sporting facility refurbishments in 2021. We will undoubtedly end the year with more, and better quality sports facilities than we have begun it.

Last November, we honoured the memory of a titan in our national development journey by officially naming our emerging football, track and field facility at Diamond as the Sir Vincent Beache National Stadium. Since independence, Sir Vincent gave distinguished service as an elected parliamentarian for five terms, including a peerless stint from 1994 to 2005 as the representative for the South Windward constituency – home of the facility that now bears his name. The Government will ensure that the completed facility is of a quality befitting the legacy of this great man.

In the first year and first phase of construction, former Minister of Sport Cecil McKie oversaw the completion of an 8-lane, 400 metre synthetic track, the grassing and installation of irrigation infrastructure for the football field, construction of drainage, the creation of a spectator mound, the installation of 1,800 seat-capacity bleachers, and the fencing of the facility.

Budget 2021 provides $4.75 million for the construction of a warm-up track, bathroom and locker-room facilities, storage facilities, track and field equipment, a security booth, a parking lot, concession stands and additional drainage and site work. The existing bleachers will be covered to increase spectator comfort.

Future phases of the Sir Vincent Beache National Stadium will include lighting, roadways and additional seating options. While the Government had discussed a partnership with various private sector entities for the installation of additional seating capacity, those plans were delayed as the Pandemic impacted the bottom lines of our local businesses. We hope to revive those plans in the aftermath of the Pandemic.

Even though the expansion of sports infrastructure remains a central pillar of the Government's development policy, we have had to make adjustments to accommodate the economic and social realities of the Pandemic. The installation of a modern electronic scoreboard at the Arnos Vale stadium will be deferred, in line with the deferral of certain high-profile international cricket fixtures. Similarly, our Sports Against Crime Programme, while on-going, will temper its ambitions for 2021 for as long as the Pandemic causes officials to limit the size of gatherings and recommend the use of masks.

I. YOUTH

Like any forward-thinking, progressive administration that is impatient for transformation and boundlessly ambitious, ours is a youth Government. Any Government that energetically pursues a brighter future must arm the trustees of that future with the skills, tools and opportunities to succeed.

Even after a challenging year – indeed, especially after a challenging year – the Government has a special responsibility to craft youth-focussed policies and interventions that make Saint Vincent and the Grenadines better prepared for the future we want. Every passing year, however difficult, is another step towards that future; another step towards the day when this generation passes the baton to the next one in the perpetual march of progress.

As usual, Budget 2021 is replete with policies and programmes crafted with tomorrow in mind, and with the youth as its focus. It is a Budget of Entrepreneurship and Education; of Tablets and TVET; of new sporting facilities and better quality schools, libraries and community centres. This Budget invests in Digital Transformation and environmental protection. Most fundamentally, Budget 2021 creates opportunities – for training, for improvement, and for jobs – even in this uncertain period.

Without rehashing the scores of programmes and the millions of dollars dedicated to the youth in this Budget, and explained throughout this presentation, let us instead consider where the opportunities exist, and how our talented and creative youth can take advantage of them.

First, and foremost is agriculture and fisheries. Because Saint Vincent and the Grenadines has long been a leader in agriculture, you may be forgiven for thinking that the agriculture sector has been as unchanging as our perennial perch as regional leaders in agricultural production.

You would be wrong.

Today's agriculture is not your grandfather's agriculture. It is fish exports to Hong Kong, and medicines extracted from marijuana. It is artificial insemination, embryos, tissue samples and laboratories. It is youth in the Grenadines using aquaculture to grow sea moss for export. It is all-inclusive hotels with demand for 150 pineapples and 1,500 eggs, every single day.

Our agriculture sector is ready to welcome a fresh influx of youth, discipline and a willingness to work hard. Your Government stands ready to help. With boats, with low-interest loans, with PRYME grants, with seedlings, with fertilizer, even with land in some instances. We want to make the cost of entry low, and the chances for success high, for those young people who see the clear opportunities in this exciting sector.

Similarly, the 1,000-plus hotel rooms coming to mainland Saint Vincent, and the establishment of the world's finest marina in Canouan, will create thousands more opportunities for young people. Not just for those directly employed within the four walls of those facilities, but for those who can satisfy the demand for ancillary services, from tour guides to musicians.

This Government's investments in climate change and the blue and green economies create long-term jobs in environmental sciences, coastal and river protection, ocean governance, and renewable energy. Too often, we have to hire the necessary talent to perform these tasks from beyond our borders.

Our public and private sector construction boom, slated to continue for years to come, has generated a shortage of engineers, architects, project managers and quantity surveyors that will only grow.

In 2021, the CARCIP fibreoptic connection will be fully operational and the Digital Transformation Project will be underway. Well over half of all households will have fixed broadband connections, almost everyone will have a smartphone, and every single school-aged child will have a shiny new tablet computer. Telecommunication providers will be battling tooth and nail for their eyeballs and their top-ups. Opportunities abound for content creators, device repairers, programmers, graphic designers and ICT professionals.

But neither success nor opportunity will seek you out and wait for you, if you don't meet them halfway. That means preparing for opportunity, by taking advantage of the numerous educational and training opportunities that exist. It means aggressively and doggedly seeking out opportunity – a terse WhatsApp message is not a job application, and tardiness, sloppiness or bad attitudes are not in-demand qualifications for employment.

It also means seizing opportunities when they become available, and leveraging that opportunity to find larger ones down the road. As our times change, so does our culture. Few of today's youth will have the security or the stifling rigidity of a single job that you will do for the rest of your life. You will move around. You will try new things. You will have access to options and opportunities that your parents simply did not dream of.

At every step of your journey, this Government will be here to help. We believe in you. And we trust you to make Saint Vincent and the Grenadines stronger than ever before.

J. ARTS & CULTURE

Two years ago, an article in the *Searchlight* newspaper detailed the hectic touring schedule of our own local Soca phenomenon, Gamal "Skinny Fabulous" Doyle.[44] Over a 6-month stretch, Skinny was slated to perform at 22 events, scattered across 10 countries, with stops in Ibiza, Atlanta, Toronto and Rotterdam. It was a schedule that became commonplace in pre-COVID times. This, in addition to his local entrepreneurship – toy stores, children's events, concert promotion, a mas band, and song writing credits. Skinny's multifaceted entrepreneurship brought to mind rapper Jay-Z's famous couplet: "*I'm not a businessman/I'm a business, man*." It was a testament to the success that can lie at the intersection of discipline, talent and tireless hustle.

Of course, Skinny is a once-in a generation talent. His on-stage success is not easily replicated, although other internationally successful Vincy talents from Kevin Lyttle to Marlon Roudette prove that it is no fluke either. But the performer on the stage is just one cog in a vast cultural machine. Stop to think of all the other opportunities created by Skinny's self-contained business: Think of all the musicians, producers, recording and mastering engineers, DJs, videographers, dancers, costume designers, managers, promoters, attorneys, and accountants who have helped to lift him up, and been lifted by his success.

Viewed in that light, his meteoric rise and sustained excellence is an eloquent, if rarely-considered testament to not only the soul-stirring power of our culture, but the tremendous economic opportunities that it can generate for creative and cultural practitioners.

It is a power that this Government hopes to tap, and build upon in the coming years.

Beyond popular music, many aspects of Vincy culture can feed the soul and feed the family. Budget 2021 is investing in incubating this talent and opportunity – as an end in and of itself, and as a building block for a cultural industry that is a strong contributor to sustainable development.

Last October, Saint Vincent and the Grenadines opened its first Development Centre for the Arts. The Centre contains an art gallery, a craft shop, and a well-used development space. We encourage the arts community to make full use of this facility to develop and display their talent.

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[44] "Skinny Fabulous gears up for hectic tour schedule," *Searchlight*, 24 April 2018 (https://searchlight.vc/searchlight/kingstownsearchlight/2018/04/24/skinny-fabulous-gears-up-for-hectic-tour-schedule/) Accessed 30 Jan. 2021

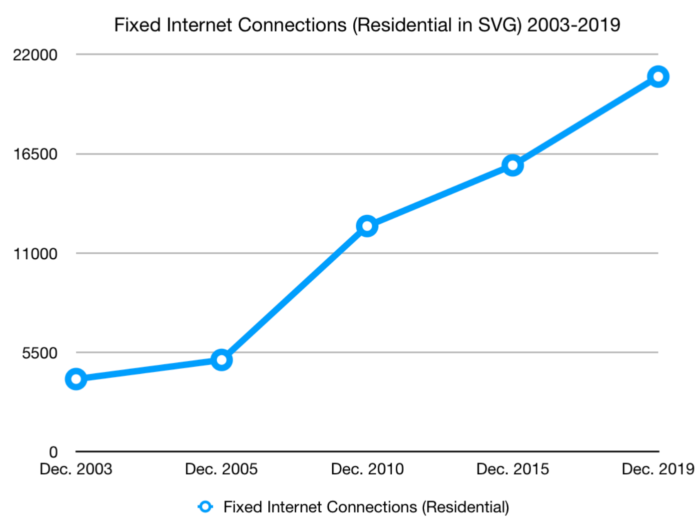
This year, Budget 2021 makes important physical and policy developments in developing our arts and culture sector. We will upgrade the performance area of the Peace Memorial Hall, and conduct other enhancements to the building. We will develop Chatoyer National Park, inclusive of a performance area. Similarly, the National Properties' development of the Joshua Centre at the decommissioned airport site will also include an outdoor space designed to accommodate public performances.

The Ministry of Culture has secured resources in Budget 2021 to hold drama and dance workshops, host a national production to display our arts, fund the writing of our comprehensive *History of Saint Vincent and the Grenadines*, and finalise the long-delayed National Culture Policy.

Through PRYME, the Government will continue to provide grants to cultural and creative entrepreneurs. Last year, 55 designers and garment manufactures, and 67 entrepreneurs in the arts, entertainment and recreation space, received $1 million in PRYME grants. We will continue to support our talented creative businesspersons in 2021.

While the culture of our Caribbean civilisation does not exist to serve tourist tastes, there is no doubt that our culture is a powerful magnet for visitors. As our hotel room stock grows, and as the airlines return post-COVID-19, more opportunities will undoubtedly arise for cultural and creative professionals who develop their talent not as a hobby, but as a strong income-earning occupation.

K. ICT & INNOVATION



(Source: National Telecommunications Regulatory Commission)

In less than a year, the COVID-19 Pandemic has drastically altered the way in which billions of people work, learn and interact. In a world of lockdowns, travel restrictions, social distancing and limits on gatherings, the role of Information and Communication Technologies (ICT) in our lives has gained new prominence.

Tomorrow morning, tens of thousands of Vincentian students will attend classes virtually, miles away from their teachers and schoolmates. Thousands more will work from home, collaborating via videoconferencing tools and emailing documents back and forth. For good and ill, social gatherings are moving increasingly to online spaces, and more and more people are consuming and sharing information digitally.

COVID-19 has accelerated a radical shift in our use of technology. Even when normalcy returns, it is unlikely that we will fully revert to pre-COVID-19 patterns of interaction.

This Government has vigorously championed access to technology, ICT infrastructure and multi-tiered investments in training opportunities and the development of digital skills. We view ICT as a developmental accelerant, allowing Saint Vincent and the Grenadines to overcome many of the size, distance and capacity constraints that affect progress in small island states. As an archipelago, we need ICT to bring us closer together, while simplifying services and reducing the complexities of doing business.

In recent years, the Government has invested heavily in installing the type of ICT infrastructure required to deliver on our vision for developmentally-focussed technology. Most recently, we have completed the $31 million Caribbean Regional Communications Infrastructure Program (CARCIP), which radically overhauled our ICT backbone. Similarly, smaller investments and partnerships have improved the Government's capacity to share, protect and process information.

Last year, through CARCIP, we installed and commissioned a Government Wide Area Broadband Network (GWAN) to 231 Government sites; connected over a thousand telephones in Government offices that use Voice over Internet Protocol (VOIP) technology; and created a single campus network for the four campus sites of the SVG Community College.

CARCIP also helped to make us stronger and safer, connecting 200 CCTV cameras, establishing four monitoring sites for the seismic network, and supporting the establishment of a modern 911 emergency telephone system.

Our ICT journey now moves to the phase where we begin leveraging that technological infrastructure to make tangible differences in the ways Vincentians interact with their Government, and do business with each other.

Having built an ICT highway, its time for us to drive on it.

Budget 2021 commences the critically-important Caribbean Digital Transformation Programme (CARDTP), a multi-year regional ICT project that will invest a total of $80.6 million in developing our digital economy, leveraging our digital infrastructure, platforms and services and supporting digital skills and entrepreneurship. The Digital Transformation programme seeks to revolutionise ways in which Vincentians communicate with the State, throughout their lifetime: from recording births and deaths, to registering land titles, to starting a business, to renewing identification documents, to paying taxes, and to clearing goods at the port. Although the Caribbean Digital Transformation Programme is an OECS-wide project, Saint Vincent and the Grenadines is receiving the largest share of World Bank resources in the region, and has specifically-tailored its outcomes to the pressing ICT needs of Vincentians.

Overcoming initial reticence in our financial sector, Saint Vincent and the Grenadines will also join the Eastern Caribbean Central Bank's "DCash" digital currency pilot.[45] DCash is a digital version of the Eastern Caribbean dollar that is legal tender. DCash users will be able to pay or transfer money in real time, without fees, and without a bank account.

In 2020, the Government provided ICT Business Incubation support to eight businesses and provided PRYME grants to an additional eight entrepreneurs in the technology sector. Scores of other PRYME recipients used their grants to purchase necessary ICT equipment to start or improve their businesses.

The Government also continued its aggressive programme of ICT training to Vincentians from all walks of life. Last year, despite COVID-19 challenges and class disruptions, the National Centre of Technological Innovation offered training to 163 persons in six different ICT courses. Through CARCIP, the National Centre of Technological Innovation has conducted training for 888 persons, at a cost of $1.6 million, in courses ranging from digital animation to mobile application development to network security. Going forward we will continue to equip the next generation with the necessary skills to take advantage of the opportunities available in the emerging digital economy.

At its core, ICT is about communication. In 2020, the dissemination of accurate information about COVID-19, dengue, our volcano and other programmes was often overwhelmed by fake news, rumormongering and inter-departmental inefficiencies. Analysis of our budgetary provisions over time indicated that the Government's diffuse and diverse expenditure on public information was large, and largely inefficient. Budget 2021 makes provision for the amalgamation of various discrete information services and administrative structures under a more coordinated leadership structure. By breaking down administrative silos and integrating editorial and technical staffs, we hope to produce a more efficient and integrated public broadcasting service. Senator Ballah, who is leading this important initiative, will undoubtedly offer additional details.

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[45] *See, e.g.,* ECCB, "ECCB Digital EC Currency Pilot: About the Project" (https://www.eccb-centralbank.org/p/about-the-project) Accessed 30 Jan. 2021

L. FOREIGN AFFAIRS

Saint Vincent and the Grenadines has completed the first year of its term as a non-permanent member of the United Nations Security Council. That bears immediate, and frequent repetition: The smallest nation in the world to ever contest – and win – election to the UN Security Council has now been at the pinnacle of multilateral power for a year.

The ferocity of the COVID-19 Pandemic in the New York home of the Security Council, and the multiplicity of travel challenges, has forced the Security Council to hold fewer formal meetings than is customary. Nonetheless, Saint Vincent and the Grenadines has joined the most powerful nations of the world in 81 meetings and 320 consultations, helping to forge decisions on global challenges from Mali to Afghanistan to Iraq to Lybia to North Korea to South Sudan to Bosnia and Herzegovina and our sister CARICOM state of Haiti. We have focused global attention on the impacts of climate change, the role of development in the maintenance of peace and other non-military paths to solving conflict. Our active and activist advocacy in these meetings has not only earned us respect, but helped to build beneficial relationships with many nations typically beyond our sphere of access. In the process, at the United Nations Security Council, Saint Vincent and the Grenadines has forged with the three non-permanent member states from Africa a formidable A3 Plus One Nexus.

At the same time, Saint Vincent and the Grenadines has chaired CARICOM, the Caribbean Forum of the African, Caribbean and Pacific (CARIFORUM), and currently helms the influential Caribbean Development and Cooperation Committee of the Economic Commission of Latin America and the Caribbean. We have been at the forefront of regional diplomacy in a particularly challenging year in the international community.

We have used our position to help create fiscal space and solvency for the OECS and CARICOM countries most affected by the Pandemic. We have led advocacy for equitable distribution of vaccines as global public goods. We have spearheaded advocacy and policy formulation on the contours of the Blue Economy, and our regional strategy going into the critically-important 2021 United Nations Climate Change Conference, to be held in Glasgow UK this November. Our work in all of these fora has tangibly benefitted the people of Saint Vincent and the Grenadines and our greater humanisation.

Sadly, 2020 also marked the retirement of Sir Louis Straker, the longest-tenured and most distinguished Foreign Minister in Vincentian history. Sir Louis was the public face of, and a leading contributor to, the principled, pragmatic and outspoken foreign policy that has catapulted our nation to higher diplomatic heights. In assuming the role of Foreign Minister and appointing for the first time a Minister of State in the Ministry of Foreign Affairs, the Prime Minister and Senator Peters are gamely attempting to fill Sir Louis' shoes. And while Sir Louis' final political bequeathment was a successor in Central Leeward who is now the brightest star in our parliamentary constellation, we will nonetheless continue to rely on his sage guidance and calm counsel.

In times of global turmoil, exogenous shocks and potential local disaster, the significant role of our foreign policy looms ever larger. The Government of Saint Vincent and the Grenadines is committed to aggressively utilising all of the available diplomatic tools to make us stronger and more resilient during this period of uncertainty.

M. PRIVATE SECTOR, ENTREPRENEURSHIP & FDI

According to the United Nations Conference on Trade and Development (UNCTAD), the COVID-19 Pandemic caused global flows of Foreign Direct Investment (FDI) to fall by 40 per cent in 2020 – the lowest levels in the last 15 years.[46] Flows to Latin America and the Caribbean suffered the largest decline, plummeting by up to 55%.[47] UNCTAD predicts a further 5-10 per cent decline in FDI this year, before a gradual recovery begins in 2022.[48]

This decline in FDI is of particular concern to Saint Vincent and the Grenadines, which has enjoyed success in attracting foreign investment as a complement to domestic investment, as a source of new capital and to help propel development in critical sectors. Data from the Economic Commission for Latin America and the Caribbean indicate that, for the nine years between 2010 and 2018, inclusive, Saint Vincent and the Grenadines attracted a total of US$1.03 billion in foreign direct investment.[49] This was the largest inflow of foreign direct investment among the independent members of the OECS.[50] We can ill-afford to lose average FDI inflows of over EC$300 million per year.

The latest UNCTAD report indicates that, in the Caribbean, "[a]nnounced projects to construct tourism infrastructure fell by 45 per cent in the first quarter of [2020] compared with last year's quarterly average"[51] This too, is of particular concern to us in Saint Vincent and the Grenadines, as this decline coincides with our more aggressive thrust to expand tourism infrastructure.

Fortunately, recently-commenced major investment projects in SVG are still ongoing. Despite the projected region-wide decline in FDI, we remain optimistic that SVG can attract and retain investment during the coming years. For example, over the next two years, the investors behind the Beaches Resort, Royal Mill Hotel, Black Sands Resort, Clear Harbor call centre, Rainforest Seafoods,

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[46] United Nations Conference on Trade and Development (UNCTAD), *World Investment Report: International Production beyond the Pandemic*, Geneva, 2020. pp x, 2, 6-8, (https://unctad.org/system/files/official-document/wir2020_en.pdf) Accessed 19 Jan. 2021

[47] *World Investment Report*, p. 9

[48] *World Investment Report,* p. x

[49] Economic Commission for Latin America and the Caribbean (ECLAC), *Foreign Direct Investment in Latin America and the Caribbean, 2020* (LC/PUB.2020/15-P), Santiago, 2020. p. 27 (https://repositorio.cepal.org/bitstream/handle/11362/46541/1/S2000594_en.pdf) Accessed 19 Jan. 2021

[50] *Foreign Direct Investment in Latin America and the Caribbean,* p. 27

[51] *World Investment Report*, p. 49

Soho House and Sandy Lane Yacht Club will spend over US$225 million on their respective projects. We continue to work assiduously to not only attract new FDI in this challenging period, but to minimize the impact of the Pandemic on other ongoing investments, particularly in the hospitality and medicinal cannabis sectors.

PRYME

Last year, the Government introduced the Promoting Youth Micro Enterprise (PRYME) programme to facilitate entrepreneurship by providing grants, training and facilities to young Vincentians. The programme has captured the imagination of Vincentians, with a staggering 4,000-plus applications received in less than a year, overwhelming the skeleton staff that reviews, evaluates and facilitates grants.

The PRYME programme was originally conceived as providing roughly 200 grants per year. In its first year of operation, buoyed by additional resources as part of the COVID Recovery & Stimulus Programme, PRYME approved over 1,000 grants. A summary of the first 892 grants is attached as an appendix to this presentation.

Of the first 892 completed grants, which total $5.5 million a picture emerges of the diversity of Vincentian entrepreneurship, creativity and talent. Young entrepreneurs from the manufacturing, tourism, services, construction, and agriculture sectors all applied. Budding restaurateurs received cooking equipment. Landscapers received swipers and wheelbarrows. Barbers received chairs and tools of the trade. Musicians received studio-recording equipment. Seamstresses, tailors and designers received sewing machines and materials. And agro-processors acquired machinery and consumables necessary to process and package supermarket quality produce.

Critically, the PRYME grants were split roughly evenly between new and existing businesses. The Government is tremendously proud to have welcomed almost 500 brand new entrepreneurs into the active labour force during a debilitating Pandemic.

There is another COVID-resistant element of PRYME that merits mention. Since the programme insisted on purchasing equipment from local suppliers whenever possible, the PRYME secretariat made $1.6 million in direct payments to suppliers for all manner of equipment, ranging from fridges, to stoves, to lawn mowers, to sewing machines, to farming implements and office furniture. At a time of depressed sales across the private sector, this $1.6 million injection was an important component of keeping existing businesses solvent during the Pandemic.

Budget 2021 continues its robust support for the PRYME programme. This year, we will expand staff to reduce application backlog and apply lessons learned in year one to make the programme more efficient and responsive to applicants. The PRYME programme will also expand its initiative of constructing community enterprise zones for young entrepreneurs, adding a Marriaqua facility to the one currently under construction in East Saint George.

The partner of the PRYME programme is the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC). The ECPCGC is an OECS-wide facility that has been set up to allow Micro, Small and Medium Enterprises to have greater access to loans at local banks. As the name suggests, the ECPCGC will offer partial guarantees on loans, thereby reducing the risks that banks face in extending credit to new and small businesses. The Government is once again urging the banking community to make aggressive use of this important facility for small businesspersons in Saint Vincent and the Grenadines.

As highlighted throughout this presentation, a number of local and international private sector entities are recognising the opportunities for growth and profit that are readily apparent in Saint Vincent and the Grenadines. The Government has been working tirelessly to improve the business environment for private sector investors, through a variety of legislative and policy innovations. Additionally, we are utilising InvestSVG as an important conduit and business concierge of sorts, to help create bespoke arrangements that meet the specific needs of individual businesses. The volume and quality of recent investments, many of which are mentioned today, highlight the progress we are making in this regard.

Throughout the Pandemic, Saint Vincent and the Grenadines has remained open for business – both literally and figuratively. We remain committed to attracting, and retaining, private sector investors to drive growth, job creation and development.

N. INFRASTRUCTURE & HOUSING

This Government has long viewed the construction and maintenance of modern infrastructure as essential to our improved productivity and accelerated sustainable development. On-going infrastructure development is a critical component of job creation and economic growth, while the completed projects should enable the provision of protections, services, employment, private sector expansion, and revenue generation. A number of infrastructural projects, like airports, seaports and hospitals, have self-evident connections to national development. Others, like village footpaths, sporting facilities or community centres, are cornerstones of improved quality of life and sustainable development.

The COVID-19 Pandemic forced the Government to reassess and reprioritise a number of important medium-term development initiatives in favour of smaller projects that were locally implementable or that provided immediate economic impact. The midcourse reorganisation of infrastructure projects helped to minimise the immediate economic fallout of the Pandemic.

This year, Budget 2021 again prioritises projects that have local economic or employment impact, can be implemented quickly, and are less dependent on the presence of international contractors or consultants, who may have difficulty travelling. However, Budget 2021 also recommits to our medium-term goals of accelerated transformation and development by allocating resources to some critical projects that may have a longer gestation period.

1. Modern Cargo Port

In an increasingly globalized world, the contemporary and competitive trade in goods requires advanced seaport facilities. Logistics matter. In an archipelago of multiple inhabited Grenadine islands, logistics and sea port facilities are infinitely more consequential. Our reliance on the existing poorly-designed and decaying port facilities are a powerful impediment on national development and economic growth.

In the waning days of 2019, the Caribbean Development Bank approved concessionary funding for the construction of a Modern Cargo Port in Rose Place, making it the largest project in the CDB's loan portfolio. Various design works were undertaken during 2020, and, although complicated by COVID-19, bids have been submitted from two international firms to build the facility. Partial funding for the Port construction also comes via a grant from the United Kingdom Caribbean Infrastructure Partnership Fund (UKCIF).

In recognition of the altered timelines and priorities of 2020, the Government deemphasized the resettlement of residents and fisherfolk who are currently occupying parts of the Port's future footprint. It was not necessary to move everyone out of Rose Place ahead of schedule, only to leave the area vacant for months waiting for construction and land reclamation to begin. We therefore pushed back the proposed time frame for relocation of residents and prioritized other issues.

However, we now hope to begin physical works on the site in late 2021. As such, we have revisited the sequencing of events, and hope to assist in the resettlement of residents by mid-year. Budget 2021 provides for the construction of 47 homes[52] in Lowmans Bay to facilitate the relocation. The construction of the homes is underway, and we are confident that they will be completed in sufficient time to sequence the subsequent construction activities.

In total, Budget 2021 allocates $41.1 million to be spent this year in advancing the Port Redevelopment Project. This makes it the largest single project in the 2021 capital budget. In addition to house construction and relocations, we will finalize technical studies, mobilize the winning contractor, relocate existing sewer lines, and begin construction of the facility. Critically, Budget 2021 also provides training and retooling opportunities to the persons and businesses adversely affected by the Port Redevelopment Project.

[52] 19 Duplexes and 9 single unit houses

2. **Regional Disaster Vulnerability Reduction Project (RDVRP)**

The year 2020 was a busy one for our ongoing, transformative Regional Disaster Vulnerability Reduction Project, which is designed to measurably boost national resilience to natural disasters and climate change. We spent approximately $44.5 million in 2020 on multiple RDVRP projects nationwide, and completed some critical pieces of adaptation infrastructure, including, but not limited to:

- Construction of three bridges at Fenton, Dauphine, and Green Hill,;
- Construction of a satellite warehouse in Bequia;
- Rehabilitation of Fireburn Road;
- Rehabilitation of the Kingstown Government School; and
- Reconstruction of the Chateaubelair jetty

Budget 2021 projects expenditure of an additional $30 million to complete infrastructure that will make Saint Vincent and the Grenadines stronger, and far more resilient against the raging rivers and rising seas that often threaten to inundate our islands. By mid-year, we expect to complete:

- Slope stabilization works at Belle Isle;
- Construction of Carriere River defense;
- Constuction of Grand Sable bridge;
- Construction of the Longline road and bridge;
- Construction of Buccament River defense; and
- Extensive coastal defense works at Georgetown and Sans Souci.

The coastal defense works to protect Georgetown and Sans Souci from the inexorable encroachment of the Atlantic Ocean will be the final projects completed under the multi-year RDVRP. By the end of this year, the RDVRP will have an impressive legacy of over 37 infrastructure projects costing $102 million. Saint Vincent and the Grenadines is undoubtedly stronger, and safer, as a result of the vision, planning and execution that fuelled this most significant enhancement of our national resilience and preparedness.

3. **Marriott Resort and Holiday Inn Express & Suites Hotels**

As discussed elsewhere in this presentation, Budget 2021 stands as a reaffirmation of the confidence of the Government in a tourism rebound in the near future. We have also recognised the role of the State in catalyzing growth in the sector during these early days of our structured foray into mass tourism.

The Government's plans to construct a Marriott Resort at Mt. Wynne and a Holiday Inn Express and Suites at Diamond are well known. Civil works on the Holiday Inn have begun, and the contract for the construction of the hotel itself should be awarded by mid-year. Before that contract is awarded, works will commence on the construction of a stand-alone restaurant that will serve both the hotel and the burgeoning Diamond area.

Similarly, works on the Marriott Resort are slated to commence early in the third quarter of the year. The 250-room resort will be the third property on our emerging Leeward luxury hotel strip, ranging from the Black Sands Resort at Peters Hope down to the Beaches Resort at Buccament.

Together, Budget 2021 allocates $31 million towards the completion of these important engines for growth and job creation.

4. Road Repair and Reconstruction

Budget 2021 specifically lists 34 separate stretches of roadway for repair this year.[53] Other than roads that form part of wider RDVRP or housing programmes, over $18 million is targeted to road repair in 2021, across multiple projects and funding sources. This $18 million does not include the $14 million allocated to the Buildings, Roads and General Services Authority (BRAGSA). Beyond the roads that are specifically-named in Budget 2021, additional roads will be addressed via both the BRAGSA subvention and the $6 million Road Rehabilitation and Repair Programme.

The scope and scale of our 2021 road repair plans are ambitious, and reflect the pressing need to upgrade multiple sections of our vulnerable road network. It also reflects our acknowledgement of road repair as generator of important short-term employment for large swaths of our COVID-19 displaced workforce.

5. Pedestrian Access For Village Enhancement (PAVE)

In the 2019 Budget, the Government announced commencement of a programme called PAVE – Pedestrian Access for Village Enhancement. Since then, the PAVE programme has constructed 106 concrete footpaths nationwide, at a cost of $5.4 million. These footpaths have built resilience, improved safety, comfort and convenience, and advanced our achievement of the Sustainable

[53] Antoine Mountain (Palmyra), Belair Village, Belmont (Fair Hall main road junction) to Crick Corner, Benjamin Bristol, Brighton Salt Pond, Calder main, Carriere Village, Colonaire Estate, Copeland Mountain, Eire Hill, Enhams, Fair Hall, Farm-Mcmillan, Ferguson Mountain Road, Fireburn, Golden Grove, Gomea, Gracefield Mountain, Greggs/Lowmans Wd, Lammie Mountain, Langley Park, Lauders/Chapman, Lively, Longline, Majorca, Maloney Mountain, Maroon Hill to Zenga river, Mongoyia (Bohemia), Montreal Gardens, Ottley Hall, Overland Primary School, Richland Park, Rose Bank, Sayers Village and Veryvine Mountain Road

Development Goals.[54] The PAVE programme has touched vulnerable communities in every single constituency of Saint Vincent and the Grenadines.

The PAVE programme continues this year. Budget 2021 anticipates completing nine ongoing projects from the previous year, and commencing work on an additional 104 village footpaths nationwide. A total of $5.2 million is allocated to PAVE in 2021, the majority of which will pay local small contractors, hire localised village labour, and procure materials from local suppliers. As such, in addition to making our villages stronger and more accessible, PAVE is an unusually potent vehicle to deliver diffuse economic fillip to small-scale construction.

6. Community Improvement Projects

An important companion to PAVE will be Budget 2021's introduction of a $2 million capital programme for small community improvement projects. The programme is designed to fund small, village-level infrastructural works and enhancements that are beyond the scope of PAVE's footpath mandate. Utilising the same small contractor and village labour model of PAVE, we anticipate that as many as 40 such projects could be completed this year.

Budget 2021 contains a host of other significant infrastructure projects with both national and more targeted impacts. These include – but are not limited to – the construction of the temporary Parliament building as part of the Modern Parliament Project; the previously-mentioned comprehensive programme of school repair and construction; the Kingstown clean-up campaign; the complete retrofit of the former Browne's Building in Kingstown to accommodate the Inland Revenue Department and the Financial Services Authority (FSA); the construction of the modern arrowroot factory; construction of sea defences at Sandy Bay; and the refurbishment of 15 health facilities, 14 community centres and 17 police stations.

[54] *See, e.g.*, Sustainable Development Goal #1 (No Poverty; Target: "build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters."); Goal #9 (Industry, Innovation and Infrastructure; Target: "Develop quality, reliable, sustainable and resilient infrastructure. . . to support economic development and human well-being, with a focus on affordable and equitable access for all."); Goal # 11 (Sustainable Cities and Communities; Target: "provide access to safe, affordable, accessible and sustainable transport systems for all. . . with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons."); Goal #13 (Climate Action; Target: "Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.") (https://sdgs.un.org/goals) Accessed 23 Jan. 2021

7. Extending the Right to Safe, Affordable Housing

In the same vein, Government's investments in housing infrastructure are worthwhile policy pursuits both for their primary objective – institutionalising the right of Vincentian home ownership – as well as the second function in a time of turmoil: generating short-term employment and economic activity.

Last year, the Government constructed 40 new homes, repaired an additional 50 compromised structures, and built much-needed bathroom facilities for another dozen or so homeowners. In a challenging economy, our ability to positively affect the 100 families that occupy those households demonstrates this Government's unshakeable commitment to furthering and deepening the Housing Revolution.

This year, the Ministry of Housing and the Housing and Land Development Corporation will spend almost $14 million facilitating the dream of reliable home ownership or constructing houses for Vincentians who are being relocated for various reasons. Homes will be built in Lowmans Leeward, Pembroke, Richland Park, and a host of other locations nationwide. The Government will also build roads and drains in designated housing divisions at Clare Valley, Colonarie, Cumberland, Diamond, Fair Hall, Green Hill and Sandy Bay to ensure safe access to property owners.

In addition to that $14 million in expenditure, NEMO will spend an additional $1.2 million to repair and reconstruct homes affected by weather events between 28th October and 1st November 2020. Seemingly lost in the crescendo of General Elections hysteria was the fact that a devastating trough system damaged a total of 195 houses nationwide – including 42 that were classified by NEMO as having suffered severely. The Government is committed to helping to repair and strengthen those homes.

In addressing the nation recently on the COVID-19 Pandemic, the Prime Minister reminded Vincentians that "*none of us are safe until everyone is safe*." That truism applies equally to the vulnerability of many homeowners to inclement weather. If they and their immediate families are not safe from the elements, then their entire extended family of Vincentians is unsafe and exposed.

As such, in keeping with our longstanding practice and policy, the Government will continue its commitment to assist vulnerable homeowners and informal settlements with the construction materials needed to make their homes stronger and more secure. Often derided as an election ploy by those who only pay seasonal attention to Government's policy, many people do not realise that providing building materials to vulnerable Vincentians is an enduring, central plank of the Housing Revolution and our pursuit of the Sustainable Development Goals. This year, $3.5 million of the overall housing budget is dedicated to strengthening homes in the face of intensifying weather and climate events. Now that the technical staff responsible for both housing and social protection share common ministerial and administrative leadership, we are optimistic that the distribution of material and repair of homes can be even more efficiently targeted to the most vulnerable houses and people.

Investment in all of these critical infrastructure projects – and more – helps to spur longer-term economic recovery from the Pandemic. We know that building more infrastructure today means more jobs today. In addition to providing jobs, our plans for construction will also reduce the infrastructure deficit that affects Vincentian productivity in a variety of ways. Budget 2021 builds the infrastructure we need to improve trade, to connect our towns, to strengthen our villages, and to support sustainable development. This is the infrastructure programme needed to position Saint Vincent and the Grenadines for a future that boosts productivity, undergirds prosperity and helps to meet our most immediate climate change adaptation needs.

VI. REDUCING POVERTY, PROTECTING THE VULNERABLE & COMBATTING INEQUALITY

Let us acknowledge a socioeconomic fact: The COVID-19 Pandemic threatens to deepen pre-existing inequalities in Saint Vincent and the Grenadines. Progress lost to COVID-19 could take years to regain. As such, addressing inequality this year takes on heightened significance and urgency.

Over 7,400 primary school children depend on the school feeding programme in Saint Vincent and the Grenadines, 57% of the student body. In rural school districts, over 90% of students use the programmes.[55] Indeed, in eight of the 13 school districts of Saint Vincent and the Grenadines, more than two-thirds of students rely on the School Feeding Programme. At 7 primary schools nationwide – from Fancy to Mayreau – 100% of students eat the heavily subsidised nutritious meals. Those 7 schools have 915 students.[56]

Even in developed countries affected by COVID-19, school closures have increased children's vulnerability to nutritional challenges and placed household budgets under tremendous strain.[57] The

[55] Ministry of Education, *Saint Vincent and the Grenadines Education Statistical Digest: 2018-19*, 2019, pp. 101- 106 (http://education.gov.vc/education/images/Stories/pdf/Education-Statistical-Digest-of-SVG-2018-19.pdf) Accessed 25 Jan. 2021

[56] *Ibid.*

[57] *See, e.g.*, "COVID-19 School Closures Put 30 Million Children at Risk of Hunger," Trust for America's Health, 16 July 2020 (https://www.prnewswire.com/news-releases/covid-19-school-closures-put-30-million-children-at-risk-of-hunger-301094197.html) Accessed 25 Jan. 2021; L. Bauer, "About 14 million children in the US are not getting enough to eat," *The Brookings Institution*, 9 July 2020 (https://www.brookings.edu/blog/up-front/2020/07/09/about-14-million-children-in-the-us-are-not-getting-enough-to-eat/) Accessed 25 July 2021; C. Baraniuk, "Fears grow of nutritional crisis in lockdown UK," *BMJ* 2020;370:m3193, 20 Aug. 2020 (https://www.bmj.com/content/bmj/370/bmj.m3193.full.pdf) Accessed 25 Jan. 2021; T. Shahid & K. Shanks, "Coronavirus and the Disruption of Free School Meals," *UK Collaborative on Development Research*, 17 Sept. 2020 (https://www.ukcdr.org.uk/coronavirus-and-the-disruption-of-free-school-meals/) Accessed 25 Jan. 2021

World Food Programme estimated that, at peak, 369 million children worldwide lost access to School Feeding Programmes.[58]

Last July, the leaders of UNICEF, the Food and Agricultural Organization, the World Food Programme and the World Health Organization issued a call to action, warning that the Pandemic and loss of school meals could force millions of children into acute malnutrition.[59] The challenge is immense,[60] and Saint Vincent and the Grenadines is not immune.

Even in households where food insecurity is not an immediate danger, the economic impact of the school closures on vulnerable families is apparent. A balanced meal on our School Feeding Programme costs parents between $0.50 and $1.00. There is absolutely no way that parents can provide a similarly nutritious meal at a comparable cost at home.

The mission of the Zero Hunger Trust Fund (ZHTF) is doubly important in the midst of the Pandemic. In 2020, the ZHTF spent $4 million through its "Adopt A Classroom, LENS, Performance Enhancement and Teacher Support, Agricultural Science, student bursary and Golden Years Nutrition Support programmes. Through these programmes, vulnerable children and the elderly received valuable nutritional and financial support. The ZHTF's strategic focus on education as the surest way out of poverty and hunger also spurred numerous outreach programmes to improve the school feeding facilities at schools, correct students' vision challenges, and improve teaching.

In 2021, in the light of school closures, the ZHTF will reassess the optimal methods to reach and impact the primary targets of its interventions. The programme will remain an integral component of the Government's anti-poverty and anti-inequality arsenal.

VII. GENDER

The COVID-19 Pandemic has disproportionately affected women at all strata of society.[61] Our predominantly female healthcare workers and caregivers have been on the frontline of the Pandemic from the beginning. Working mothers have borne the brunt of extended childcare duties when

[58] World Food Programme, "Global Monitoring of School Meals During COVID-19 School Closures," (https://cdn.wfp.org/2020/school-feeding-map/index.html) Accessed 25 Jan 2021

[59] Fore HH, Dongyu Q, Beasley DM, Ghebreyesus T. "Child malnutrition and COVID-19. The time to act is now," *The Lancet*, July 2020 (https://www.thelancet.com/pdfs/journals/lancet/PIIS0140-6736(20)31648-2.pdf) Accessed 25 Jan. 2021

[60] *See, e.g.,* Office of the UN Secretary-General, "Policy Brief: The Impact of Covid-19 on Food Security and Nutrition," United Nations, June 2020 (https://www.un.org/sites/un2.un.org/files/sg_policy_brief_on_covid_impact_on_food_security.pdf) Accessed 25 Jan. 2021

[61] *See*, V. Pietromarchi, "Coronavirus: Why are women paying a heavier price?" Al Jazeera, 11 Sep. 2020 (https://www.aljazeera.com/features/2020/9/11/coronavirus-why-are-women-paying-a-heavier-price) Accessed 25 Jan. 2021

schools and day care facilities are closed. As women have necessarily taken on even greater responsibilities in the home, their ability to fully participate in the workplace has suffered.[62] The most vulnerable segments of our large informal economy are dominated by women. A number of "gendered" occupations, from hotel staff to child care providers to market vendors, are most impacted by the economic fallout of the Pandemic.

According to NIS data, before the extension of Temporary Unemployment Benefits to the overwhelmingly male subclass of seafarers, oil rig workers and cruise ship personnel, over 58% of the recipients of such benefits were women.

Women who are vulnerable to domestic abuse have found themselves stuck indoors with their potential abusers for extended periods of time, as the Pandemic has affected travel and the usual coping and avoidance mechanisms.[63]

Gender equality and women's rights are essential to getting through this Pandemic together. As such, the Government has placed women at the core of our COVID-19 response.

Our 11-person Core Leadership Team responding to the Pandemic features nine women: The Chief Medical Officer, the Director of NEMO; the Health Information System Coordinator, the Infectious Disease Control Specialist, the Chief Epidemiologist; the Health Disaster Coordinator, the Senior Nursing Officer for Community Health Services, and the Health Promotion Officer bring important perspective and expertise to their respective roles.

While the Government's Recovery & Stimulus Programme benefitted vulnerable women nationwide, we have made a number of specific, targeted interventions to assist women facing the fallout of the Pandemic.

For example, the Gender Affairs Division of the Ministry of Social Development implemented a COVID-19 response initiative with technical and financial assistance from the Government of Canada through its "Enabling, Gender-Responsive Disaster Recovery, Climate and Environmental Resilience in the Caribbean (EnGenDER)" Project.

Among other interventions, the EnGenDER Project offered income support in the form of food and medication vouchers valued at EC$200.00 per month to over 500 vulnerable women for a period of three months, including single parents, teen mothers, the elderly, persons with disabilities and victims of gender-based violence. The Project made one-off $450 payments to 42 women who

[62] *See*, T. Alon et al., "Shecession: COVID-19 is affecting women's employment status worse than men," *World Economic Forum*, 28 Sep. 2020 (https://www.weforum.org/agenda/2020/09/shecession-of-2020-causes-and-consequences) Accessed 26 Jan. 2021
[63] *See*, P. Mlambo-Ngcuka, "Violence against women and girls: the shadow pandemic," UN Women, 6 April 2020 (https://www2.unwomen.org/en/news/stories/2020/4/statement-ed-phumzile-violence-against-women-during-pandemic) Accessed 25 Jan. 2021

are engaged in agro-processing, farming and fishing across 20 communities in Saint Vincent and the Grenadines.

Additionally, the Gender Affairs Division procured Personal Protective Equipment for Home Help caregivers who provide services to the elderly poor, shut-ins and disabled persons in communities; and are in the process of establishing a 24-hour domestic violence hotline in an effort to counter Gender Based Violence especially during this emergency crisis.

More broadly, the Government has continued to recognise and include women in leadership roles throughout the Public Service, and address issues related to women's empowerment, resilience and inclusion at all levels of society.

From the standpoint of gender representation and diversity of perspectives, it was an unfortunate by-product of the recently concluded General Elections that none of the five women candidates were successful at the polls. The results, and the paltry representation of women on either side of the political divide, bring to mind yet again the many positive reforms of the rejected 2009 referendum on Constitutional Reform, which would have placed greater emphasis on women's participation in electoral politics.

Nonetheless we are heartened that both sides of this honourable house have allocated 50% of their respective nominated senatorial slots to women. Further, the Government has elevated two additional women to the leadership post of Permanent Secretaries, meaning that seven out of 11 Permanent Secretaries are women. Further, over 75% of Departmental or Technical Heads, are women, including the Cabinet Secretary, the Chief Medical Officer, the Director of Audit, the Chief Personnel Officer, the Registrar of the High Court, the Registrar of CIPO, the Director of Trade, the Chief Magistrate, the President of the Family Court, the Accountant General, the Chief Immigration Officer, the Director of Public Prosecutions, the Chief Education Officer, the Director of NEMO, the Director of Airports, the Supervisor of Elections, the Labour Commissioner and the Clerk of the House of Assembly. You, Madame Speaker, and our esteemed Governor General breathe even more rarefied air.

Our Prime Minister has declared 2021 to be "*the year of the oft forgotten casual and domestic worker*."[64] As we all know, domestic work is a highly gendered occupation, and as a group, casual and domestic workers in Saint Vincent and the Grenadines are overwhelmingly women. The Office of the Prime Minister, and the Ministries with responsibility for Labour, National Mobilisation, Social Development, and Gender Affairs, will work with stakeholders to elaborate a series of public events and policy adjustments to strengthen the legal, social and economic standing of these workers.

[64] *See*, "The year 2021 to be declared the year of the domestic worker – PM Gonsalves," *Searchlight*, 30 Oct. 2020 (https://searchlight.vc/searchlight/news/2020/10/30/the-year-2021-to-be-declared-the-year-of-the-domestic-worker-pm-gonsalves/) Accessed 29 Jan. 2021

Similarly, recent increases and expansions in public assistance have disproportionately benefitted the majority-female class of recipients. So too has the decision to promote and strengthen the status of recent university graduates in the teaching profession and the public service.

There is another gender imbalance that demands focussed attention and creative problem-solving. According to the 2018-19 *Saint Vincent and the Grenadines Education Statistical Digest*, only 35% of the students at the SVG Community College are male.[65] That percentage falls further when considering the number of males attending the UWI campuses of Mona, St. Augustine and Cave Hill, where only 29% of Vincentian enrolees are men.[66] Among students at the UWI Open Campus, male enrolment is at a pathetic 18%.[67]

By the time male students leave primary school, they lag 13 percentage points behind their female counterparts in CPEA pass rates.[68] Although the pass rates at the end of secondary school are less imbalanced, that is because far fewer boys actually sit the CSEC examinations. While more boys than girls typically enter form one of secondary school, exam-takers are 58% female by the end of form five.[69]

There are countless books and academic journals analysing the Caribbean-wide phenomenon of male academic underperformance.[70] Volumes more cover the wider topic of Black male

[65] Ministry of Education, *Saint Vincent and the Grenadines Education Statistical Digest: 2018-19*, 2019, pp. 176-178 (http://education.gov.vc/education/images/Stories/pdf/Education-Statistical-Digest-of-SVG-2018-19.pdf) Accessed 25 Jan. 2021

[66] *Saint Vincent and the Grenadines Education Statistical Digest: 2018-19*, pp. 179-181

[67] *Saint Vincent and the Grenadines Education Statistical Digest: 2018-19*, p. 182

[68] *Saint Vincent and the Grenadines Education Statistical Digest: 2018-19*, p. 112

[69] *Saint Vincent and the Grenadines Education Statistical Digest: 2018-19*, pp. 135-37, 158

[70] C. Applewhaite, "Is the Common Entrance Examination in Barbados Valid in the 21st Century in Light of Issues of Male Underachievement?," *Journal of Education and Development in the Caribbean*, Apr. 2018, pp. 193-216; M. Cobbett & M. Younger, "Gendered perceptions of schooling: classroom dynamics and inequalities within four Caribbean secondary schools," *Educational Review*, Vol. 66, Issue 1, 2014; M. Cobbett & M. Younger, "Boys' educational 'underachievement' in the Caribbean: Interpreting the 'problem'," *Gender and Education* 24(6):1-15, Oct. 2012; A. Layne, V. Jules, P. Kutnick, C. Layne, "Academic achievement, pupil participation and integration of group work skills in secondary school classrooms in Trinidad and Barbados," *International Journal of Educational Development*, Vol. 28, Issue 2, Mar. 2008, pp. 176-194; D. Plummer, "Has Learning Become Taboo and is Risk-taking Compulsory for Caribbean boys? Researching the Relationship between Masculinities, Education and Risk," *Caribbean Review of Gender Studies*, Issue 2 – 2008 (https://uwispace.sta.uwi.edu/dspace/bitstream/handle/2139/15663/D.%20Plummer%20A.%20Mclean%20J.%20Simpson%20Has%20Learning%20become%20Taboo%20and%20Risk...pdf?sequence=1&isAllowed=y) Accessed 23 Jan. 2021; M. Figueroa, "Under-achieving Caribbean boys: Marginalisation or gender privileging?," Commonwealth Education Partnership, 2007 (https://www.cedol.org/wp-content/uploads/2012/02/23-25-2007.pdf) Accessed 23 Jan. 2021; J. Cheesman, N. Simpson, A. G. Wint, "Determinants of Student Performance at University: Reflections from the Caribbean," 22 Mar. 2006 (https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.555.8951&rep=rep1&type=pdf) Accessed 23 Jan. 2021; J. Minnis, S. Plumridge, C. Ward, "A Preliminary Survey of Factors Precipitating Male Achievement: A Bahamian Perspective," *International Journal of Bahamian Studies*, 2002

underachievement in schools around the world. The research points to a complex web of overlapping and often contradictory potential causes, including cultural and gender stereotypes, the feminisation of the teaching profession, the role of parental involvement, the marginalisation or privileging of boys, Caribbean masculinity, peer pressure, the format of exit examinations, and outmoded teaching pedagogy.

While the academics debate, boys lag further behind, and socioeconomic development is stymied. Many school-leaving males are less employable than their female counterparts, and more prone to antisocial behaviour. At the same time, significant numbers of young males are choosing employment opportunities over a college/university education particularly in the new technologies and the creative industries.

While there is no consensus solution to this developmental challenge, it cannot go unaddressed. While Budget 2021 contains a number of projects to improve pedagogy, including the UNICEF-funded Education and Development Programme and the World Bank's Human Development Service Delivery Project which will introduce initiatives, reform pedagogy and enhance leadership among school administrators, they do not frontally confront the issue.

However, we are optimistic that our new Minister of Education, himself a leader and mentor with a strong record of achievement as the principal of our premiere boys' secondary school, will offer focussed and creative leadership in tackling this challenge. While there is no quick-fix for this entrenched disparity, even marginal improvements in reaching and motivating boys to perform better will make potentially life altering differences in the lives of young men and their families.

As a society, we must try harder. As a Government, we will not stand idly by in the face of this challenge.

(https://journals.sfu.ca/cob/index.php/files/article/download/47/76) Accessed 23 Jan. 2021; A. Layne, "Secondary School Stratification, Gender, And Other Determinants of Academic Achievement in Barbados," *Journal of Education and Development in the Caribbean*, Dec. 2001, pp. 81-102; O. Parry, *Male Underachievement in High School Education in Jamaica, Barbados, and St. Vincent and the Grenadines*, Canoe Press, 2000; M. Figueroa, "Making Sense of Male Experience: The Case of Academic Underachievement in the English-speaking Caribbean," *IDS Bulletin*, Vol. 31, Issue 2, April 2000, pp. 68-74; O. Parry, "'Schooling is Fooling': Why do Jamaican boys underachieve in school?" *Gender and Education* Vol. 9, Issue 2, 1997; O. Parry, "In One Ear and Out the Other: Unmasking Masculinities in the Caribbean Classroom," *Institute of Social and Economic Research*, University of the West Indies, July 1996 (https://journals.sagepub.com/doi/pdf/10.5153/sro.12) Accessed 23 Jan. 2021

VIII. CAPITAL WORKS OF STATUTORY BODIES & SOEs

Last year, we pointed out that the projects listed in the *Estimates of Revenue and Expenditure* are far from an exhaustive list of the capital works undertaken by state-affiliated entities. In 2021, statutory bodies and State Owned Enterprises will significantly augment the capital works being performed by the Central Government. These works will, in turn, employ more Vincentians and generate additional economic activity.

For example, the St. Vincent Electricity Company (VINLEC) intends to implement $47 million worth of Capital works in 2021. These projects include $20 million on battery storage and installation of solar photovoltaic capacity; $14.5 million to expand diesel generation capacity and $7.4 million to upgrade transmission and distribution lines.

The CWSA, which executed almost $5 million in major capital works in 2020,[71] will spend over $10 million on the following seven projects:

1. The continuation of the Majorca, Kelburney, Belmont Project including the storage tank construction at Kelburney and transmission pipeline replacements
2. The commencement of the Kingstown Sewer Outfall pipeline relocation, under the Port Redevelopment Project
3. The commencement of the Port Elizabeth Desalination project, funded by the Italian Government ($5 million)
4. The continuation of the Mt. Wynne/Peters Hope Water Supply Extension Project ($1 million)
5. The continuation of the new $2 million François Water Intake Project – aimed at augmenting the yield of water from the Vermont Valley, especially during the drier months of the year
6. The commencement of the Golden Vale to Calliaqua Pipeline Extension Project ($700,000)
7. The replacement of one Compactor Truck for the Solid Waste Management Unit ($800,000)

The centrepiece of the 2021 capital investment of the National Properties, Ltd. will be the Joshua Centre, a shopping plaza located at the site of the old ET Joshua Airport in Arnos Vale. Already, one anchor tenant – ACE Hardware – is occupying the Centre while construction work continues on the rest of the facility.

The Joshua Centre represents a $6.6 million investment by National Properties in the upgrade and expansion of the old terminal building. This $6.6 million does not include the cost of rehabilitative

[71] The Belair Pipeline Improvement Project ($380,000); the Calder Pipeline Improvement Project ($120,000); the Fair Hall Pipeline Replacement Project ($365,000); the Majorca Kelburney Belmont Improvement Project ($800,000); the Francois Water Supply Project Phase I ($2.1 million); and the Peters Hope Mt. Wynne Water Project Phase I ($1.0 million).

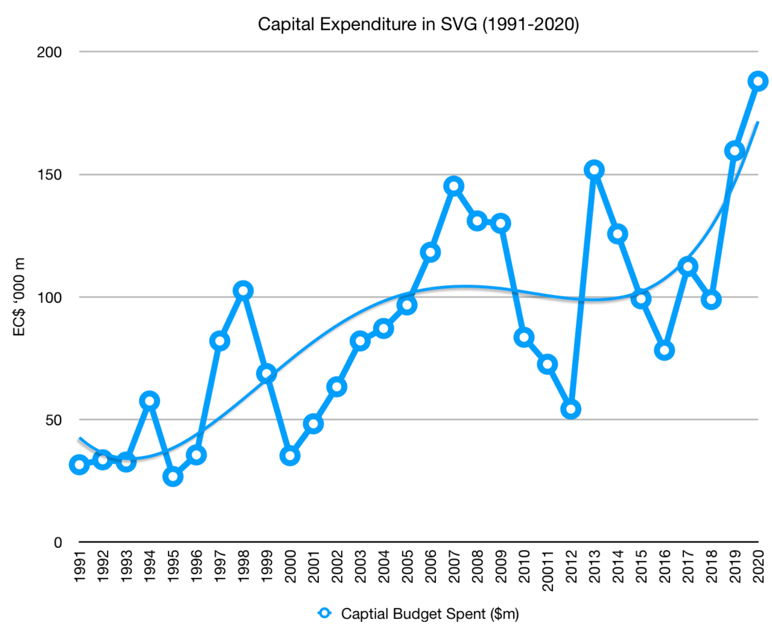
works by ACE Hardware, which undertook its own customisation of the former arrivals hall. By its anticipated third quarter completion date, the Joshua Centre will host two anchor tenants in the old terminal building, with banking facilities and 10 additional retail spaces in between – not including the old upstairs restaurant and retrofitted former control tower. A new two-storey wing will be added to the terminal building, which will include a major retailer on the ground floor and an upstairs food court housing five dining establishments. Shoppers will be able to enjoy access to general hardware supplies, banking and pharmaceutical services, beauty products, home electronics, household items, clothing, souvenirs, restaurants, a bar, and an outdoor entertainment space.

National Properties has already received over 80 credible, formal applications for the 20 available spaces in the plaza.

In 2021, the National Lotteries Authority will spend over $4 million in the construction, upgrade and maintenance of sporting facilities nationwide. Major projects include the completion of a hard court at Lowmans Leeward and a playing field at Evesham, along with resurfacing of the heavily-used Calliaqua hard court and repairs to the Biabou facility.

Together, the capital works being undertaken by these entities will exceed $65 million in 2021.

IX. IMPLEMENTATION



(Source: Ministry of Finance)

Over the last three years, the Government has emphasised improved project implementation as indispensible to our goal of accelerating our developmental transformation. We have reformed procurement and project management processes. We have hired more engineers and technical staff. And we have engaged proactively with our development partners to address bureaucratic impediments to agreed implementation timelines.

The renewed focus on implementation is bearing fruit. The year 2000 – the final year of the NDP administration – recorded $35 million in actual capital expenditure, the lowest total to date of the 21st century. In the succeeding decades, the Government generally averaged roughly $100 million, with steadily increasing expenditure up to the advent of the global economic and financial crisis in 2008.

The year 2019 set a record for the most money spent on capital projects in a single budget year – $160 million. This was over 50% higher than the average amount spent during the preceding decade. In 2020, despite obvious and innumerable challenges to implementation, we have once again established a new high-water mark for capital expenditure, with preliminary numbers showing that close to $190 million was spent.

Of course, we will readily concede that the impact of COVID-19 affected implementation both positively and negatively. For example, while some infrastructure items were deferred, a number of relief payouts and grants were added. It is obviously easier to implement a one-off cash grant than a complex construction project.

Nonetheless, the point is that the Government has never demonstrated the capacity to plan and execute almost $200 million worth of capital projects in a single year. This is a heartening indication of the growing capabilities of Government personnel and the private contractors with whom they collaborate.

Global travel restrictions, work-from-home mandates and border closures delayed a number of critical infrastructure projects in 2020. For example, progress on the Marriott Hotel, the Barrouallie blackfish facility, the modern cargo port, the Kuwaiti-funded road projects, the Sir Vincent Beache National Stadium, the arrowroot processing plant, and the Kingstown clean-up all experienced significant COVID-19-related delays. Many other capital projects announced in the 2020 budget were shelved after the Government tabled a supplementary budget focused on COVID-19 response.

We are confident that, in the absence of the Pandemic, the Government would have made even greater progress towards achieving its ambitious expenditure targets in 2020.

A great deal of Budget 2021 is premised on our ability to continue building on recent progress in effectively implementing capital works. As has been stated repeatedly during this presentation, construction is expected to be a mainstay of economic activity during this COVID-19 induced downturn. Accordingly, we have a special responsibility to execute capital works in a timely and efficient manner. It is well established that infrastructural development has a positive effect on economic performance.

In deciding where and how to allocate precious dollars in the midst of a pandemic, we were guided by three questions designed to maximise the economic impact of our expenditure. First, we asked ourselves if the project under consideration was "shovel ready," meaning whether or not the design and preliminary processes were complete, and that construction was imminent. Many projects that still had extensive gestation periods before the commencement of actual physical works were deferred. Project design, mobilisation and retention fees rarely generate economic activity.

Second, we considered whether the project would create jobs, and if so, how many. In the face of COVID 19 -induced increases in the unemployment rate, we prioritised projects that were more likely to put Vincentians to work.

Third, we analysed the extent to which the specific projects were funded by readily accessible grants or soft loans. The fact is that some development partners are more implementation-friendly than others. Special priority was given to projects funded by sources that would quickly make resources available to contractors to begin or continue construction activity. Similarly, for projects to be funded by local resources, the Government has taken the special step of securing early parliamentary approval to obtain financing for its Public Sector Investment Programme, which will drastically accelerate the implementation timeline on many projects.

In prioritising capital works along these parameters, we are confident that we can get more people working, earlier, than is typically the case in the post-budget period. While some important projects will necessarily be delayed until a post-Pandemic return to normalcy, we have exercised our best judgment as to getting the most economic bang for our buck in a uniquely challenging period.

Of course, COVID's challenges to implementation did not end when the calendar page flipped to 2021. There are still Pandemic-related uncertainties hovering over many projects, particularly those that depend on foreign contractors or consultants. It is also conceivable that some bilateral partners may delay their own commitments to Saint Vincent and the Grenadines when COVID-19 forces them to reprioritise their own expenditure, as happened in the aftermath of the global economic crisis.

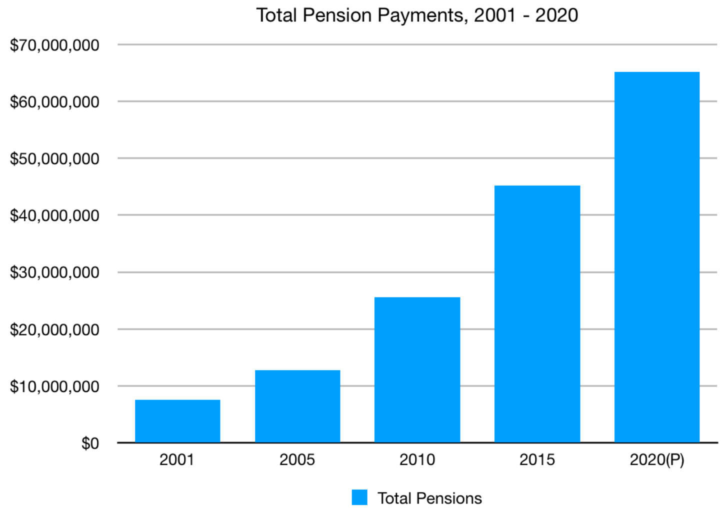
Additionally, there are other potential impediments to an optimal implementation programme. We are frustrated by the lack of progress on the CDB-funded National Disaster Management (NDM) Programme, and have communicated that frustration to the CDB. Similarly, the OFID and Kuwait-funded road programmes were delayed even before the advent of COVID-19, based in part on the foreign consultant's inability to adapt to certain local conditions. The Ministry of Works is closely engaged with our partners to forge a solution that improves the pace at which these projects progress.

Our goals for generating economic activity have also caused us to revisit our decision to limit the multiplicity of small projects that can stretch supervisory capacity and thus limit implementation. In recent years, we have attempted to concentrate our efforts on implementing large projects, a decision that has improved our capital expenditure. However, in an effort to maximize the developmental impact of people-centred construction, we have temporarily retuned to a portfolio of diverse, diffuse and relatively smaller projects. While the capacity of our implementation staff, and, indeed, that of private contractors will be challenged by the breadth and scope of smaller projects, we are optimistic that we can manage this temporary departure from our recent implementation strategies.

Recognising these potential challenges, Budget 2021 includes provisions for a $1.6 million Project Implementation Support Unit, a $630,000 Programme Management and Coordination Unit and a $500,000 Project Management Implementation Support Project – all of which will target resources to specific groups of projects within our portfolio of capital works. Also, when the RDVRP wraps up mid-year, critical human resources that were dedicated to that project will be redeployed to other areas in need of implementation support.

It is axiomatic that a project does not generate jobs and development until it leaves the pages of our Estimates of Expenditure and is made real by implementation on the ground. In other words, we need projects to start, not stall. We are prepared to work harder than ever this year to ensure that our large portfolio of shovel ready projects will act as an economic bulwark against the worst economic effects of the Pandemic. Looking forward, 2022 is shaping up as a potentially record-breaking year for expenditure, as multiple hotels and the modern port continue to be built. It is therefore doubly important that we complete as many 2021 projects on time and under budget, to free up human resources and fiscal space for the transformative projects on our medium-term developmental agenda.

X. NIS PERFORMANCE & PENSION REFORM



(Source: National Insurance Services)

The COVID-19 Pandemic caused significant dislocations and disruptions to the social security system's principal funding sources. The Pandemic exacerbated the toll on the labour and financial markets. In some cases, the Pandemic accelerated precarious trends, like that of benefits expenditures outpacing contribution income growth, and widening levels of income inequality. Consequently, the social security system has innovated, adapted, and responded creatively to safeguard lives and livelihoods. In a time of unprecedented challenge, our NIS has contributed mightily to inclusive growth and bridging the income inequality gaps.

Notwithstanding, the income side compression; the social protection system, the NIS and the Government were the first responders on the socio-economic front. The NIS adopted counter-cyclical measures, which demonstrated its national, social and economic significance. The NIS' nimble and prompt action undoubtedly contributed to stabilising the economy, alleviating poverty and strengthening the health sector.

In an effort to secure economic stabilization and promote inclusive growth, the NIS repatriated $20 million to infuse liquidity in the local financial market. The NIS placed the funds into various deposits across local licensed financial institutions and credit unions. The cash injection served as a liquidity buffer to the local financial systems when banks and credit unions offered relief to customers, including moratoriums on loans.

The NIS also paid out roughly $64 million in contributory pensions to 8,109 pensioners compared to $60 million to 7,520 pensioners in the previous year.

Additionally, the NIS invested and reinvested in locally issued financial instruments in the sum of approximately $15 million. As of the 31st December 2020, the NIS had local investments of roughly $290.7 million, which represents 60% of the total investment portfolio.

Led by its principles of solidarity, social cohesion and equity, the NIS implemented a targeted, timely and temporary unemployment benefits program to safeguard workers that lost their jobs because of COVID-19. The combined response of the NIS and the Government to the Pandemic has been previously discussed in this presentation.

In the provision of its income protection mandate complemented by its investment and empowerment of the people through education, job creation and other social avenues, the NIS also recorded the following accomplishments:

- The NIS collected approximately $68.2 million in contribution income compared to $67.8 million in 2019. The growth in contribution collection was mainly attributed to consistent contribution payments by the Government and the statutory bodies. The contributions from state-owned entities, including Government, increased by $2.8 million, moving from $31.7 million to $34.5 million. Contribution growth was partially offset by the material decline in private sector contribution payments, plummeting from $36.1 million to $33.7 million. The Pandemic caused sizeable business closures and lay-offs. Approximately 15% of the employer base indicated that they were affected by COVID-19 and had to lay-off one or more employees. The NIS' data suggest that around 8% of insured persons were laid-off.

- The investment portfolio generated a 5.2% rate of return and a less than 1% capital growth amidst unprecedented volatility and significant elevation of credit risks within local, regional, and international financial markets. The investment portfolio marginally advanced to $484.5 million from $484.2 million. This relatively credible performance reflects the well-diversified investment portfolio across issuers, sectors, and geographical regions. Also, the deliberate effort by the NIS to improve the risk/return profile of the investment portfolio through prudent investment selections and tightened risk management assisted with capital preservation. The rate of investment growth was tempered by the widening of the funding gap between contribution and total expenditures. In the review period, an increasing proportion of investment income was used to fund recurrent expenditure, which is indicative of a maturing pension plan.

- The NIS accelerated its effort in the digitization of its business processes. To this end, the NIS engaged an external ICT Consultant to strengthen its ICT governance structure and enhance its ICT risk posture. Further, the NIS offered the seafarers online services to apply and process their temporary unemployment benefits. Also, more of the larger employers utilized the electronic media to pay contributions and submit the NIS' contribution records. The NIS also completed a NIS App, which will allow customers easy access and submission of information/queries to the NIS.

The Social Security system continued to sharpen its administrative levers to respond to challenges relating to low coverage among the self-employed and informal sector workers, and contribution evasion by a small proportion of employers. For instance, the NIS utilized various legal remedies, including garnishing bank accounts, placing liens on properties, issuing debt management plans, and other litigation actions to curb the contribution evasion rate. Additionally, the NIS forged strategic linkages with the State and financial institutions for information sharing, and setting requirements for clients to obtain letters of good standing from the NIS as a condition for doing business with the strategic partner.

The Board and Management envisage a tumultuous 2021 and have fashioned appropriate and pragmatic strategies and programs to safeguard its financial soundness and build public confidence. Accordingly, the leadership of the NIS would tilt its operational and administrative levers towards developing a dynamic funding policy and improving administrative efficiency.

The basis of the formulation and development of a Funding Policy is premised on the results of the 11th actuarial valuations of the National Insurance Fund. The Pandemic caused the Board to delay the finalization of this actuarial valuation from July 2020 to February 2021 to improve the estimates regarding the likely impact of COVID-19 on the financial parameters of the NIS. The Funding Policy would set the funding parameters surrounding the actuarial valuation and give tools to maintain the plan's financial sustainability whilst ensuring that adequate benefits are paid to beneficiaries.

Considering the success of the Temporary Unemployment Benefits program in supporting livelihoods to those who lost jobs during the Pandemic, there is a renewed consensus on converting temporary unemployment measures into permanent ones through the implementation of the unemployment insurance. Accordingly, the NIS would be engaging the International Labour Organisation and the International Social Security Association to conduct a feasibility assessment of a funded unemployment insurance programme in our context.

COVID-19 exposed some vulnerabilities in the national social protection system, including low coverage of flexible workers, no automatic income protection triggers for unemployment, and inflexible and manual service delivery channels. To this end, the NIS would scale-up the process of shifting transactions and services from over the counter to online. The NIS intends to establish service portals for members, launch NIS App for members' services, enhance and replace our existing National Insurance Management Systems, develop online application for benefits, checkless disbursement systems (increasing the financial inclusion rate of pensioners) and online/mobile payments of contributions.

The challenges of COVID-19 – both fiscal and logistical – made 2020 a largely wasted year in the consultations necessary to build consensus and understanding on pension reform options. However, the need for pension reform is more acute in the light of the COVID-19-related economic contraction. Pensions continue to significantly impact recurrent expenditure. Indeed, budgetary provisions for pension have grown by over 50 per cent in the last ten years.

In the 2018 Budget, the Government outlined six options for pension reform, in an attempt to initiate public debate on the issue. The following year, we established a Pension Reform Steering Committee of senior officials, and mandated them to study the options, make recommendations to the Government and manage the public consultation process. Simply put, we can no longer afford to delay pension reform. We intend to commence wide-ranging consultations with all stakeholders by mid-2021.

XI. CITIZEN SECURITY

We are living in a period of uncertainty and vulnerability. Multiple natural and manmade events are forcing Vincentians to think about our safety and security in new ways. Our citizen security apparatuses must rise to the challenges of new threats, new expectations and new responsibilities.

We are up to these challenges.

Budget 2021 continues the reform of our citizen security services, and adds new initiatives to ensure the comfort and efficiency of our frontline personnel.

The year 2020 emphasised the marriage of traditional crime prevention and modern technology. The Government completed the rollout of the first phase of our CCTV security system, which placed 200 state-of-the-art cameras across the country as invaluable crime prevention and investigative tools. Monitored from a high-tech command centre in Questelles, CCTV footage has already assisted the Police in the investigation of specific crimes and vehicular accidents. The Ministry of National Security has also integrated its CARISECURE data gathering and analysis tools on the CARCIP network, and installed the digital circuits and lines necessary to support an Emergency 911 communication system. These important reforms to the technology of security will continue in 2021.

Our prison system was the unfortunate focus of attention last year, when two dangerous criminals briefly escaped from Her Majesty's Prisons. They were subsequently reapprehended without endangering the public. We are grateful to our security services for their prompt response to actionable intelligence in that regard. However, despite the recapture of the escapees, an examination by the Ministry of National Security has revealed troubling deficiencies in management structures within our prison service. While temporary correctives have been put in place pending the conclusion of full investigations, the Government will act decisively to redress the existing shortcomings.

At the same time, our detention facilities are in urgent need of repair. Budget 2021 addresses electrical, plumbing and structural defects at Her Majesty's Prison and the Belle Isle Correctional Facility.

In keeping with Budget 2021's focus on rehabilitative and infrastructure works, and in recognition of the need for a more conducive working environment at some police stations, upgrades and rehabilitative works will take place at 17 police stations and 3 security facilities throughout Saint Vincent and the Grenadines.[72] We remain committed to providing our security personnel with the high quality accommodation and equipment necessary to make Saint Vincent and the Grenadines stronger and safer.

The Government's mandate to keep citizens safe goes beyond policing. This year will mark the first full year of operation of the *Balliceaux*, a powerful medical evacuation vessel with Nautical Ambulance and firefighting capabilities. The *Balliceaux*, which cost US$1.6 million, is stationed in Canouan, and will allow rapid response, care and transport services to Grenadines' residents. Budget 2021 makes provision for the operation of this medivac, and for the other vessels in the Coast Guard's ever-expanding fleet.

The National Emergency Management Organisation has played a heightened role in the face of ascendant threats and vulnerabilities. In addition to heroic work in coordinating the COVID-19 response, NEMO is tasked with monitoring the La Soufriere volcano and elaborating evacuation plans. As explained elsewhere in this presentation, Budget 2021 finances a Volcano Observation Project that secures valuable realtime data on volcanic and seismic activities.

Similarly, NEMO will receive resources in Budget 2021 to perform its traditional task of helping Vincentians to recover from localised disasters. Homeowners affected by the November 2020 trough system have already been evaluated and prioritised for rehabilitative works that will commence in the coming weeks.

In recent years, the nation's security services have seen the benefit of building trust and confidence through community outreach and diversion activities like the Pan Against Crime, Sports Against Crime, and Police Youth Club. These and similar programmes position the police as partners with the community in combatting antisocial behaviour. These trust and consensus-building measures are

[72] Georgetown Police Station; Owia Police Station; Biabou Police Station; Rose Hall Police Station; Barrouallie Police Station; Chateaubelair Police Station; Layou Police Station; Layou Rapid Response Unit; Port Elizabeth Police Station; Port Elizabeth Rapid Response Unit; Paget Farm Police Station; Questelles Police Station; Old Montrose Police Station; Spring Village Police Station; Mesopotamia Police Station; Calliaqua Police Station; Sandy Bay Police Station; Colonaire Police Station; Vermont Police Station; Old Montrose Lecture Hall; Inspector's House, Calliaqua; and Sandy Bay Police General Room

often more effective and affordable than an ever-escalating arms race with criminal elements that can often hold entire communities hostage.

Our consensus-building, community based approach – whether applied to villains or viruses – is an important tool in the Government's arsenal of security measures. Budget 2021 furthers the work of our security services as simultaneously tough on crime and acting as professional, pragmatic partners in the collective quest to make our country safer and stronger.

XII. GRENADINES DEVELOPMENT

The Grenadines are both an engine for growth and highly vulnerable to the health and economic impacts of COVID-19. With porous borders and a high dependence on tourism revenue the Grenadines merit special attention during the Pandemic. A number of policy decisions, from the closure of certain ports of entry and increased coast guard patrols, to the availability of additional medical staff and equipment, have helped to address some of these vulnerabilities. More will be done in 2021, as the evolving circumstances demand.

Despite immediate challenges, the Grenadines have continued to attract transformative investment projects that will help to stimulate short-term economic activity and enhance the quality of our tourism product.

Separate and apart from projects of a national scope and impact, Budget 2021 initiates a number of important projects in the Grenadines that will create jobs, strengthen residents and spur local development.

These include:

1. Equipment for the Bequia clinic;
2. The Bequia Solar PV facility
3. Upgrading Fort Hamilton in Bequia
4. Enhancement of the Bequia Satellite warehouse
5. Upgrading the Bequia Community High School
6. Rehabilitating the JF Mitchell Airport in Bequia
7. Constructing the Bequia desalination plant
8. Constructing a Mayreau Police substation
9. Upgrading the Mayreau clinic to SMART standards
10. Enhancing Saltwhistle Bay sea defense
11. Installing two containerised laboratories for Canouan and Union Island
12. Rebuilding the Mary Hutchinson Primary School
13. Upgrading the Union Island airport
14. Refurbishing the Union Island hospital/clinic

15. Upgrading three forts in Union Island (Fort Murray, Fort Rapid and Fort Irene);
16. Expanding the Global Maritime Distress and Safety System Transmission Site – Union Island
17. Completing environmental cleanup at the Union Island gas station
18. Upgrading Canouan Government School for the delivery of TVET.
19. Repairing the Canouan runway, and airport terminal building
20. Constructing a model farm as part of Ruminant Feed Production Programme
21. Refurbishing the Port Elizabeth Police Station
22. Enhancing the Port Elizabeth Rapid Response Unit
23. Repairing the Paget Farm Police Station
24. Operating the *Balliceaux* medivac vessel
25. Continuing a comprehensive Road Rehabilitation and Repair Programme
26. Constructing PAVE footpaths in Bequia and Union Island

In addition to the world-class marina and hotel developments in Canouan, we are optimistic and excited about another major, multimillion-dollar development project to be announced on an uninhabited, privately-owned Grenadine island during the coming weeks. When commenced, the development will be a welcome source of jobs and investment in the southern Grenadines.

At the same time, we recognise that other investment properties have attracted insufficient interest over the years, stymieing Government projections for the Grenadines' development. To make these investment properties more attractive, the Government has developed legislative and concession arrangements that have had the doubly-detrimental impact of failing to attract investors and serving as negotiating benchmark for other developers. We will revisit, review and revise those arrangements, if necessary, in the best interest of overall national development.

XIII. TAX REFORM AND DEBT MANAGEMENT

Public Debt

As at December 31st 2020, the total public debt amounted one billion, eight hundred and seventy one million, and twenty-nine thousand eight hundred and eighty-seven dollars ($1,871,029,887). This figure is 12% more than the total disbursed outstanding public debt for the comparative period in 2019.

The total Domestic Debt which amounted to $579.6 million as at December 31st 2020 increased by 17.2% or $84.9 million when compared with the domestic debt for the same period in 2019. The external debt for the same period stood at $1.291 billion, an increase of 9.8% or $115.4 million when compared with the external debt as at December 31st 2019.

The main changes within the domestic debt portfolio over the period are as follows:

1. Over the period the balance outstanding on Overdrafts owed by the public sector increased by $17.8 million or 56.1%. The Local Loans portfolio grew by 15.7% or $19.4 million, mainly as a result of a Bank of St. Vincent and the Grenadines (BOSVG $20 m) loan raised during the period.

2. Total Government Bonds and Notes issued and outstanding over the period increased by 2.8% or $7.6 million, similarly the total domestic Treasury Bills outstanding also increased by $17.4 million.

As at December 31st 2020, there was an increase in the external debt by $115.4 million or 9.8% when compared to 2019. The main driver accounting for this change in the external indebtedness of the Government is the second Fiscal Reform & Resilience Development Policy Credit (of $54.0 million) from IDA and other IDA loans for the RDVRP, CARCIP, OECS RH and HDSD projects.

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

    a. $2.5 million repaid on a number of CDB loans;

    b. $6.0 million repaid on ROC loans;

    c. $4.2 million repaid on loans owed to the ALBA

    d. $1.5 million paid on loans from CARICOM Development Fund (CDF)

    e. $5.8 million paid to Bondholders

The Public Debt as at December 31st 2020 is comprised as follows:

Type of Debt	Amount	% of total
Domestic	$ 579.6 m	31.0 %
External	$ 1,291.4 m	69.0 %
TOTAL	**$1,871.0 m**	**100.0 %**

Total debt service for 2020 is estimated at $271.9 million or 41.9% of the Current Revenue. The Debt Service requirements for 2020 are made up of:

Interest Payments	$ 74.8 m
Amortization	$175.1 m
Sinking Fund Contributions	$ 22.0 m
	$271.9 m

Tax Reform

Over the years, this Government has implemented a wide range of tax reform measures aimed at simplifying and modernizing the tax system; lowering the tax burden on both firms and individuals; and enhancing fairness, equity and efficiency in the administration of all taxes. Our tax reform strategy in on-going and it is designed to increase the level of disposable income in the hands of workers, stimulate private sector investments and improve overall taxpayer compliance.

When we came office, the top marginal tax rate on personal income was 40% and only $12,000 was allowed as a standard deduction free of tax. Today, the top rate for personal income tax is 30% with a tax-free standard deduction of $20,000. The declared policy on personal income tax is to continue to gradually reduce the top rate to 25%, once the prevailing economic and fiscal circumstances permit.

In 2001, the Corporate Income Tax rate was 40%. Under this Government, the rate was progressively reduced, today, it is 30%. Further tax reform measures have been implemented to reduce the cost of doing business and to drive growth of the private sector, among these are:

1. Tax rates for manufacturers that earned chargeable income from exports to non-OECS CARICOM markets and extra-CARICOM markets were lowered to 25% and 15% respectively.
2. All manufacturers, including agro-processors, receive duty free concessions on all raw materials, plant and equipment required for their operations;
3. A tax credit of 25% of the tax payable was introduced for small businesses with an annual turnover of $300,000 or less.
4. To assist the Tourism Sector, the Income Tax Act was amended to allow hoteliers to claim a capital cost allowance on their hotel plant, effectively reducing their tax bill.
5. In an effort to stimulate activity in the construction sector, housing developers who sell or rent homes valued $300,000 or less will not pay any income taxes on that sale or rental. This limit was previously $100,000.
6. Reduction in the cost of electricity to commercial and industrial consumers by the removal of the demand charge, a reduction of the cost per kilowatt hour and the introduction of a volume discount of five and ten per cent for businesses that consume 150,000 units per month and over 200,000 units per month respectively.
7. Businesses in the ICT sector that invest $5 million or over on a project in St. Vincent and the Grenadines is entitled to receive a tax credit of 25% of eligible expenditure in a given tax year and any unused portion of this incentive can be carried forward indefinitely.

In addition to the above reform measures, which reduced the taxes on businesses and individuals, several initiatives were undertaken to modernize and simplify the tax system, principal among them are:

1. The introduction of a modern Value Added Tax (VAT) regime properly calibrated to mitigate the impact on the poor. With the implementation of the VAT a number of other taxes were removed from the books. Too, the VAT reduced effective tax rate on food and many other items. The main objective of the VAT is to broaden the tax base and enhance efficiency.

2. A modern property tax regime was also implemented, shifting the base of the tax from the archaic Annual Rental Value to the Market Value. The new property tax system made it easier for the taxpayer to understand the tax and easier for the tax authorities to administer.

Tax reform measures were also initiated to strengthen the tax and customs administrations, thus enhancing their respective abilities to serve the taxpaying public more efficiently and effectively. At the Customs and Excise Department, the Customs (Management and Control) Act and Excise Tax Act were implemented. More recently, amendments to the Income Tax Act were passed and the Tax Administration Act was made effective. The Tax Administration Act is designed to guide the Inland Revenue Department in the administration of all taxes under its remit. It stipulates the rights and obligations of the taxpayer and clarifies the procedures and processes that both the Department and the tax paying public must follow.

XIV. RESOURCE REQUIREMENTS AND MEASURES

The resource requirements for Budget 2021 total $1.21 billion. This represents a 2.2% increase over the approved figure for Budget 2020 and a 9.7% decline when compared with the revised 2020 Budget. The 2021 resource envelope is made up of Current Expenditure of $698.1 million, Amortisation and Sinking Fund Contributions of $requirements of $197.1 million and Capital outlays of $317.4 million. Budget 2021 will be financed by Current Revenue of $$647.4 million and Capital Receipts totalling $565.2 million.

Budget 2021 has been carefully crafted to not only respond to the extant circumstances we now confront as a country but also to position us to take advantage of the rebound when it inevitably returns. While we may be uncertain about exact timing of the rebound we know with some certainty that it will come. To this end, this year's budget meets the challenges posed by the COVID-19 Pandemic, sows seeds for future economic growth through investments in tourism, agriculture and public infrastructure; consolidates our gains in Education, Health and Housing all with a keen eye on creating jobs and improving the overall welfare of all citizens.

In 2021, Current Expenditure is showing a modest increase of 2.9% over the approved budget for 2020. The anticipated contraction in current revenue, a direct spinoff of the expected slow recovery in economic growth this this fiscal year, guided our fiscal stance in preparing the Current Expenditure budget. In summary, the outlays on this side of the budget, including Amortisation and Sinking Fund Contributions are as follows:

Items of Expenditure	Approved Estimates 2021	% of Total
	$m	
Compensation of Employees	345.9	38.6
Transfers: Pensions	60.0	6.7
Other Transfers	127.4	14.2
Interest Payments	74.8	8.4
Goods and Services	90.0	10.1
Total Expenditure	**698.1**	**78.0**
Add:		
Amortisation	175.1	19.6
Sinking Fund Contributions	22.0	2.5
TOTAL	**895.2**	**100.0**

On the capital side of the Budget 2021, the Government's strategic priorities are to create jobs and to invest in key productive sectors to drive growth, whilst simultaneously shoring up the gains in the main social sectors. The allocation by functional classification is as follows:

Functional Classification	Approved Estimate 2021	% of Total
	$m	
General Public Services	19.3	6.1
Public Order and Safety	3.0	0.9
Economic Affairs	143.4	45.2
Environmental Protection	57.8	18.2
Housing and Community Amenities	18.3	5.8
Health	28.8	9.1
Recreation, Culture and Religion	6.4	2.0
Education	33.7	10.6
Social Protection	6.6	2.1
TOTAL	**317.4**	**100.0**

The details of the sources of financing for the 2021 capital programme are as follows:

Source of Funds	Approved Estimate 2021 $m
Local Loans	105.4
Capital Revenue	3.0
Other Capital Receipts	258.1
Total Domestic Receipts	**366.6**
Grants	55.9
External Loans	142.8
Total External Receipts	**198.7**
TOTAL	**565.2**

Taken at a glance, Budget 2021 has a current deficit of $50.7 million and an overall deficit of $309.2 million. The fiscal summary of the 2021 budget is as follows:

Items	**$M**
Current Revenue	647.4
Less: Current Expenditure	(698.1)
Current deficit	**(50.7)**
Add: Grants	55.9
Capital Revenue	3.0
Funds Available for Capital Expenditure	**8.2**
Less: Capital Expenditure	317.4
Overall Deficit	**(309.2)**
Financed By:	**309.2**
External Loans	142.8
Local loans	105.4
Other Capital Receipts	258.1
Less: Amortisation	(175.1)
Sinking Fund Contributions	(22.0)

The challenges that we face today have highlighted the indispensable role played by a number of regional organizations in the governance, safety and resilience of Saint Vincent and the Grenadines. Our response to the Pandemic to date would have been impossible without the support and technical experience of the Caribbean Public Health Agency (CARPHA), the Pan-American Health Organisation and the Regional Security Service (RSS).

Similarly, our monitoring, analysis and preparation for the any eventualities at the La Soufriere volcano were made effective through our cooperation with the Caribbean Disaster Emergency Management Agency (CDEMA), the CARICOM Implementing Agency for Crime and Security (IMPACS), the Caribbean Institute of Meteorology and Hydrology, Caribbean Meteorological Services, and the Seismic Research Centre.

Others, like the Eastern Caribbean Civil Aviation Authority and the OECS, are of self-evident importance.

These agencies, and more, constitute an extension of the local functions of our government, and are inextricable from the work of a modern nation state. They are also collective entities, upon which multiple nations in our region depend.

Unfortunately, the functioning of these essential agencies is significantly stymied by irregular and insufficient funding. Our government, and those of our neighbors, have been guilty at one time or another, of racking up arrears to these entities. Their own emergency services to us at this time were hampered by various financial challenges.

This is an unsustainable state of affairs.

In order to assure consistent, reliable funding of these organizations, the Government will undertake to pass legislation that will guarantee automaticity of financing to certain critical regional entities. These entities will be funded by a one percentage point increase to the Customs Service Charge, and ring-fenced in much the same way that we set aside monies for our Contingencies Fund.

While we have been cautious not to impose tax measures at this time, and, indeed, postponed many of the fees and measures passed in last years budget, it is precisely the nature of the times and our challenges that demand our decisive response today.

XV. CONCLUSION

In this time of challenges – from the fallout of an as-yet uncontained virus, from mosquito-borne diseases, from a restless volcano, and from the ever-present threat of calamitous climate events – we recall even more starkly the biblical mandate to trust in the Lord with all our hearts, and lean not on our own understanding. We recall too, the words of the 46th Psalm:

God is our refuge and strength, a very present help in trouble.
Therefore will not we fear, though the earth be removed, and though the mountains be carried into the midst of the sea;
Though the waters thereof roar and be troubled, though the mountains shake with the swelling thereof. Selah.

In a few short months, Saint Vincent and the Grenadines' circumstances have changed dramatically.

But Vincentians have not.

We are the same hard-working, resilient, resourceful, and compassionate people as we were before COVID-19. We are the same people who were never broken by war, conquest, slavery, hurricanes, floods, or volcanic eruptions.

COVID-19 cannot break us either.

We are alert to the many challenges that we face. At the same time, we must not be consumed by fear and hysteria. The old adage that the only thing we have to fear is fear itself is appropriate. The debilitating, mind-fogging paralysis of fear is more debilitating that the challenge we are afraid of.

The message of Budget 2021 to the people of Saint Vincent and the Grenadines is that the Government is with you, and that we have your back. We will get through these challenging times together.

Budget 2021 represents our ambitious return to growth, to create jobs, and to build resilience.

We will continue to secure healthcare and protect against COVID-19. We will continue to strengthen social protection. And we will continue to stimulate the economy with targeted interventions.

Our Budget 2021 plan will double our hotel room stock. It will increase our agricultural output. It will keep us safe. Our plan will make technology an agent of change, and it will support entrepreneurs and small businesses. It will build the infrastructure we need to prepare for the future. It will create jobs for Vincentians.

Working together, we know that Saint Vincent and the Grenadines will come back.

Stronger than ever.

May Almighty God continue to bless the people of Saint Vincent and the Grenadines.

APPENDIX

Grants Awarded to Successful Applicants Under the Promoting Youth Micro Enterprises (PRYME) Programme

PRYME GRANTS* BY SECTOR

Details	Sum approved by Cabinet	No. of grantees by sector
Services		
Shipping and Customs Brokerage	26,500.00	1
Food and beverage service activites	1,054,240.38	186
Education	133,070.77	10
Arts, entertainment and recreation	657,401.97	67
Printing and reproduction of recorded media	418,514.68	39
Graphic Design	4,800.00	1
Hairdressing & Other Beauty Treatments	287,204.12	57
Landscape care and Maintenance	167,197.27	37
Other Building & Industrial Cleaning Services	38,950.00	5
Plumbing and Electrical	100,762.39	14
Retail trade	461,577.79	143
Maintenance and Repair of Motor Vehicles	283,803.88	35
Security systems service activities	7,077.00	1
Health and Wellness	187,814.18	23
Information and Communication	104,464.29	8
Consultancy Services	95,780.68	9
Rental Services	90,500.00	9
Transportaton services	33,200.00	3
Repair and installation of machinery and equipment	99,788.69	7
Architectural Services	8,893.39	1
Counselling services	5,000.00	1
Administrative and Support Services	9,900.00	2
Pest control	3,800.00	1
Corporate services	24,000.00	3
Real estate activities	4,823.80	1
Jewelry making and repairs	4,755.58	1
Sub-total	**4,313,820.86**	**665**
Construction		
Carpentry	92,645.00	11
Construction of buildings	50,843.08	6
Renovation & design of Kitchen counters etc	10,000.00	1
Home maintenance	9,880.55	1
Sub-total	**163,368.63**	**19**
Agriculture		
Farming	537,062.83	83
Fishing	104,563.50	6
Veterinary	18,176.89	1
Florist	11,416.45	1
Butchering	8,000.00	1
Sub-total	**679,219.67**	92
Manufacturing		

Manufacture of wearing apparel	345,888.06	55
Agro-processing	316,422.50	45
Ice production	26,899.00	1
Manufacture of stationery products	16,120.00	1
Manufacture of refactory products	65,240.68	8
Brewing	6,000.00	1
Sub-total	**776,570.24**	**111**
Tourism		
Tour operator activities	**54,122.00**	**5**
Grand Total	**5,987,101.40**	**892**

* Reflects grants disbursed thru 31/10/2020. Disbursed grants are a subset of approved applications.