



GOVERNMENT OF SAINT LUCIA

BUDGET ADDRESS FOR THE FINANCIAL YEAR 2021/2022

**ADAPTING, OVERCOMING
AND PERSEVERING:
WE ARE A RESILIENT NATION**



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Introduction

Mr. Speaker, you will recall that a few weeks ago on March 16th to be exact, I had the honour of presenting the Estimates of Revenue and Expenditure to this Honourable House for the new financial year 2021-22 which totaled an estimated 1.639 billion dollars.

Once again, in keeping with the fine tradition of this Honourable House and as mandated by Saint Lucia's constitution and the Public Finance Management Act (No.14 of 2020), I come before you and indeed the people of our blessed and beautiful Saint Lucia, to present the policy agenda of my administration and to provide the rationale and framework which underpins the expenditure programmes to be implemented in the new financial year 2021-22.

Before I delve further into the details of my presentation, Mr. Speaker, it is necessary first for me once again, to give thanks to the good Lord for His Grace and countless mercies bestowed upon our country over the past year which have allowed me to carry the mantle of leadership, especially at this historically challenging time. To Him be the glory. May the all-powerful God Almighty preside over us and provide us with wisdom, strength and courage as we confront the challenges and decisions that await us.

Mr. Speaker, I would also like to extend special thanks and gratitude to my constituents, the people of Micoud South in particular and the people of Saint Lucia in general, for their continued confidence and support over the past five years.

Mr. Speaker, on April 2nd, the Republic of China -Taiwan a tried and true ally of Saint Lucia, experienced the shock and distress consequent upon the crash of the 408 Express Train, which resulted in the death of 49 persons, with 200 more injured or hospitalised.

Mr. Speaker, on April 9th the Commonwealth lost the longest serving consort to a British sovereign in the person of Prince Philip, husband of Queen Elizabeth II, and a highly respected and loved figure.

Mr. Speaker, our Government reiterates its expression of deepest condolences to the Government and people of Taiwan and to the Government and people of the United Kingdom on behalf of all Saint Lucians. We continue to pray for their peace and solace as they deal with such profound loss.

Mr. Speaker, over the past few days Saint Lucia, together with the regional and international community, has undertaken response and relief actions, as a result of the eruption of the La Soufriere volcano in St. Vincent and the Grenadines. This eruption compounds immeasurably the challenges of the COVID 19 pandemic and the imminent 2021 hurricane season. And so Mr. Speaker, while we are continuing to activate our own national response plan, we are committed to supporting our sister country through this unpredictable and difficult time.

I have also received information, Mr Speaker that Mr. Gilbert Anthony aka “Fire” from La Guerre, Babonneau lost his life yesterday due to the heavy rains.

Mr. Speaker, it is with deep sadness that I wish to ask you permission to pay respect to the Saint Lucians who lost their lives to the Coronavirus this past year. Our nation grieves with the families of the 64 Saint Lucians who have succumbed to COVID-19. That is 64 families devastated by the loss of their loved ones and for this we sympathize with them. Every life is precious and we share in their loss. (Mr. Speaker, I beg Honourable members to stand with me, for a moment of silence, in honour of the lives lost).

Mr. Speaker, the last twelve months have been unprecedented in many respects, not only for Saint Lucia but also for the rest of the world. The challenges confronted have tested our resolve and belief in ourselves, as a people and as a country.

Notwithstanding, the events of the past year have solidified my confidence in our people, their understanding of the challenges we face and the part they can play in the national interest. The support and cooperation which my government has enjoyed during our term of office is deeply appreciated and I am exceedingly grateful to all who stood up to be counted, when our country needed you most.

Focused on Completing a Journey

Mr. Speaker, we are still battling through the physical and emotional trauma of a pandemic that has cast a huge shadow over our lives in unimaginable ways. Many of us were filled with anxiety or fear whether from loss of our livelihoods in terms of employment and income for individuals and businesses, or from the possibility of contracting the virus which has so far infected millions around the world. Or maybe this anxiety came from the frustrations caused by the curtailment of some of our freedoms and civil liberties, which resulted from disruptions to our economic and social life.

Mr. Speaker, the impact of the COVID-19 health crisis on the fiscal health of the Government of Saint Lucia has been just as devastating as a result of unprecedented steep declines in revenue needed to meet fixed or non-discretionary expenditure obligations, especially with respect to monthly debt servicing and personal emoluments of public servants (as top priorities) to the tune of EC\$66 million. The mounting stack of “accounts payables” as a result of the services, and procurement of goods, supplies and equipment needed to maintain the operations of the government and to deliver the much needed services to our people, especially at hospitals,

polyclinics and respiratory centers, remains a challenge and a concern for us as these resources are also needed to keep businesses afloat and people employed. These are among the hard choices that we have had to make as a result of the adverse impact of the COVID-19 pandemic, and some have borne fruit.

And so, Mr. Speaker, I must state that I am very proud of our people as a whole. Together, we have risen to confront these challenges, demonstrated our resolve and proved that we are a “resilient nation”.

For this reason, Mr. Speaker, as I stand here today to present the Appropriation Bill for this fiscal year, I am comforted by the fact that our country is not wallowing in doubt and self-pity. We are focused on completing a journey, not just of survival, but of true growth and development towards a better place for our people.

Mr. Speaker, a year ago, when I presented the Budget for the fiscal year 2020-21, I said that it was, without doubt, the most important national budget in the history of Saint Lucia. At that time, Mr. Speaker, we were in the early months of the COVID-19 pandemic, and it was also for us uncharted territory. We were in a place we had never been before.

I also made the point, Mr. Speaker, that every budget must recognize and relate to conditions in the country at a particular point in time. So while last year’s budget addressed the fight against COVID-19, this year our focus is on how we live and thrive in a world with, and changed by COVID-19.

Mr. Speaker, honourable members, as I have said before, we will not allow COVID-19 to define, deter or derail us. Indeed, Mr. Speaker the evidence is all around us that the people of Saint Lucia subscribe to this notion as evidenced by the tremendous outpouring of effort and energy that we have been witnessing in all sectors to get our country back on its feet. This is a testament to our resilience as a people as we lived up

to the words of our anthem “strong in soul and strong in arm”. From the very year of our independence in 1979, we have faced adversity of all kinds, such as natural disasters like hurricanes or man-made disasters of a political or economic nature, domestic or foreign.

We could not have made meaningful progress, if everyone had adopted individualistic positions based only on “I”. What we have done, Mr. Speaker, demonstrates in clear terms, the power of “we”, the unity that we “the sons and daughters of Saint Lucia” need in order to push our country forward and make it truly great. Mr. Speaker, as I listen to many stories and examples of Saint Lucians coming together to support each other, I realize that COVID-19 has in some way brought us even closer together and made us stronger as a nation. With this solidarity we are better equipped to face the future.

So, Mr. Speaker, while we have not fully conquered the virus, we are nonetheless adapting to it. We are forging ahead and have been preparing ourselves to take advantage of the opportunities that we know will arise as the world re-opens and returns to some level of normalcy. This is the message and focus of the 2021-22 Appropriation Bill as reflected in the theme of this presentation: “Adapting, Overcoming and Persevering - Building a Resilient Nation.”

Mr. Speaker, you must have heard it said before, that every crisis brings with it new opportunities. The concept of building new societies is not new, we hear it echoed by leaders everywhere, especially these days. President Biden of the United States has repeatedly stressed that the focus of his administration will be on building back better. The pandemic has presented us with a golden opportunity to resume the challenge that we have set ourselves of creating a New Saint Lucia. We must build anew and in a better and more resilient manner.

Crossroads

Mr. Speaker, the 2021-22 Appropriation Bill finds us in Saint Lucia at two distinct pathways. The first is that (barring any resurgence in the form of a fourth wave) we could well be at the beginning of the end stage of the COVID-19 pandemic. This is not a prediction, but I believe that given the continuing success of the vaccination programmes that are currently ongoing all over the world, especially in our main source markets, we are likely to begin the process of returning soon to some semblance of normalcy.

Mr. Speaker, as we reflect on our experiences with the COVID-19 pandemic, we are now even more convinced that the Medium Term Development Strategy (MTDS) which I detailed to this honourable House a year ago has served us in good stead and has provided us with clear priorities and directions to take on COVID-19. The programmes in the MTDS, are shown to be the right ones to not only manage the COVID-19 pandemic but also to position Saint Lucia to participate and compete in the global economy on a path of excellence and resilience.

Mr. Speaker, I spoke earlier of our country being at the crossroads at this time. The second pathway is that the presentation of this Appropriation Bill and policy statement is coinciding with the end of my government's current term in office. In fact, Mr. Speaker, we have begun the task of taking our stewardship over the last five years to the electorate in our quest for a second term and we are doing so with confidence and pride.

Attempts have also been made, Mr. Speaker, again in this Honourable House, to tarnish the name of our government and party with all kinds of spurious and unfounded assertions when in fact there is well-documented maladministration and

mismanagement by the former administration. We will respond to these claims in another forum at the appropriate time.

Mr. Speaker, as is most apparent, while we have been fighting COVID-19, we have also been working to strengthen our infrastructure, to create the foundation for us to grow faster and be more competitive when the world fully reopens. Without a doubt, Mr. Speaker, we have managed our country with the right and timely mix of responses in terms of protocols and policy measures to protect lives and livelihoods. Contrary to what our critics are saying, keeping our hotels and borders open, together with our protocols have been critical to our success thus far. As a result, Mr. Speaker, as of July to December this year we will have more airlift into Saint Lucia than we had at that same time in 2019.

SECTION ONE

“OVERVIEW OF THE ECONOMIC CONTEXT IN WHICH WE MUST OPERATE

International Context and Economic Performance

Mr. Speaker, let us first examine the international and regional context which sets the backdrop against which we have had to operate and against which we must gauge our own performance and forge a path forward.

Mr. Speaker, the year 2020 will be remembered as being unprecedented in many ways, not least for the magnitude of the economic contraction which almost uniformly affected the world as a result of the millions of infected cases from the COVID-19 pandemic. As a consequence, global growth contracted by 3.3 percent on account of a recession which started with the collapse of economic activity in the second quarter and compounded by effects of the so-called “Great Lockdown” which triggered an

economic crisis in parallel with the global health crisis. Optimistic projections for a turnaround in the third quarter following the implementation of travel restrictions, curfews and social distancing, were quickly reversed with outbreaks of variants of the virus resulting in even more curtailment of mobility and economic activity.

The adverse effects of the COVID-19 pandemic in 2020 persisted longer than was initially expected, resulting in a slower recovery in 2021 than was previously forecasted then. As a result, Mr. Speaker, although a gradual recovery is on the way, it is anticipated that global economic output will not return to pre-pandemic level this year. Accordingly, we can expect a broadly similar outlook in terms of the pace of the recovery especially for tourism-dependent countries in the Caribbean region and elsewhere.

Mr. Speaker, the COVID-19 pandemic caused major disruptions to global supply chains, shipping and logistics as well as to labour markets. The service economy was particularly hard-hit. Given the major losses to income of workers and businesses, governments especially in advanced economies (US and Europe) responded by providing financial assistance to their citizens to support consumption and demand. This was done through the provision of a mix of fiscal stimulus in terms of tax breaks, cash transfers and liquidity support financed through quantitative easing (printing of money).

Regional Economic Performance

Mr. Speaker, the economic fallout of the COVID-19 pandemic has had a more devastating impact on the Caribbean region than even the financial crisis of 2008/09. As a result, most countries in the region recorded dramatic economic contractions and spikes in unemployment levels due to layoffs or closures as public safety measures were rolled out amidst uncertainty about the extent and duration of the pandemic. The

exception was Guyana, which recorded robust double-digit growth despite lower export demand and world oil prices. This positive growth rate was due to its unique situation of oil discovery and industry take off. Other commodity driven countries such as Trinidad suffered negative growth rates as oil prices collapsed.

However, Mr. Speaker the negative impact of the COVID-19 pandemic was greatest on tourism-dependent economies. Hence, as arguably the most tourism-dependent region in the world, the Caribbean felt the brunt of the ravages of the pandemic as travel restrictions and other measures were implemented around the world in an attempt to stem the spread of the virus. Thus the performance of the region as a whole was largely determined by the fortunes of the tourism industry which is labour-intensive and by its very nature involves extensive person to person interaction. According to the Caribbean Tourism Organization (CTO), tourist arrivals to the Caribbean fell by 65.5 percent in 2020. The impact of COVID-19 on the travel and tourism industry was particularly acute during the period of April to June, when many countries, including Saint Lucia, closed their borders and implemented lockdowns resulting in no activity in some destinations.

Across the region, the fiscal situation of countries deteriorated as public expenditure on health care and the provision of support to workers and businesses, through stimulus packages and other forms of assistance increased as government revenues fell. In many cases this resulted in increased levels of public debt and emergency loans to provide budgetary support.

The net result of this vulnerability, Mr. Speaker, is seen in double-digit contractions in at least eight CARICOM states especially the smaller OECS territories including Saint Lucia. Consequently, Mr. Speaker it is no surprise that the GDP in the Eastern

Caribbean Currency Union (ECCU) is now estimated to have contracted by 14.0 percent in 2020.

Domestic Performance

Mr. Speaker, in line with the deep contractions in global and regional economic activity, Saint Lucia's domestic economy in 2020 is estimated by the Central Statistical Office (CSO) to have contracted by 20.4 percent. Output in the tourism sector is estimated to have declined by about 60 percent in 2020, as a result of the decline in the number of visitors to Saint Lucia which fell by almost 65 percent compared to the previous year when we recorded 1,297,163 (there were 458,943 visitors in 2020). Mr. Speaker, in 2020 our economy experienced the combined effect of the near absence of the cruise ship sector (closed from March 2020), which supplies on average over 700,000 visitors, and an almost 70 percent decline in stayover arrivals, which totaled just over 130,000.

Mr. Speaker, the construction sector was also adversely affected by the pandemic, albeit in different ways, including delays and disruptions from the effects of protocols like closures and curfews. In order to support the sector the Government fast tracked projects and increased public sector expenditure to just over \$200 million on pre-planned projects to stimulate the economy. Given closures and employment losses in tourism and elsewhere private sector construction activity in 2020 was insufficient to stave off an overall contraction in the sector, estimated at 9.9 percent.

Mr. Speaker, the agriculture sector was also not spared the ravages of the pandemic and contracted by 9.5 percent in the face of an array of supply challenges, as well as depressed domestic demand due to the closure of hotels and restaurants. The agriculture sector also reeled from a decline in banana production and exports by almost 30 percent which can be largely attributed to changes in the marketing and

distribution arrangements in the UK market on account of the dissolution of Winfresh UK Ltd. and the disposal of strategic assets which support distribution and enhance competitiveness of Windward Islands bananas. This outturn was not offset by exports to the region which also recorded a decline of over 25 percent.

Mr. Speaker, the critical importance of tourism is further demonstrated by the fact that most sub-sectors of agriculture that supplied the tourism industry such as the non-banana agriculture, livestock, local fishing as well as the emerging new sectors like seamoss production among others, posted contractions in performance on account of the loss of the critical demand provided by the tourist market.

Mr. Speaker, there were some very encouraging signs from the manufacturing sector. It responded and took advantage of opportunities to supply locally produced protective and sanitary products to assist with the fight against COVID-19, and also fill gaps created by disruptions to supply chains. Despite these efforts, the sector still contracted by 10.4 percent relative to its performance in 2019. Again, this is largely due to reduced demand from the local tourism industry, together with lower supermarket demand reflective of a drop in employment levels.

Notably, the construction, ICT and manufacturing sectors played a significant role in absorbing workers displaced from the tourism sector, thereby helping to cushion the effects of the pandemic on the tourism sector. Keeping our borders open so some hotels could operate safely, supporting the expansion of our call centres, all helped to curtail the fallout from job losses due to the pandemic.

Mr. Speaker, this in summary explains our domestic performance at the height of the pandemic. However, we look forward, towards brighter prospects for our country and people in 2021.

Economic Outlook

Mr. Speaker, the IMF in its latest World Economic Outlook released on April 6, 2021 has revised its earlier GDP growth projections upward. An expansion of the global economy of 6.0 percent is now expected for 2021 with growth ranging between 3.3 percent to 6.4 percent for advanced economies including, the US, UK, Canada and the Euro-area. The US is expected to exceed its pre-pandemic GDP levels in 2021 while others will return to pre-COVID levels later in 2022 and 2023.

As you would no doubt appreciate, Mr. Speaker, the pace of this recovery or how robust it is, hinges on a number of situational factors, in particular the rate of rollout of COVID-19 vaccines (both in source markets and locally) together with the ability of countries to contain the spread of the virus. Mr. Speaker, admittedly, the outlook for the world's economy remains shrouded in uncertainty given that some countries, including those in Latin America and parts of Europe are now experiencing resurgences with third or fourth waves of infection of the virus.

In keeping with this outlook, Mr. Speaker, the regional economy is also forecast to benefit from this recovery. The IMF World Economic Outlook for the Caribbean region projects GDP growth of 3.3 percent for 2021 and 11.1 percent for 2022. According to the Caribbean Tourism Organization (CTO), recovery for the region will be driven mainly by a turnaround in the tourism sector in terms of anticipated improved arrival levels, when compared to the 65.6 percent decline in arrivals for 2020. Even as this projected recovery of the tourism sector is expected to bring some relief in the short term (in the first instance), the long term effects of the pandemic are likely to linger for some time.

Meanwhile, Saint Lucia is poised to experience a partial economic recovery in 2021 as well. This will be driven by an expected increase in economic activity in the second half of 2021. Public sector construction is expected to drive growth in 2021 as a result

of the timely implementation of various major pre-planned projects aimed at upgrading the core infrastructure, among other initiatives. Most of these are in the form of shovel-ready projects which are ongoing while others are on the cusp of commencement. In addition, the tourism sector is expected to partly recover and boost overall economic activity with positive impacts on investor and consumer confidence. Increased activity is also expected from the increased ease of doing business as consumers and businesses continue to adapt to the new normal.

Consequently Mr. Speaker, Saint Lucia, like the rest of the region and the world, remains vulnerable to external shocks which pose downside risks. These risks include unforeseen delays in the execution of construction activities, the impact of extreme weather events, retained travel restrictions and protocols which may constrain the pace of a tourism rebound and increased pressures on public finances. Mr. Speaker, these are all very real threats, but I am confident that we have weathered the worst of this storm. The commitment we made in 2016 to building a new Saint Lucia and the plan to build resilience has created that foundation for us to continue to strengthen this nation.

SECTION TWO: A CHALLENGING YEAR

Our COVID-19 Response

Mr. Speaker, in last year's budget address, I articulated a three-pronged approach to tackling the pandemic. Notwithstanding the critical importance attached to protecting the health of our citizens, we were also cognizant from the onset of the need to provide focused and immediate attention to the socio-economic fallout associated with COVID-19. Permit me therefore, Mr. Speaker, to provide a summary account of the salient features of our COVID-19 response.

Public Health

Mr. Speaker, as a direct and timely response to the public health crisis, my government instituted the following measures: -

- We secured technical support from the Government of Cuba to strengthen and assist our local medical personnel, and a total of 110 doctors and nurses was added to our complement of staff.
- We secured grant aid from UNDP, Japan and Republic of China (Taiwan) for Personal Protective Equipment (PPE) and medical equipment and supplies.
- We established seven quarantine facilities.
- We facilitated the initial transition of the OKEU Hospital.
- We facilitated the conversion of the Victoria Hospital into a respiratory clinic.
 - We expanded our testing and contact tracing capacity.
- We initiated the rollout of the vaccination programme, which to date has enabled 23,257 individuals from our eligible population to receive the first dose of the vaccine and with the arrival of our first COVAX batch they will soon receive their second.

Mr. Speaker, throughout the process, we have pursued an approach of consultative engagement with all stakeholders and have embarked on an aggressive and diverse information, education and communication campaign designed to minimize disinformation and distrust and to mobilize collective action and response.

Mr. Speaker, these measures were imperative to any public health response to the pandemic. Our very survival as a nation depended on it. But this came at a significant cost and financial burden. Notwithstanding, this administration had to “bite the bullet”

and make some tough decisions about how and where to secure financing, what initiatives would have to be forgone and what expenditures needed to be prioritized.

WE OVERCAME THAT CHALLENGE BY PERSEVERING.

Social Stabilisation

Mr. Speaker, this government quickly recognized that the pandemic would adversely impact large numbers of individuals and households, who in turn, would require varying levels of support in order to cope with such devastation. As a precursor to a more robust and transformational social protection system, we swiftly devised and implemented the following package of short-term measures to enable our vulnerable populations to better manage the fallout from the pandemic: -

- An Income Support Initiative to provide financial relief to persons who lost their income due to COVID-19 was executed jointly by the Government of Saint Lucia and the National Insurance Corporation (NIC). The Income Support Programme, which was implemented by the government, provided much needed financial support in the amount of \$1,500 to just under 5,000 non-contributors to NIC. This was designed to cover a \$500 allowance for three months per individual and resulted in a total expenditure of \$7.2 million. This programme complemented the Economic Relief Programme (ERP) administered by the NIC to its contributors in which 11,800 individuals benefitted at a total cost of \$66.5 million, during the period April to September 2020.
- The distribution of agricultural produce packages to over 1,000 vulnerable households island wide on a weekly basis
 - Tax relief measures and deferment of tax filing requirements for individuals and businesses.

- Vertical expansion of the level of support provided in respect of foster care, child disability and persons living with HIV
- A national feeding programme, which involved the distribution of over 19,000 meals across the island during the early days of the restriction on commercial activity.
 - Under the Education Assistance Programme we provided support for back to school expenses, disbursing over \$3 million to eligible households in every constituency

Mr. Speaker, while admittedly we would have liked to see some of the provisions covering a greater number of households, we are reminded constantly of the fiscal challenges and the associated choices and balancing of decisions that must occur. We are however also aware that these actions have provided layered support to those who are presently recipients of the Public Assistance Programme (PAP). Mr. Speaker, these recipients are now benefitting from an additional \$75 being made available by the government under its electricity subsidy programme.

Mr. Speaker, as part of efforts to assist families to better manage the negative effects from the COVID-19 pandemic on their consumption and standard of living, we have extended the barrel trade concession to allow households to import or receive food and other items in a non-commercial quantity duty-free. This concession ran from June 2020 to March 2021.

Mr. Speaker, I want to reiterate that the measures that I outlined are temporary in nature and have provided a buffer for our longer-term commitment to a more comprehensive social protection system, which I will elaborate on later in my presentation.

Economic Recovery

Mr. Speaker, under our Economic Recovery and Resilience Plan (ERRP), we outlined a range of measures targeted specifically at stimulating the economy. Permit me to report on the progress of those measures.

Of the 32 interventions under the ERRP, the strategies include three Recovery pillars and three Resilience pillars. The following highlights progress made:

Recovery Strategies

- Under the provision of blended (loan/grant) support to Medium, Small and Micro Enterprises with a focus on food security and adoption of digital technologies, as well as the inclusion of the Working Capital Injection Program: - Mr. Speaker through the Saint Lucia Development Bank, I am pleased to report that the uptake has been encouraging. To date, over 100 businesses have sought to access this facility, at a cost of \$2.5 million. Disbursements of \$1.26 million have already been made. Arrangements for the repurposing of blended funding from the Climate Adaptation Fund are now being finalized.
- Micro-Finance loans to households to diversify into Small and Micro Enterprise and cottage industries: – Mr. Speaker, discussions and negotiations with the Caribbean Development Bank (CDB) to provide credit to such households, particularly those who have been displaced from the tourism sector, are ongoing.
- Implementation of the Electricity Assistance Program for persons adversely affected by COVID-19: - Through collaboration with LUCELEC, over 3,000 households thus far have benefitted from subsidies towards their electricity bills of \$75 a month.

- The implementation of shovel ready projects: - Mr. Speaker, we have been able to move ahead with the implementation of several capital investment projects even in the midst of the pandemic. Significant strides have been made with projects such as the St Jude Hospital, the Respiratory Hospital, the lane expansion in Rodney bay and other select road projects across the island. It is in plain sight for all to see. Mr. Speaker, these initiatives have generated direct employment for in excess of 1,500 persons. And that does not incorporate employment generated for ancillary services and the revenue that enables supply companies to retain their employees.
- Saint Lucia's Public Assistance Programme has been expanded by 1,000 households (from 2,600 to 3,600): - Mr. Speaker, in addition to the horizontal expansion of the Public Assistance Programme, the child disability grants, children in foster care grant and persons living with HIV, transfers have all been augmented. In each case Mr. Speaker, the monthly amounts were increased to respond to the potential loss of income to these households during this difficult time.
- The waiver of duties for the purchase of vehicles for both Taxi Operators and Minibus Operators for a two-year period has been instituted, as well as the waiver of route-permit license renewal fees for Minibus Operators and Permit Holders.
- Acceleration of reforms at the Development Control Authority (DCA) to unlock both public and private sector investment projects and improve service delivery: - Although both applications and approvals for 2020 decreased by 12 percent and 13 percent respectively compared to 2019, the DCA granted a total of 1,034 approvals for the year 2020.

- Provision of Duty Free Concessions on vehicles to essential service public sector workers: - without a doubt our frontline workers have gone above and beyond the call of duty during this pandemic. To date, hundreds of frontline workers have taken advantage of the concession, with 275 approved and the others in process.
- The provision of waiver of duties on personal hygiene products to the general populace, as well as COVID-19 Hygiene Care Packages to indigent, poor and vulnerable households: - Both measures were taken to curtail the spread of the virus and provide support to our citizens in these trying times.

Resilience strategies

- Building competitiveness through Digital Transformation and adoption: - Mr. Speaker, in the midst of the pandemic the government launched its Digital Integrated Government e-Service (DigiGov) platform, designed to provide a central online gateway to government information and services. We are committed to a citizen-centric approach to our engagement with the public and this became even more relevant with the advent of COVID-19. More details will be provided later on in this budget address.
- Supporting the business environment by fast tracking legislation for increasing access to finance to Medium, Small and Micro Enterprises, through the Security Interest in Movable Properties and Insolvency Bills: This will provide businesses with the opportunity to access financing using business movable assets such as equipment, receivables and inventory. It is expected that these Bills will be brought to Parliament during this financial year. The intention is also to provide support for business continuity through the introduction of the online Productivity Tool, where businesses will be able to measure productivity

levels by using qualitative and quantitative indicators that are based on international best practices.

- Labour market enhancement: – The commencement of the Human Capital Resilience Project and the Generation of Employment through Private Sector Development Project, among others, will create the enabling environment for the enhancement of skills training offerings and re-skilling in some instances, by utilizing TVET systems to create employment opportunities for the unemployed and displaced workers.
- Mainstreaming care for long term management of COVID-19: – The transition of Victoria Hospital (VH) into a full-fledged Respiratory Hospital is one of the measures we have taken under this pillar. Also, under the European Investment Bank (EIB) Loan, approved in December 2020, financing has been earmarked for isolation centres on island.
- Managing and coordinating efforts to limit the health impact of COVID-19 on the population: – We have continued the targeted purchases of PPEs, as well as the initial rollout of vaccines. The vaccination drive is a key tool to reducing death and incidence of disease, which will result in the further opening of the economy and bringing a sense of normalcy to our country.
- Manage symptoms of diabetic and hypertensive patients and reduce the risk of contracting COVID-19: – Through the PAHO Hearts pilot programme, administered at six primary Wellness Centres, as of March 31st hypertension control was successfully recorded at 66 percent, six percentage points higher than the projected target for that period.
- Provision of water tanks to vulnerable groups and other stakeholder groups: - With support from the World Bank, under the Disaster Vulnerability Reduction Project (DVRP), a total of 472 water tanks have been procured; of this number,

190 were allocated to farmers island wide. The remaining tanks have been distributed to various health facilities, faith based organizations that are designated disaster shelters and the National Emergency Management Organization (NEMO).

During this financial year, Mr. Speaker, we will see the rollout of the following programs:

- The incentivizing of the commercial banking sector to lend to Medium, Small and Micro Enterprises;
- The waiver of commercial property tax to landlords who extended moratorium or rent reductions to their tenants;
- The exemptions from tax for Severance and Redundancy Pay; and
- The Employee Retention Programme which grants tax relief to qualifying businesses.

Other Agency Responses

Mr. Speaker, while COVID-19 was understandably afforded priority attention, at no time did this government abandon other sectoral initiatives. On the contrary, we continued to pursue policy and programme actions that complemented the COVID-19 recovery efforts or which could provide impetus for recovery once the pandemic was under control. I shall briefly highlight some of these initiatives.

European Union Blacklisting

Mr. Speaker, despite the pressures of the pandemic, efforts geared towards the removal of Saint Lucia on the European Union (EU) list of non-cooperative jurisdictions for tax purposes, were sustained over the course of 2020.

Mr Speaker, on February 15th 2021 Saint Lucia was officially removed from the EU's grey list. Our nation first appeared in EU's Annex I (the black list) in December 2017 but was subsequently placed in Annex II (the grey list) in March 2018 after a commitment was given to address all the deficiencies highlighted by the European Union Code of Conduct Group (EU-CoCG), as they relate to the international business sector. Between 2017 and 2020, the government worked tirelessly to meet the requirements of the EU-CoCG and engaged in extensive discussions with various stakeholders, both locally and internationally; to ensure compliance with the EU. Unfortunately, some of our regional counterparts are still on the black list or the grey list of the EU.

Over the past three (3) years, Mr. Speaker, the Government pursued: a) the enactment of new legislation, b) the amendment of existing legislation and c) the streamlining of procedures and processes, in order to comply with the requirements of the EU. It must be stressed that all the changes made are in keeping with the international tax standards set by the Organization of Economic Cooperation and Development (OECD) and the Global Forum on Transparency and the Exchange of Information for Tax Purposes (Global Forum), both of which have issued a compliant rating to Saint Lucia.

We wish to register our appreciation to the many stakeholders, particularly the Registered Agents and Trustees and the companies they represent; as we continue to engage them in further dialogue in advancing other sectoral reforms geared at providing a conducive business environment for them to operate. My government reaffirms its commitment to meeting international tax standards as they relate to transparency, the exchange of information, countering tax evasion, avoidance, base erosion and profit shifting; whilst fostering the development and expansion of the business sector.

Education

Mr. Speaker, in light of the adverse impact of the pandemic, the bulk of the school year was characterized by online learning. As a consequence, much of the sector's focus has been on the integration of Information and Communication Technology (ICT) in Education. This approach involved a comprehensive overhaul of the e-education architecture that comprised connectivity, teacher training, content development and ICT equipment and devices. To date, Mr. Speaker, we have made a significant dent in the digital gap in respect of access to devices and internet connectivity. Over 8,000 students and teachers at the Secondary level now have access to learning devices. Over 1,000 teachers were initially trained in the use of these technologies. Mr. Speaker, through grant funding from the Republic of China (Taiwan), we have established SMART classrooms in five Primary Schools and three Secondary Schools. These classrooms are furnished with interactive equipment and devices that will facilitate the integration of technology.

Mr. Speaker, our efforts to rehabilitate schools concentrated primarily on ensuring that these facilities represented healthy and safe spaces for students and teachers alike. Attention was therefore placed on improving plumbing and water supply systems as well as establishing new handwashing stations at all schools.

Agriculture

Mr. Speaker, our agricultural sector has endured some very painful experiences during the past year but like so many others have persevered and has seen some positive outcomes emerge. The development of key infrastructure has continued. The establishment of the livestock station at Volet in Micoud, is near completion. Local livestock enterprises will now be given the platform to produce a significant proportion of the livestock needs of this country. We now have a National Diagnostic Facility

located at Union that is operational and we have completed the construction of a ripening facility at the Inland Reception Depot (IRD) in La Caye, Dennery that will control specific environmental conditions associated with the ripening process for bananas.

Notwithstanding the fact that the past year represented one of the most challenging for the banana sector, we continue to focus on building the resilience of banana farmers and their farms with interventions that range from training and GAP certification to irrigation, drainage and land development support through the Banana Productivity Improvement Project.

Mr. Speaker, our efforts to promote food security and reduce our food import bill has been given new impetus with the targeting of seven specific crops for increased production. The focus was on preparing farmers and other stakeholders for the requirements associated with increasing production and sales of those crops. These activities included farmers' markets, training for farmers and Extension Officers, sale of inputs at subsidized prices, new crop variety trials and pilot contracting arrangements with the Marketing Board.

Mr. Speaker, we also owe a debt of gratitude to our farmers and fisher-folk who kept us fed during the pandemic, underlining the importance of agriculture and food security in sustaining our people.

Private Sector Achievements

Mr. Speaker, OJO Labs continues its successful artificial intelligence centre operation that was established in 2017. The global pandemic simply forced the company to adopt a new work-from-home model. The company employs 420 people and is actively seeking additional persons as part of its expansion plans.

We have witnessed similar positivity in the Business Processing Operations (BPO) sub-sector. Not only were the 550 employees retained by Itelbpo, but an additional 400 jobs are expected now that the retrofit of the second factory shell is near completion. Even more remarkable, Mr. Speaker, is that plans are afoot for the identification of a third site that would increase the overall company work force to 1,200 persons. Between OJO and ItelBPO we are seeing the injection of over 4 and half million dollars in salaries to Saint Lucians.

Mr. Speaker, in January of this year, factory space in Dennery was officially handed over to Caribbean Quality Meats, a HAACP certified, poultry processing operation. It is anticipated that this enterprise will be operational by July 2021.

Mr. Speaker we have also achieved some significant milestones in our manufacturing sector which has shown a degree of increased dynamism in 2020. This was due, in part, to the implementation of a special CARICOM regime under Article 164 of the CARICOM Treaty in Saint Lucia. This regime seeks to promote industrial development in Less Developed Countries (LDCs) by increasing their competitiveness using tariff protection and a set of support measures. In this regard we have seen an increase in the volume of exports from Saint Lucia of a number of products to OECS states such as Dominica, St. Vincent & the Grenadines and in some cases to Barbados. Some of the products are beverages including mineral water, pasta, animal feeds, flour, paints and condiments. In the case of animal feed, over 110 containers (20ft) were exported to Barbados. This is unprecedented.

Mr. Speaker, Saint Lucia also exported a product (condiments) to the extra-regional market of Russia for the first time. I commend these efforts made by the manufacturing sector in relation to these developments that create employment and generate foreign exchange for our country.

Mr. Speaker, our overall response to the pandemic has been multifaceted. We have never wavered from the belief that preserving health and saving lives was the first step in our response journey. We have always insisted that protecting livelihoods was an equally important objective. We have consistently sought to secure a balanced approach, given the reality of COVID-19 remaining within our midst for the foreseeable future. And while we were fearful of its impact, we remained resolute in our determination that it would not break us.

Citizenship by Investment

Mr. Speaker, Saint Lucia's Citizenship by Investment Programme is now five years old. The Programme which officially started in early 2016, has grown consistently under our administration, and has proven to be an attractive investment option for reputable global citizens, whilst contributing tangibly to the government and people of Saint Lucia through the investments made in support of our national development agenda.

The success of the programme is because we have remained resolute in ensuring strong governance, accountability, transparency and a focus on very high levels of compliance and due diligence.

This was exemplified by a recent report by the US Department of State where Saint Lucia was not among the jurisdictions cited for lack for transparency.

From a strategic perspective, we were successful in renegotiating both of our Marketing Agent Agreements therefore, Mr Speaker, we successfully repositioned our marketing efforts to be open and inclusive.

Mr. Speaker, despite the global uncertainty stemming from the pandemic, investors showed continued confidence with our product and as at February 28, 2021; we had

received 382 applications for the financial year 2020-21, which is the highest number of applications in any one financial year since the commencement of the Programme.

One of the recently-approved government projects which has garnered considerable interest is the Galaxy Group - Canelles Resort Real Estate project which is a US \$300 million tourism related project, consisting of two all-inclusive hotels. Since becoming an approved development during the 2019-20 financial year, the project has received 18 applications from persons interested in investing for that financial year and an additional 83 applications in 2020-21. Physical works on the project had previously started with some structures being erected, as well as site preparatory works; unfortunately, construction works have been delayed due to the pandemic.

Mr. Speaker, it is my hope that works will recommence as soon as possible, as this project will generate significant direct economic activity for Saint Lucia, particularly in the south of the island which has long been overlooked; with 400 persons being employed during construction and over 700 persons to be employed either full time or on a part time basis, upon completion of the project.

In-keeping with the CIP legislation we established the National Economic Fund, a special fund, governed by a Board of Directors, for the sole purpose of receiving CIP contributions for funding Government sponsored projects. This assures greater transparency and improved oversight. I am pleased to report Mr Speaker the balance in that National Economic Fund now stands at \$28.4 Million. The Government estimates for the CIP for the financial year 2021-22 is \$90,323,520. Based on current trends it is possible that we may exceed that projection.

Overall the CIP programme since 2017 has improved greatly and for 2021 we can report due to the swift response in adapting to COVID there has also been notable interest in Regular Government Bonds and COVID-19 Special Bonds which was

launched in December 2020. To date we have received a total of 65 COVID-19 Bond applications and we have approved 39 applicants.

Our Citizenship by Investment Programme is still in its infancy stages compared to its regional and global competitors, but I am confident that given our strong start, it will continue to grow into one of the preferred and most reputable investment options globally.

Mr. Speaker, our overall response to the pandemic has been multifaceted. We have never wavered from the belief that preserving health and saving lives was the first step in our response journey. We have always insisted that protecting livelihoods was an equally important objective. We have consistently sought to secure a balanced approach, given the reality of COVID-19 remaining within our midst for the foreseeable future. And while we were fearful of its impact, we remained resolute in our determination that it would not break us.

SECTION THREE: SALIENT LESSONS – OUR RESILIENT NATION

Mr. Speaker, the past year has been brutal. We have witnessed death, disruption and chaos on a level that is unparalleled in scale. We have grieved. We have lamented. We have adapted, but we have survived. We have persevered. We have overcome. Out of our initial fears actions emerged. The scars of the battle are evident, our experiences abound. We have stories to tell that have shaped us as individuals, as communities and as a country, that will hold us in good stead for the next crisis that we may face.

Mr. Speaker, the lessons learnt during this pandemic are invaluable tools on our development journey. We must document and share some of those salient lessons.

These are not restricted to government, but are a true representation of Saint Lucia. Permit me to elaborate.

Our Health is Our Wealth

Mr. Speaker, all lessons are invaluable experiences but if there is one overriding lesson from the pandemic that we should all take on board it is that our health is our wealth and we must protect it.

Mr. Speaker we are thankful that from the 4,355 number of confirmed positive cases of COVID-19, more than 4179 persons have recovered. We have 107 active cases in country as at 13th April 2021. This is testimony to the collective effort and support of families working in tandem with professionals at our various health care facilities.

It is instructive, Mr. Speaker that of the recorded COVID-19 related deaths, the majority were associated with underlying conditions, in common with a significant section of our population. While we will not indulge in any intense debate at this time, we should all accept that as individual citizens and as a nation, we must be far more conscious and proactive when it comes to our health status. We must begin to take personal responsibility for this precious asset. We must guard and cherish it. We must begin to make better lifestyle choices. Proper nutrition, recreation and exercise, must be viewed as essential aspects of our daily lives.

As a government, Mr. Speaker, we can and we will foster and encourage our citizens to make that change. We will continue to establish quality recreational spaces and sporting facilities. We will continue to upgrade our health care facilities and services and ensure that health care is accessible to all. We owe it to ourselves to take better care of ourselves.

Having a Plan and Institutional Framework

The importance of planning and preparation cannot be overstated. Mr. Speaker, this administration spent considerable time and effort in engaging with stakeholders in the formulation of our MTDS which was launched exactly fourteen days before Saint Lucia recorded its first case of the Novel Coronavirus on March 13th 2020. It is no coincidence that in the context of the pandemic, it assumed greater relevance as a framework for quick action. Mr. Speaker, we used a similar process of consultation and engagement in the formulation of our three-pronged approach to addressing the pandemic. These deliverables are the product of an institutional framework that includes diverse, committed and proactive representation. These plans are the basis for continued dialogue by all stakeholder interests with respect to relevance and impact. This framework represents a forum where a single conversation on resolving conflicts and challenges can be had. And this is in real time.

Working Together

Mr. Speaker, throughout the length and breadth of this country we have witnessed a spirit of collaboration, an innate desire to work together for the national good that has been refreshing and so heart-warming. Collaboration breeds confidence and trust, two elements that are pivotal in dealing with crises. Mr. Speaker, we witnessed collaboration in all its forms:

- In the production and dissemination of the information, education and communication campaigns
- In the identification and provision of support to vulnerable households; and
- In the active participation of so many organizations in the private sector and civil society.

Collaboration does not mean that participants will get their “own way”. It is a tacit acceptance that the good of the whole must override any individual group interest. My government may not have agreed with every recommendation made by stakeholders and vice versa. However, all parties were mature enough to recognize that open dialogue was a fertile ground for collective action and commitment. In our current environment, where misinformation runs rampant, it was reassuring to know that “we had each other’s backs”, Mr. Speaker. We have as a consequence been relatively successful in fighting the scourge of disinformation as opposed to breeding discord.

Leadership

Mr. Speaker, in times of crisis, leadership matters. It is about being decisive yet adaptable. It is about being able to make quick, hard but calculated decisions. It is about projecting determination, focus and optimism not fear and doubt. It is not about beating our chests. It is about rolling up our sleeves as a country and getting to work. From the onset of this crisis Mr. Speaker, this government has taken its leadership role seriously: -

- We took the seemingly unpopular decisions to close our borders and institute a State of Emergency
- We took the decision to open OKEU and convert Victoria Hospital into a respiratory hospital despite the severe financial implications; and
- We were at the forefront of efforts to establish appropriate protocols that would enable our borders to be open and our economic drivers to have life again.

Mr. Speaker, our efforts were support by private sector stakeholder groups, such as the Saint Lucia Chamber of Commerce, which recognized the need to lead from the front with the nation’s recovery effort as manifested in their Recover Saint Lucia

programme. This initiative complements our national economic recovery efforts, which the Chamber itself has supported.

Being Innovative, Creative and Adaptable

Mr. Speaker, our ability to think through a crisis, recognize the realities and deficiencies and find solutions, despite all the odds, is remarkable. It is a feature of who we are and as we progress, it will be one that must underpin our efforts. Mr. Speaker, we have witnessed transformations in the delivery systems of many businesses. We have seen new enterprises and products emerge. This pandemic has unleashed a true spirit of innovation, creativity and adaptability.

So, Mr. Speaker, permit me to place on record my government's profound appreciation of our people's overall response to the pandemic during the past year. The patriotic spirit that I spoke of has been a major contributor to the success that we have had in handling COVID-19, especially in the early months. Many businesses, despite their losses, continued to pay staff.

Mr. Speaker, COVID-19 has probably been the greatest test of our lifetime. We know of families who found ways to succeed and prosper and businesses which found ways to be innovative and successful. We owe gratitude to our banks, other indigenous financial institutions like our credit unions for what they did with the moratoriums on loans and mortgages, acquiring government securities, demonstrating corporate social responsibility as well as flexibility in dealing with the public during the pandemic.

Permit me to commend the creativity that we saw from ordinary men and women who had lost their jobs and with it their means of livelihood. They did not sit down in despair with their heads in their laps, but were industrious and innovative enough to start small businesses of their own to fill the void. And they sweetened the pot by taking their goods and services to homes in the pursuit of doing business, rather than waiting for

potential buyers to come to them. Despite the downturn, Mr. Speaker, some businesses, both local and foreign, were able to expand during this period, thus creating new employment opportunities for our people.

Adjusting to New Norms and Behaviours

The pandemic also forced on us a new regime of order and discipline that I hope will continue long after it is over. I refer here, Mr. Speaker, to basic actions such as the lining up for service at business places, even at bus terminals mostly without protest; the tempering of our passion for extravagant entertainment with all its attendant social ills; families spending more time at home together, and so on.

Mr. Speaker, we adapted to the circumstances. We overcame that challenge. These stories have served to demonstrate some of the many outstanding qualities and ideals that are still prevalent among our people: patriotism, cooperation, perseverance, innovation and the sharing of sacrifices in challenging times.

We Must Demand Excellence

Mr. Speaker, in this borderless world, opportunities are limitless. We can and we must be competitive. It is our quest for global excellence that must define us. Everything we produce must be world class - Our roads, our hospitals, our markets, our sports facilities and our people. We must all demand this. Our expectations cannot be lower than that.

Mr. Speaker, for far too long we have existed under a lower threshold. Some of us talk about being people-centered but have walked a different reality. We have “blocked holes” when we should be building the foundations. We see communities, stagnant and deprived, all because some of us tell them that this is how they will always be. How has Vieux Fort, with the capacity to become such a diverse and vibrant city, been

defined by infrastructure that was the legacy of the Sir John Compton era, forty years ago? We are better than that. We have to change, Mr. Speaker.

We encourage a culture of dependency, Mr. Speaker. We have perpetuated the myth that the **malewe** (maleway) will always be the **malewe**. To the contrary, Mr. Speaker, our people aspire to higher standards of living to break away from the shackles of poverty and dependency and on to a path of dignity and prosperity. This is why our government believes in teaching our people to fish, by giving them the skills and opportunities needed to take part in our vision of a better Saint Lucia for all.

This government is committed to that transformation. We have started, and bit by bit, region by region, community by community, we will change that narrative. We can and we will. We will persevere and we will overcome.

The Need for Shared Sacrifice

Mr. Speaker, we have witnessed over the past year, many examples of how people have placed the interest and well-being of others before their own. Most recently, eleven young farmers in collaboration with their extension officers, committed to providing fresh produce to the residents of Comfort Bay, our home for senior citizens in the south. A group of young entrepreneurs have sacrificed any potential revenue in order to ensure that our elderly population is taken care of. It is even more noteworthy, Mr. Speaker, that they intend to continue such support even after COVID-19. How commendable! This is a statement that should resonate with all of us. It is a statement that suggests that these farmers are not just in the battle against COVID-19, but they are in it for the long haul, the development of our nation.

Mr. Speaker, we need to encourage many more such acts that foster a spirit of shared sacrifice

- Are we prepared to put up with the inconvenience, discomfort and outright fear associated with the practice of social distancing, wearing masks and getting vaccinated, in order to protect our family, our community and our nation?
- Are we prepared to temper our demands so that the extra can be used to help a more vulnerable group of citizens?
- Are we prepared to contribute a little bit more to enable our nation to develop more effective universal systems of support?

Mr. Speaker, let us reflect on this. This principle of shared sacrifice is real and meaningful and has proven time and time again the world over to be a powerful driver of nations. It is the soul of the nation. Mr. Speaker, permit me to make a special plea to our people.

It is accepted in today's world, Mr. Speaker, that small island developing states like ours will continue to face challenges of one kind or another. COVID-19 will not be the last. Mr. Speaker, the crisis as a result of the volcanic eruption in St. Vincent is unfolding before our very eyes. We empathize with our brothers and sisters in St. Vincent, who are going through such a terrible ordeal. Mr. Speaker, it is imperative that we as Saint Lucians are always in a state of readiness to rescue our country when trouble surrounds us and to provide support to other countries when the need arises. My government is currently mobilizing various agencies to provide support and relief to St. Vincent.

Mr. Speaker, manning the ship of state and steadying it in stormy seas must be the responsibility of us all, not just some. There are times when we will be called upon to make sacrifices for the good of our country, and Saint Lucia wants to know that all her sons and daughters will respond to that call, to help carry the burden and share the sacrifices that would be required to be made in such circumstances.

Mr. Speaker, the goal of creating a society where everyone is comfortable, while ideal, will always be elusive and difficult to achieve. However, efforts must constantly be made to redress social and economic imbalances among people. It's a herculean task, Mr. Speaker, but incremental steps are being taken right here and right now towards that end. It is why, Mr. Speaker, this government has taken the decision to concentrate a significant amount of its efforts and resources in developing the southern part of the island, and at the same time spending more to upgrade facilities and conditions in the villages in the east and west. All this is aimed at bridging the social and economic divide among the population. We need all of our people to feel included in Saint Lucia's progress so that they are equally motivated to share the load.

Mr. Speaker, we are a people of faith, a largely Christian country which commits us to the ideal of "loving our neighbour as ourselves", of "being our brother's keeper". If we truly love our neighbour as ourselves, if we truly are each other's keeper, Mr. Speaker, then we should do so without reservation. The principle of shared sacrifice is not new. By accepting shared sacrifice, we simply agree in bad times that it is not only about saving ourselves or our businesses for those who have them, but rather about saving each other, by everyone absorbing some pain so no one experiences dramatic loss, because, Mr. Speaker, without individual pain there can be no collective gain.

It is in times like these that we are called upon to live up to the words of our anthem, by loving "the land that gave us birth". Some, Mr. Speaker, continue to seek only what their country can do for them, when the question should be what can they do for their country. Mr. Speaker, we all need to show greater empathy for each other, especially in tough times. We need to share the sacrifices that would help us as a nation to overcome these difficult circumstances. That is what love of country and love of each other is all about.

We Are Resilient

Mr. Speaker, we have so many stories to tell that it is impossible to do so within the confines of this address. Permit me though to quote from the author Robert Jordan (“Fires of Heaven”) who wrote: “The oak fought the wind and was broken, the willow bent when it must and survived”. We as a country depict that willow. Adapting when we must, persevering to the end and as a consequence, being able to emerge on the other side.

Mr. Speaker, our Christian beliefs enable us to look beyond troubled waters because of our faith in God. The same holds true for our nation. We can put our faith in us, in our abilities, in our resilience. We know we are strong because in our time of need, that strength emerged. That, Mr. Speaker, is perhaps the most valuable lesson of all.

SECTION FOUR:

BEYOND COVID 19 – OUR ACCELERATED JOURNEY TO GLOBAL EXCELLENCE

Mr. Speaker, we have risen to the challenge of COVID-19. But as we continue to do so, we must look further ahead. I repeat what I have said previously that COVID-19 will not define us. It is just another obstacle on our development journey.

Martin Luther King, in delivering a speech in 1967 on the Vietnam conflict said and I quote:

“We are now faced with the fact, my friends, that tomorrow is today. We are confronted with the fierce urgency of now. In this unfolding conundrum of life and history, there

is such a thing as being too late. Procrastination is still the thief of time. Life often leaves us standing bare, naked and dejected with a lost opportunity.”

Mr. Speaker this is another challenge that we face – the urgency of now. The cynics, those who embody such limited possibilities, will automatically relate the urgency of now, to elections. Nothing could be further from the truth. The facts are clear. We have a vision that is encapsulated in a plan. And Mr. Speaker, this plan for the development of our nation in the medium term, is predicated on a platform of accelerated, resilient, inclusive, sustainable and equitable growth.

This is in stark contrast to what we inherited. In June 2016, when we took the reins of government, we had to replace the broken engine. We have been on the move ever since! You can only accelerate, Mr. Speaker, when you are on the move. That is an indisputable fact that even those who spread lies and propaganda cannot ignore.

COVID-19 provided us with an opportunity to review our strategy in order to determine its relevance. It is clear Mr. Speaker, that our plan requires no major rethink or overhaul. Indeed, what is most evident is the need to make it happen now. **Tomorrow is today.** Permit me therefore to highlight some of the areas where an accelerated approach must now be adopted.

Digital Transformation

Mr. Speaker, undoubtedly, advances in Information and Communication Technologies (ICT), in particular the internet and the use of the computer or similar devices, have been among the most transformative developments in the world with respect to how we interact and manage business in almost every sphere of life. Most importantly, ICT and digital technologies have allowed us to overcome the spatial constraints of distance and time and so we are able to do everything in virtual or cyberspace such as hold

meetings or provide services, including government services to consumers from miles away.

It is also well understood, Mr. Speaker, that to compete and be more efficient in this global environment where time is money, requires that we establish the requisite ICT infrastructure to enable our people to participate in this reality. And while we were gradually building out this infrastructure and associated systems before 2020, the shock and impact from the COVID-19 pandemic on our lives and the need for business continuity and timely access to services, have forced us to accelerate the pace at which we develop that infrastructure.

Mr. Speaker, the accelerated adaptation and integration by countries to the use of digital technology in their day-to-day commercial and social activities, to deliver education, business and other services, is perhaps the most enduring legacy of the pandemic. We also saw much greater use of online services, apps and e-commerce out of necessity to order food, make appointments and pay for services as well as the multifold increase in the livestreaming of events and use of digital content. As a result of the new ways of engaging customers remotely, some jobs have permanently disappeared and have been replaced by digital solutions.

Given this reality, Mr. Speaker, we need to implement and mainstream our digital knowledge systems among our people as this will be a major part of the post-pandemic world. This ICT infrastructure is also critical to becoming more resilient in the face of similar health threats. Also important in this process is the need for us to have the required attitudinal shift in order to prepare and to position our economy to thrive in a post-COVID-19 global environment based on digital trade and services.

So Mr. Speaker, we are forced to redesign the way government services are delivered. This has necessitated the need for the development of the Digital Government Services

Platform (DigiGov) as the new modality for providing over 150 services to the citizens of Saint Lucia. Through the use of such a digital solution government services can be provided 24/7 in a more simplified, private and confidential manner. Mr. Speaker, such ICT solutions are part of the strategic thrust of the government to empower our citizens and to boost national productivity in the country. It saves time and paper and will also help to prepare our people to participate in the emerging digital economy.

In this regard, Mr. Speaker, I am pleased to announce that 84 government services across 9 Departments are scheduled to be brought online in 2021-22. Among these are: the registration of births and deaths; the renewal of passports and the issuing of visas to visitors; the application for trade licenses and various fiscal incentives; the registration of businesses and the filing of annual returns and application for national identification cards. An estimated \$6 million has been approved towards this initiative in the new fiscal year 2021-22.

Mr. Speaker, to ensure inclusion and equity in terms of digital literacy and access to this infrastructure and to attempt to address the problem of an “urban-rural digital divide” as well as “low home Internet penetration rate”, we have developed and implemented the Saint Lucia Government Island Wide Network (GI-NET).

This is the component of the national infrastructure which is needed to ensure access to these government services. It provides access to the internet through connection to Wi-Fi or Wireless Local Area Networks around the country. This Wi-Fi network will be freely accessible by the general public as well as our visitors as they travel around the country. Mr. Speaker, over 70 access points have already been established so far in 5 target areas. This project is being jointly done with the assistance of the Republic of China on Taiwan (ROCT). An estimated \$1.63 million has been approved for the fiscal year 2021-22.

Reskilling and retooling our people

Our quest to be globally competitive, Mr. Speaker, will of necessity require us to take a broader and bolder approach with respect to technical/vocational training and the specific task of retooling our people. We have to provide greater emphasis on modalities that focus on the application of knowledge, skills, values and attitudes for employment, entrepreneurship, innovation and life in general. If our people are to become assets on a world scale, they must be critical thinkers, problem solvers and team players and they must be adaptable.

Our approach to re-skilling must be designed to ensure accessibility for all. Our overall programme must provide different pathways for learners, while facilitating an innate passion for life-long learning. A labour market needs assessment, as a prelude to the design and delivery of appropriate training, internship and apprenticeship interventions, is now ongoing.

Mr. Speaker, to complement these initiatives, the Skills for Youth Employment (SkYE), supported by a grant from the UK Government and in collaboration with the National Enrichment and Learning Unit, will seek to provide approximately 750 young persons with access to the Caribbean Vocational Qualification. To date just over half that number (368) have been registered, of which 68 percent are females.

This year, through the assistance of the Government of India, we will see the construction of a TVET Centre for use by the Centre for Adolescent Renewal (CARE) in Cul de Sac. The work of this organization has often gone under the radar but its impact on so many young persons has been immeasurable. Their lives have been reshaped and given direction. They are developing the confidence and skill sets to become active participants in our economy and society at large.

Renewable Energy

Mr. Speaker, this government remains committed to the promotion and development of affordable and clean renewable energy alternatives as part of a national energy strategy to reduce dependence on fossil fuels, and importantly, to improve our overall competitiveness.

Mr. Speaker, we attach a great deal of importance to energy in general and renewable energy in particular as is demonstrated in the MTDS which shows the link between energy and competitiveness.

Mr. Speaker, our thrust to increase the share of renewable energy in our total energy consumption is a multi-pronged intervention in that it helps with the attainment of targets under Sustainable Development Goal No.7. This calls for clean and affordable energy, and it helps us to meet our commitments under the Paris Agreement in relation to lower Greenhouse Gas emissions including carbon dioxide. A win-win strategy. I will now outline some of the main elements of this national strategy to increase the share of renewable energy in our energy infrastructure and supply systems.

Solar Photo-Voltaic Systems

Mr. Speaker, last year, we reported to this chamber about the strides we have made in relation to the use of solar energy in terms of the uptake by households and businesses of Photo Voltaic (PV) solar energy systems, the corresponding amount of kilowatt hours of electricity which was generated through this technology, the savings in terms of *“avoided imports of fuel”* and the reduction in Greenhouse gas emissions.

This year, Mr. Speaker, we intend to continue the process of reducing our dependence on fossil-based energy and switching to clean renewable energy alternatives through a number of initiatives. In this regard, I am pleased to inform honourable members that:

- LUCELEC has secured the resources from the Abu Dhabi Fund for Development to allow for the installation of a 10 MW ac solar farm with a 7MWh battery storage in the Troumassee, Micoud area.

- Also during this financial year, Mr. Speaker, an allocation has been made for the installation of at least 100 kW of Solar PV systems at 10 schools across the island.

In addition, Mr. Speaker, as part of our **Energy efficiency** promotion efforts, audits will be conducted at 40 schools as well as lighting retrofits of over 6,700 florescent lights to LED lights in selected schools.

A similar exercise will be undertaken with respect to our street lights most of which will be replaced with LED lights, thereby resulting in further energy savings.

Mr. Speaker, to assist with the maintenance of our PV systems, the Government has embarked on a programme to train and certify a number of PV installers and inspectors so as to support and encourage the use of this form of renewable energy.

Consultation will also begin on a proposal to introduce “Energy Efficiency Legislation” to provide guidelines and support changes in attitudes and behaviours in relation to energy utilization.

Geothermal Energy

Climate Change Adaptation and Resilience Building

The above-mentioned renewable energy initiatives, Mr. Speaker, are all part of a strategy for the development of our national energy infrastructure based on lower carbon emissions which will assist with our Climate Change adaptation and mitigation

effort and boost our energy independence and overall resilience to shocks from volatile energy prices and adverse weather events, among other benefits.

Mr. Speaker, we are pleased to report that with the assistance of the Climate Action Enhancement Package we have been able to revise our Nationally Determined Contributions which is critical to our climate change and national adaptation planning efforts. We are also pleased to report that the Climate Finance Strategy has been approved by Cabinet.

At the sectoral level, Mr. Speaker, the Ministry of Agriculture will receive a disbursement of US\$6.1 million in this financial year from the CDB to assist with “Building resilience in Agriculture for adaptation to Climate Change and Climate Variability”. These grant funds originate under the Kyoto Protocol of the UN Framework Convention for Climate Change.

The objective of the three-component project, Mr. Speaker, is to increase the resilience of rural farming communities, and increase farm productivity, water and livelihood security, whilst reducing vulnerability to natural hazards and climate change.

The Blue Economy

Mr. Speaker, with considerably more sea or territorial water area than landmass area, the prospect of greater utilization and leveraging of our maritime resources presents great potential and opportunities especially for economic diversification and sustainable growth.

This renewed interest and focus on the marine territorial space and resources of countries, given the immense and relatively untapped potential contained therein has created this buzz which we now call “the Blue Economy”. The possibility of attracting investment resources to better exploit the vast potential of this resource is particularly

exciting and important for small island developing states (SIDS) like Saint Lucia. It is for this reason, Mr. Speaker, our MTDS deemed the blue economy which includes our coastal zone and marine resources as being integral to the achievement of the objectives which we have set for ourselves under the various pillars, key result areas and economic sectors.

Mr. Speaker, this administration is keenly interested in taking greater advantage of the opportunities provided by our territorial waters demarcated by our Exclusive Economic Zone (EEZ) as part of a wider strategy of economic diversification for growth and development.

Mr. Speaker, some possible practical uses of this under-exploited vast resource which our people can and must pursue include:

- Fishing activities – longer range and non-artisanal level to provide livelihoods and support our food security efforts
 - Cabotage services associated with recreational and pleasure craft plying Saint Lucia’s coastal waters
 - Seamoss cultivation— a subsector which is already contributing to the rural economy with much sought-after products
 - Potential for discovery and exploration of mineral and other natural resources
 - Research and sustainable exploration of plants and other forms of marine life which form part of Saint Lucia’s biodiversity
 - Ocean Governance – Establishment or Management of Marine Protected Areas
 - Establishment of a Ship Registry to create licensed users of the territorial space;
- and

- National and regional security among other strategic uses.

Mr. Speaker, this government will work with the stakeholder Ministries including Sustainable Development, Agriculture and Fisheries and Commerce as well as with the OECS Commission and other regional bodies such as UN ECLAC to develop a national strategy and action plan to provide a more structured framework for implementation of this strategy.

However, given the need for preservation of the marine environment and the ecology contained therein, Mr. Speaker, any exploitation of this resource must be done within a regulatory framework and guidance provided by SDG 14 regarding “life below the water”.

Strengthening the Social Protection Architecture

Mr. Speaker, the need for strengthening our social protection system has become a common feature of my budget presentations from the inception. My government has always believed this to be true and notwithstanding our current circumstances, we remain steadfast in our resolve to bring this to fruition. We have witnessed the strain on our capacity, as rising demand for services from an increasing number of vulnerable populations emerge. The advent of the Human Capital Resilience Project provides us with the platform to effect real change with our social protection architecture. This project, allied to continued support from the UN system will enable us to:

- Strengthen the social policy framework
- Update the National Social Protection Policy and associated legislation
- Develop standard operating procedures
- Develop a Graduating Strategy for beneficiaries

- Establish a Monitoring and Evaluation framework

Mr. Speaker, we will also be able to enhance programme implementation through:

- Modernization of the payment system
- Establishment of a robust social information system/registry
- Training capacity building for support staff; and
- Strengthening coordination among institutions and agencies

Mr. Speaker, we are at a point where we can raise the bar. We will be able to develop a system that is dynamic and adaptable. We will have a system that can trigger real time responses because of its decentralized, citizen-friendly and technology-enabled platform. We will have a tool that can provide comprehensive coverage across the life cycle. We will have a system that recognizes that women, young children and the elderly are the most exposed to risks and vulnerabilities. We will finally have a system that people have confidence in – one that can truly impact lives.

Economic Infrastructure

Mr. Speaker, the critical role played by investing in public infrastructure, in particular economic infrastructure, in creating the enabling environment and being the foundation on which our development ambitions must be laid, cannot and should not be underestimated.

Mr. Speaker, infrastructural deficits, both in terms of access and quality, act as a drag on economic growth and reduces the dynamism of any economy, consequently slowing the pace at which citizens' lives are transformed and the rate at which we lift our poor out of poverty.

Further, Mr. Speaker, this chronic situation is compounded by the sad reality of the gross state of disrepair of much of our national public core infrastructural assets. By that I am referring to our road networks, airports, ports just to name a few. Mr. Speaker, this situation is due in part to decades of inadequate public maintenance and I dare say, protracted neglect. If this was not enough, Mr. Speaker, the devastating impact of climate change is pushing much of our infrastructure to the brink of collapse.

Mr. Speaker, we have also heard the unceasing call of our citizens for better infrastructure, not just at the national level but at the community level as well, cutting across both urban and rural communities.

The reality is, Mr. Speaker, that while the world prepares to enter the fourth Industrial Revolution characterized by increased ICT integration and digitization of the global economy, developing countries like ours, must simultaneously embark on our own infrastructural revolution while repositioning our economies to optimize the benefits that the Fourth Industrial Revolution presents.

In this infrastructure revolution, Mr. Speaker, no community will be left behind. This revolution will be one with a difference, one marked by inclusion, resilience and transformation; one that will demonstrably shift our needle of economic growth and of socio-economic development.

The closure of the tourism sector and the attendant consequences reflected in high levels of unemployment, reduced economic activity and lower tax revenues have left this government with little fiscal head room and very few policy options to respond to the economic fallout triggered by the pandemic.

Mr. Speaker, it is worth highlighting that this government has taken the deliberate approach of not tokenizing investment in infrastructure as was done by previous administrations. But rather we understand that if Saint Lucia is to live up to its

potential, and to escape the lethargic economic performance that has characterized the past two decades, and accelerate the rate of growth of our economy - innovative investments in public infrastructure are required, which integrates resilience and building back better.

Mr. Speaker, Saint Lucia is not alone in employing this strategy of leveraging infrastructure investment as one of the essential pathways for economic recovery and economic take off in a post-pandemic era. In fact, Mr. Speaker, the IMF has urged governments to spare no effort in utilizing the arsenal of infrastructure investment to alleviate the economic impact of the pandemic, by providing short-term employment and income to households. But importantly, Mr. Speaker, the IMF cautioned that such investment must expand the productive capacity of countries and must critically have the ability to repay themselves in the future, without compromising their future fiscal positions.

Mr. Speaker, it is clear that even before agencies like the IMF made such pronouncements, our government was already pursuing such policies well in advance. Mr. Speaker, I am heartened to note that Saint Lucia not only had its development plan in hand before this crisis struck our shores, but most if not all of the projects itemized in the strategy were at an advanced stage of their respective development gestation cycles. Consequently, Mr. Speaker, Saint Lucia's portfolio of infrastructure projects was in the main shovel-ready at the time of the launch and as a result, afforded the government the unique opportunity to fast track commencement and implementation of this investment plan as a strategy to respond to the economic downturn precipitated by the COVID-19 pandemic.

Equally important, Mr. Speaker, I wish to emphasize to this honourable House that the lion's share of the initiatives is funded using concessional sources, either through grant

funding or highly concessional loans from the various International Financial Institutions. This aligns particularly well with Saint Lucia's debt strategy of moving away from short-term market debt towards more long-term debt at more favourable terms, therefore not compromising the debt sustainability of our country.

Mr. Speaker, it would be remiss of me if I did not respond in this budget to the propagation of the false dichotomy advanced by those who espouse opposing views, that the government should be focusing all its policy response on operational expenditure and completely neglect the need for capital expenditure.

Mr. Speaker, preliminary assessments suggest that at the height of implementation this infrastructure programme is expected to generate conservatively anywhere between 2,000 and 2,500 direct jobs, not including ancillary services such as trucking services, food services, etc.

Such machinations by detractors, Mr. Speaker, reminds me of a quote by US Economist Thomas Sowell who stated and I quote: "Some things are believed because they are demonstrably true, but many other things are believed simply because they have been asserted repeatedly and repetition has been accepted as a substitute for evidence.", end of quote.

Mr. Speaker, having established the *raison d'être* for this government's infrastructure programme, permit me to provide a bit more detail into what constitutes this infrastructure investment plan for our country.

National Road Infrastructure

Mr. Speaker in this year's budget, a total of EC\$120.5 million has been allocated to the Department of Infrastructure, Ports and Energy to execute the government's road infrastructure programme. These roads include, Mr. Speaker:

1. The Millennium Highway West Coast Road Rehabilitation Upgrade Project – which should commence shortly;
2. Reconstruction of the Cul-de-Sac Bridge – with works already underway;
3. The Road Improvement and Maintenance Programme (RIMP) – which is ongoing;
4. The National Road Rehabilitation Programme (NRRP) - which has commenced; and
5. The Gros Islet and Castries North Roads Project - which is nearing completion.

At this juncture, Mr. Speaker, permit me, on behalf of the government and people of Saint Lucia to express our heartfelt gratitude to the Government and citizens of the United Kingdom and the Government and people of Japan for their generous donations which have contributed to our infrastructure upgrade programme as well as our COVID-19 recovery strategy. We are eternally grateful for their generosity.

Under the Disaster Vulnerability Reduction Project, Mr. Speaker, we have also allocated resources for the rehabilitation of the Vanard to Venus Road, Piaye Bridge and the Vanard to Anse la Raye road totaling EC\$25.9 million of which 43.4 percent is grant funds from the World Bank’s Climate Investment Fund and the European Investment Fund.

Local Road and Community Infrastructure

Mr. Speaker, while our government embarked on this national infrastructure programme, we also ensured that this was complemented with significant investment at the local community level. Such an approach is congruent with our government’s inclusive and balanced infrastructural development policy.

Through the Constituency Development Programme (CDP), Mr. Speaker, which is part of the bilateral co-operation between the Government of Saint Lucia and the Republic of China (Taiwan), communities across the length and breadth of our country have witnessed infrastructure development at an unmatched level.

Mr. Speaker, as a result of the CDP, communities that were previously neglected and were without quality roads, drainage, parks, green spaces, and playing fields are now catching up. This, Mr. Speaker, has resulted in a boost in the quality of life, dignity and confidence of communities which augurs well for social cohesion.

Mr. Speaker, to continue this investment in our communities, in the 2021-22 Budget a total of \$10.7 million has been allocated to the Constituency Development Programme, of which \$10.0 million will be grants received from the Republic of China (Taiwan).

Sustainable Water Infrastructure

Mr. Speaker, despite the gains made by Saint Lucia on many development fronts, universal access to clean and potable, affordable and reliable water continues to be a substantial challenge for several communities in our country.

It is no secret, Mr. Speaker, that environs of the Southern Quadrant of our country, namely: Vieux Fort North, Vieux Fort South and Laborie have for decades endured unacceptable levels of water supply.

This perennial supply constraints of clean potable water to Vieux Fort and the southern quadrant of the island has stymied the pace of development of this region. Therefore, Mr. Speaker, the Vieux Fort Water Supply Redevelopment Project is of strategic importance given the government's expansionary development plans for the region and the anticipated demand for water which will accompany this expansion.

On that basis, Mr. Speaker, in this 2021-22 Budget year, our government has allocated EC\$24.2 million for this project which is funded by the Caribbean Development Bank. Additionally, Mr. Speaker, during this fiscal year, our government will bring the curtains down on Phase II of the Dennery Water Supply Redevelopment Project.

Work continues on the dredging and desilting of the John Compton Dam. The sediment disposal area has been constructed and dredging, which commenced in October 2020, is at an advanced stage. Mr. Speaker, we are pleased with the progress to date, as damage which was caused by Hurricane Tomas eleven years ago is finally being remedied. Upon completion of the project, water security will be improved for over 100,000 residents and this will reduce the need for water rationing during the dry season.

Airport Infrastructure

On March 19th 2021, Mr. Speaker, the International Air Transport Association (IATA) published an article highlighting that as a result of vaccination rollouts in the United States, the aviation sector is now witnessing some green shoots and early signs of an incipient recovery of travel. The report, Mr. Speaker, noted that demand for domestic travel was two thirds of pre-crisis levels and that demand for international travel among U.S. travelers was on an upward trajectory.

The Hewanorra International Airport (HIA) which has a long illustrious history, has since undergone some upgrades, but has outlived its useful life and is desperately in need of another upgrade. Mr. Speaker, the HIA Redevelopment project, which is expected to increase the carrying capacity by 250 percent is seen as one of the game changers as outlined in the MTDS for economic development in Saint Lucia. Mr. Speaker, site preparation, including the driving of more than 3,000 piles, is currently ongoing. As I indicated earlier, the scope of the project will include the construction

of a new terminal and other airport rehabilitation work. To complement these works, the World Bank has provided concessionary financing to address flooding mitigation, resurfacing of the runway and installation of navigational equipment under the Caribbean Regional Air Transportation Connectivity Project.

Tourism development

Mr. Speaker, this sector exemplifies the spirit of resilience and adaptability, which is at the heart of our development efforts. It has summoned all of its powers of perseverance, ingenuity and co-operation to not only stabilise the tourism product, but to actively ensure that the brand maintains a strong and competitive presence in the market place. To date, almost 60 percent of the workforce is back at work. Our cruise business is expected to return in July 2021 and our airlift capacity will again between July and December of this year surpassed pre COVID-19 levels for the same period.

We have experienced disappointments in the pace of implementation of investment projects in the hotel sector, and that, Mr. Speaker is understandable, given the level of uncertainty that the pandemic has created globally. However, the commitment to these projects remain secure. We will still be in a position to significantly expand our room stock by the time we have completed our world class airport.

And so, Mr. Speaker, we push on in our efforts to enhance the quality of the visitor experience by enabling more local communities to participate directly in the sector.

Village Tourism

Mr. Speaker, village tourism is ready for take-off. The legislation that gives effect to the Village Tourism Agency will be passed shortly and the stage is set for people in local communities to own and operate tourism related businesses.

Mr. Speaker, some specific initiatives that will be undertaken in the pilot areas of Gros Islet, Soufriere and Anse la Raye include: -

- Construction of a 10-room Bed and Breakfast in Anse la Raye Village
- Construction of restaurants on the waterfronts in Soufriere and Anse la Raye
- Upgrades for houses near the waterfront in Anse la Raye, particularly with respect to sewage and toilet facilities
- Construction of vending facilities in Palmiste, Soufriere
- Waterfront development in Gros Islet and upgrade to the recreational park; and
- Enhancement of the jetty in both Gros Islet and Anse la Raye

Mr. Speaker, this is an exciting time for the people in those pilot communities, and the message for other villages is clear. You will not be left behind. You will be included in this village tourism initiative.

Mr. Speaker, the goal of enhancing and expanding our tourism product is further evidenced by works being undertaken through the OECS Regional Tourism Competitiveness Project. Selected sites and associated works include: -

- Phase two of the Castries Market redevelopment
- Upgrade of the Canaries waterfront
- Phase two of the redevelopment of the Derek Walcott Square
- Upgrades to the Choiseul Arts and Craft Centre; and
- Upgrade of the Old Trafford complex in Soufriere

Mr. Speaker, this destination will truly take its place on the global stage for the variety, authenticity and uniqueness of its product offerings and experiences.

Support for our Creative Sector

Mr. Speaker, in our overall efforts to enhance the brand that is Saint Lucia, we will not forget our creatives. The level of interest that has mushroomed over the past few years in our national festivals is testimony to the creative genius of our people. As we move out of the COVID-19 environment, the opportunity exists to re-introduce Saint Lucian to the world. It will help us re-launch Saint Lucia as a premier location for world class events and festivals, where our local talent will be showcased.

Mr. Speaker, a celebration of our indigenous festivals of a format to be determined which may include a hybrid of virtual and face-to-face elements will enable us to do just that. The creativity of our music and cultural traditions in particular will drive this initiative.

Mr. Speaker, we have allocated three million dollars for live events which will be used as a platform to launch our 2022 line up of festivals. This will put money directly in the hands of those within the creative industry who have been so badly impacted by this global pandemic.

Mr. Speaker, by way of an update on the Dennery Recording Studio, due to COVID-19 the project was delayed. However, I can report that we are committed to seeing this completion of this project in this financial year.

The message to all our musicians, artistes, producers, designers, costume makers, suppliers and other partners is clear. Let us come together to show the world the quality that Saint Lucia offers. This is an opportunity we must seize. We can and we will.

Health

Mr. Speaker, our medium term goal of making health care universally accessible, affordable, equitable, sustainable and of the highest international standards for our citizens, is one we will continue to pursue with “vigour and valour” and with much urgency.

During the new financial year, Mr. Speaker, we will witness several critical milestones in our efforts to significantly enhance the quality of our health care infrastructure. OKEU Hospital will be fully transitioned and St Jude Hospital will be completed. The residents of Anse la Raye and Micoud and their respective environs, will finally be able to access better quality and an increased range of services with the opening of their wellness centres. Work on the construction of the Dennerly Polyclinic and Soufriere Hospital will gather pace.

Mr. Speaker, this administration has ensured that our citizens from the north, south, east and west of this nation have top quality care facilities. We are almost at a stage where our network of public health facilities will be located within close proximity (no more than 3 miles) to our people, where they live and work.

Mr. Speaker, our work is not finished. We continue to implement policies designed to institute more efficient sector management practices, standards and regulations. We will continue to ensure that we have a cadre of health care personnel with the requisite capacity and skill sets to facilitate delivery of world class services. While we pursue all of these important initiatives, we recognise the need for our citizens to access quality health care services that is affordable.

The relevance and urgency of instituting National Health Insurance cannot be overstated, Mr. Speaker. We have conducted extensive consultations with all the relevant stakeholders on subjects ranging from the basket of services, to the appropriate financing modality and operational and administrative options. The time is now. We

have to bite the bullet. Mr. Speaker, with World Bank support, it is our intention to operationalise our national health insurance programme before the end of this fiscal year. It is a daunting, some may say impossible challenge, especially in the current economic climate. But, Mr. Speaker, we must summon our experiences of this past year. Together, our collective resolve to be our brothers' keeper and our spirit of shared sacrifice will enable us to persevere and overcome.

Housing Settlement Development

Mr. Speaker, our housing policy and related interventions have consistently been rooted in four main principles: -

- To increase the number of Saint Lucian land/home owners
- To provide our citizens with access to safe and affordable housing
- To rationalise existing unplanned settlements; and
- To establish residential land developments around the island.

In last year's budget address, I alluded to the commencement of a number of initiatives with respect to settlement upgrades and the rationalisation of several unplanned developments. These are ongoing activities, with full approval for the development plans for Au Piquant and Pomme (Augier) being granted by DCA.

Mr. Speaker, our Sites and Services Programme this year will focus on the provision of approximately 133 lots in La Fargue, Piaye, Monier and Riche Bois (Ti Rocher, Micoud). We are also looking at 290 lots in the community of Anse Ger. The infrastructure associated with this programme includes the construction of double lane concrete access roadways and associated reinforced concrete drains and culverts, as well as the installation of water and electricity supply networks.

Mr. Speaker, this year we will also commence two new housing developments in Belair and Odsan, that will hopefully impact on at least 200 households. These developments characterise the approach that my government seeks to adopt in respect of addressing the challenges of communities in a flexible yet inclusive manner.

We have to ensure that existing residents are not left out of the formal development space that is being created. We have to provide serviced and affordable lots for those who want to become property owners. But we also have to make provisions for the community to “breathe” – commercial operations, recreational/green spaces, institutional uses, even multi family structures. In that vein, housing developments in Choc, Talvern and Bois Jolie will gather pace.

Mr. Speaker, all our people deserve to live in an environment which makes them feel safe. They want an environment that is reflective of their broad aspirations and provides a sense of dignity and worth. We intend to deliver that to them. It is my expectation that this initiative, along with others driven by the private sector, will serve to advance and enhance the conversation surrounding settlement development in Saint Lucia. In this context, the review of the National Housing Policy and Strategic Action Plan that will be undertaken this year is most opportune.

Citizen Security

Royal Saint Lucia Police Force

Mr. Speaker, achieving Citizen Safety remains a top priority of our government.

The recent spate of violent crime is a major concern to this government but should not detract from the strides that have been made by law enforcement agencies in combatting serious crimes overall.

We recorded some gains in our quest for Citizen Safety and Security in the 2020 calendar year, but there is still much more to be done. In 2020, we saw an 18% percent reduction in serious crimes when compared with the year 2018 and 16.3% reduction when compared to 2019. The RSLPF also recorded a vast improvement in detection rate, 58 percent; the highest in a five year period.

Despite these successes, the government remains very concerned with the Homicide rate and gun related crimes, even though we had a reduction of 18% at the end of 2020.

Mr. Speaker we will continue to support the work of the Royal Saint Lucia Police Force by equipping the police with the tools which are necessary to fight crime. We continue to provide the Marine Unit with the necessary capacity to patrol, secure, rescue and support regional initiatives. During the financial year, we were able to purchase twelve new engines for sea-vessels used by the Marine Unit to assist these Officers with their patrols and surveillance of our sea borders.

Overall since 2016 we have purchased 35 vehicles for the police and eight motorcycles, with an additional six vehicles procured this year. We have facilitated repairs to Police Stations in Gros Islet, Canaries, Choiseul, Vieux Fort Marine Base, Castries SSU Base, as well as the Police Storeroom and Garage. Mr Speaker I wish to highlight that the Royal Saint Lucia Police Force received 98 promotions towards the end of last year and early this year. These promotions were well deserved. Our police officers work extremely hard and they need to be celebrated for the service that they perform.

Mr Speaker, the RSLPF have embarked upon a Mentorship program to build capacity and foster succession planning. It is currently being piloted in the south of the island and we are hoping to build more capacity in the coming year by partnering with different agencies.

The Office of the Prime Minister facilitated training in mediation and conflict resolution in an effort to arrest the escalation of violence in our communities. The target audience for this training consisted of members of the Bordelais Correctional Facility, the Royal Saint Lucia Police Force, Civil society and a member of RISE Saint Lucia. This training was delivered by consultant Mr. Urban Dolor assisted by colleagues from Jamaica. Our Government will run more programmes like this to equip our members in the communities to serve as intermediaries in the resolution of conflict thereby strengthening our Citizen Security.

Each activity embarked upon is all in an effort to enhance the working environment, to improve productivity and motivation of our police officers. **Our Government wants them to succeed, we want them to achieve their very best! Hence, we will match their commitment with the necessary resources.**

Mr. Speaker, we remain resolute in the fight against crime and within this financial year, even more resources will be allocated to the Royal Saint Lucia Police Force. Additionally Mr. Speaker, that commitment is equally applicable to the men and women of the Fire Service.

My Government has already deployed over 99 CCTV cameras with advanced intelligence features and we are reviewing the specs and technology in more CCTV cameras with a view to implementation later this year. The rollout for the additional CCTV cameras will focus across the city centre and crime hot spots in order to further strengthen surveillance.

We will soon see the re-introduction of the K-9 unit with special sniffers dogs to aid in the fight against narcotics and illegal firearms and ammunition.

Police Headquarters and Court Facilities

Mr. Speaker, during the current financial year, work will commence on the construction of a complex which will house the Headquarters of the Royal Saint Lucia Police Force, Court Facilities and a Remand Facility. For too long we have housed our Police Force in substandard facilities. The time has come to give the Royal Saint Lucia Police Force a permanent and suitable headquarters which they can be proud of.

So to, Mr Speaker, our Courts have not had a permanent headquarters for quite some time, and every few years we have been forced to relocate. This has contributed to the build-up of cases and has been a nuisance to our criminal justice system. We will now give the Courts a permanent home, one which will be suitably outfitted and fit for purpose.

The designs for the structure have already been completed and a geotechnical analysis of the site will be undertaken shortly. The facility will be constructed via a BOLT (Build Own Lease Transfer) arrangement.

Mr. Speaker, we have also been pursuing a home for the Eastern Caribbean Supreme Court headquarters and are in discussions to have the court located at the refurbished Daher Mall Building in Bois d'Orange.

Mr. Speaker, the Vieux Fort Police Station, which is the Southern Base for the Royal Saint Lucia Police Force, has been in a deplorable condition for quite some time, resulting in policing operations being temporarily relocated. A full rehabilitation of the facility will be undertaken during the current financial year, and the Vieux Fort Police Station will be reopened to serve the people in the south of the island.

In the north, we will tackle the longstanding issue of a new home for the Gros Islet police. I can report that negotiations are at an advanced stage for the development of a modern police station in Gros Islet.

DPP office

Mr Speaker, from the time we took office we have supported the work of the DPP's office and one of our first actions was to appoint a Director of Public Prosecutions. The office has also received four (4) new crown counsels and a new Case File Management System.

Courts

MAGISTRATE COURTS

Mr. Speaker, from early April 2020 to date the following actions were taken to facilitate minimal disruption of court hearings as a result of COVID:

1. Three (3) Zoom licenses were made available to the magistrate courts in April 2020
2. 2 laptops were issued to court staff and 1 lap top and 1 desk top was issued to Bordelais to ensure that virtual hearings were conducted from the latter and that all parties were equipped
3. Earlier this year (February) Internet access were installed at the Anse-La-Raye and Soufriere Court Rooms to facilitate additional virtual hearings from these 2 locations.
4. Although, Mr Speaker, the Second District Court Building was repaired in 2019 at a total cost of \$53,189 and the staff were returned to said building in February 2020, air quality issues continued and even after the usual mold remediation exercise and an air quality inspection the problem persisted. Staff were again relocated until funding could have been identified to undertake repairs to the Air Conditioning plumbing systems. In March 2021, Mr Speaker, the Department

of Finance approved \$48,520 and \$25,574 for repairs to the Air conditioning and plumbing, respectively.

Repairs are nearing completion and staff will return to that Building, after a general cleaning, by the beginning of May. An additional Zoom license will soon be issued to be utilized from that Court Room.

5. In August 2020 a project proposal was submitted to the Judicial Reform and Institutional Strengthening (JURIST) Project, through the Eastern Caribbean Supreme Court, which was approved on March 17, 2021 for an amount of **US\$19,727.28**.

Mr Speaker, additional equipment is in the process of being procured to improve and increase the number of virtual hearings within the Magistrate courts. Equipment includes television screens for court rooms, desktop computers, webcams, headsets and speakers.

With regard the High Court Mr Speaker, five (5) Zoom licenses were made available to the magistrate courts in April 2020. A similar project proposal was submitted to JURIST from the High Court and **US\$24,194.84** was approved. The Government of Saint Lucia is expected to fund 20% of that amount as per the conditions of the project. The amount will be utilized to procure similar equipment as mentioned above, geared at improving and increasing the number of court hearings via the virtual platform.

Mr Speaker, in consultation with the Eastern Caribbean Supreme Court, the Bar association and the Ministry of Justice, the DPP, the Bench Trials Committee was established to review the legislation and make recommendations on conducting **Judge alone trials** in the Criminal Division of the High Court. Cabinet has approved the

memorandum to amend the relevant legislation and the next stage is for the AG's Chambers to prepare the necessary legislative changes.

Mr Speaker this initiative will allow for Saint Lucia to deal with the backlog in a more effective manner. This initiative has already been rolled out in countries like Belize and Trinidad and Tobago. As a result significant reduction in waiting time to trial and length of time to complete a trial has been significantly reduced.

Forensic Science Services

Over the financial year 2020/21, the Forensic Science Services, has made significant contributions to the investigative arm of the Royal Saint Lucia Police Force. Despite the new challenges posed by the global pandemic, the laboratory has been able to capitalise on this challenge to clear existing backlogs. Mr Speaker, currently the Drug Chemistry section has no backlogged cases, while the Biology Unit has 11. The laboratory was able to surpass its target of 60% clearance of backlogged cases in 2020 to clear 92% of cases since 2010.

Mr Speaker, the impact of the laboratory since our administration reopened it in 2017 has been tremendous. The lab has completed over 340 drug cases and over 68 biology cases. Noteworthy convictions with forensics were in the Roger Pratt homicide, a rape matter involving a Police Officer, a double rape at Reduit and a sexual assault matter involving an identified serial rapist. Helping to end violence against women and girls, the lab has identified three serial rapists; one with 5 victims and another with approximately 11 victims. Mr Speaker the lab has successfully completed cases in the homicide of a young mother in Laborie, a 76-year-old woman in Marisule, another young mother from Ciceron and a young lady found over a cliff in Soufriere.

The lab has worked on several body identifications to advance investigations, such as the two young female victims at Pigeon Island. Both cases are being actively pursued

by forensics together with the Police. Mr Speaker, the lab also assisted the Guyana Forensic Science Laboratory with a double homicide matter that gripped the country in September 2020.

Mr. Speaker, our forensic lab has worked alongside the Ezra Long Lab to increase our national capacity for COVID-19 PCR testing. The lab has received a donation of a robot and an automated system for testing within the DNA unit, that allowed them to produce results within three (3) hours.

Mr. Speaker within the last six years we have spent in excess of \$1.5 million for the outsourcing of DNA services. Noteworthy is two other pieces of equipment were procured to upgrade the DNA unit, reduce turnaround time and increase output. One is being installed and the other is cutting-edge technology that is not available in the region and will position the DNA Unit to improve services to the RSLPF and the region by extension.

Saint Lucia's Medium Term Development Strategy emphasized the need to improve our investigative capacity, enhance crime detection and improve the rate of prosecution. In keeping with this thrust, Mr Speaker, the Scenes of Crime Office of the Royal Saint Lucia Police Force will be moved to the Forensic Science Laboratory. This relocation will allow the unit to improve its investigative capacity through the use of more resources and equipment and increased opportunities for training on investigative methods and procedures. In order to ensure this unit is successful Our Government has allocated over \$690,000.00 to this project to ensure that the officers have appropriate working facility at the Forensic Science Lab.

In addition to the absorption of The Scenes of Crime unit at the Forensic Laboratory, a new area of expertise called "Firearms Examination & Analysis," will be introduced at the Forensic Laboratory. This new technology will assist the Police Force in

connecting gun violence to perpetrators. This initiative will entail utilizing technology that would assist in linking crimes through bullet comparison. Our Government is going to spend over \$280,000 to purchase machinery and undertake renovations.

Parole

Mr Speaker, in January of 2005 – our Criminal Code of Saint Lucia came into force and provision was made for the facilitation of a parole system in Saint Lucia.

Through the hard work of the Ministry of Justice, on the 16th of December 2020 the Probation and Parole team conducted the first Historic parole hearing, and two inmates were granted parole. This achievement was made despite many challenges posed due to COVID-19. However, the team at Probation and Parole continue to persevere and this month an additional 4 inmates are at **the Assessment for Decision Stage** of the parole process.

Mr. Speaker, our Government is extremely pleased to hear that more inmates are applying to join the rehabilitation programs that are facilitated at Bordelais correctional facility as the inmates now know there is the possibility of parole. This will serve to equip our inmates with the necessary tools and life skills thereby reducing the risk of reoffending.

Our Government is committed to ensuring that all our people regardless of status have opportunities and targets to strive for, we want them to know that there is hope.

FIRE SERVICE

It would be remiss of me Mr. Speaker if I did not mention our brave Fire Officers, who continue to make us proud every day. Recently the members of the fire service team received training from Platinum Ambulance Services – a leading private ambulance service located in the United Kingdom. The Platinum Ambulance service donated

three ambulances and equipment to the Fire Service. The equipment included defibrillators and ventilators for the ambulances.

Mr Speaker, we faced a mammoth task in addressing the crime situation. We have tackled it head on, knowing that we had to clean up the mess we inherited. By now, everyone knows the lack of support by the former administration to the police, the low morale created by the fallout from IMPACS, the lack of a formalized system for police promotions, no attention paid to our court system. I cannot begin to describe the level of decay we found when we came into office. But we were not daunted. I have listed for you just some of our many interventions.

And whilst we can continue to pump resources into fighting crime we intend to focus even more resources on addressing the root cause. Mr Speaker, Citizen Safety is not just a policing matter. Crime, in particular homicides, is an issue we all have to address.

It is for this reason Mr Speaker that my Government launched the Youth Empowerment Programme, an intervention initiative targeting youth at risk, families in crisis and the community at large. Our after school programmes and the attention we are giving to sports is also to guide our young people on a path away from gangs.

All these measures, however, can only be successful with the help of the people of Saint Lucia. Just as we came together to battle COVID-19, and accepted a level of personal responsibility, we must do the same when it comes to tackling crime.

Food Security

Mr. Speaker, a robust agricultural sector is foundational to the fulfilment of Saint Lucia's national development priorities. The agricultural sector plays a critical role in sustaining the livelihoods of rural communities which still rely on farming for

economic activity; and this sector is key if we are to reduce our dependence on external sources for our food supply and move closer to achieving food security.

Mr. Speaker estimates suggest, that as a country we spend well over \$350 million annually on our food import bill, a significant portion of which is comprised of processed foods. The adverse consequences of this are two pronged; firstly, our diet has shifted from locally grown, healthy fruits, vegetables and provisions to one being based on highly processed foods.

Secondly, moneys which should be circulated locally amongst our farmers, fishers, agro-food processors and other stakeholders, leave our shores to the tune of hundreds of millions of dollars. Mr. Speaker, we are experiencing an unprecedented rise in chronic non-communicable diseases, and economically our actions adversely impact our balance of trade, foreign exchange reserves and leave us vulnerable to exogenous shocks on our food supply and prices. In 2020 for example, we had to contend with disruptions in our supply of chicken and increased prices due to an outbreak of the Avian Flu within the European Union; shortages of fresh foods which we import such as garlic, onions, cauliflower and broccoli; and increasing prices in other food types due to disruptions in the global supply chain as a result of the Coronavirus Pandemic. These events have reminded us of the importance of achieving food security as a country.

Mr. Speaker, the emphasis can no longer be on growing mainly for export, instead we must broaden our focus to building our capacity to be able to feed our country and reduce our reliance on external sources. Mr. Speaker, I am pleased to announce that this in fact, has been and continues to be part of Saint Lucia's agricultural strategy, as has been articulated in our Medium Term Development Strategy. We will continue our work with farmers, fisher-folk and other stakeholders within the agricultural sector to

develop programmes to increase yields, diversify crops and secure a local market for produce and livestock.

The medium term plans for the Agricultural Sector will aim to:

1. Enhance Saint Lucia's food and nutrition security
2. Expand the Diversification of economic crops
3. Increase export revenue from agriculture; and
4. Improve self-sufficiency in selected locally grown crops

Seven Crops Project

Mr. Speaker, the "Expansion of Food Crop Production Programme," commonly referred to as the "7 Crop Project" is one of our premiere initiatives which is geared towards moving Saint Lucia closer to achieving food security. The project focuses primarily on remedying supply-side constraints for seven crops that are imported but can be grown on island, namely; cabbage, tomato, lettuce, sweet pepper, watermelons, cantaloupe and pineapple, in a bid to reduce the food import bill. The project is expected to result in self-sufficiency in tomatoes, sweet peppers, watermelons, cantaloupe/honeydew and pineapple, in addition to achieving a reduction in imports of cabbage and lettuce by 60 percent. The project is intended to help farmers develop the ability to supply produce all year round.

Some of the support to be provided under this project includes:

- Technical assistance to 200 farmers and 2 farmer cooperatives
- Enhancement of post-harvest processing techniques and establishment of fruit and vegetable packaging specifications and materials

- Training of Extension Officers; and
- Establishment of an agricultural intelligence information system based on farmers' production of produce and official market demand

Banana Productivity Improvement Programme

Our Government remains committed to Saint Lucia's banana industry. The banana industry has faced a multitude of challenges within the past decade, mostly from exogenous shocks. However, we remain resolute in our support of this sub-sector. From very early in our term we launched the Banana Productivity Improvement Project, which is geared towards addressing the decline in productivity and efficiency of the banana industry in Saint Lucia, but more importantly it aims to revive the industry and to afford Saint Lucia the opportunity to participate in an over \$31 billion international banana industry. The project focuses on the following areas:

- Expansion of Acreage under cultivation;
- Pest and disease control;
- Increased productivity of banana farms; and
- Establishment of a Sustainable Finance Mechanism for inputs

Since the onset of this project, total acreage under banana cultivation has increased by 39.3 percent; equally, the number of farms producing bananas also rose from 286 farms to 765 farms. As a result of the project, productivity as defined as yield per acreage has increased from 8-10 tonnes per acreage to 16-23 tonnes per acreage. Just over \$6 million has been allocated for this project, to continue work during the current financial year.

Building Resilience for Adaptation to Climate Change and Climate Variability in Agriculture

Mr. Speaker, we have recognized that if we are to achieve real food security there must be resilience built into our agricultural sector. The fact remains, Saint Lucia is one of the most vulnerable countries in the world to certain natural disasters. As such, we must be proactive in building resilience to these weather events, particularly in our agricultural sector. Our government has leveraged the resources of an Adaptation Fund which was established under the Kyoto Protocol of the United Nation Framework Convention on Climate Change in the amount of approximately US \$9.8 million to build resilience.

The objective of the project is to increase the resilience of rural farming communities, increase farm productivity, water and livelihood security, whilst reducing vulnerability to natural hazards and climate change. The project comprises of the following components:

1. Building resilience and sustainability of farming systems through interventions for water security, soil conservation and management;
2. Establishing Green Agro-Parks, including the use of solar energy, for increased efficiency in resilience farming systems; and
3. Fostering knowledge management and transfer to improve adaptive capacities.

A total of US \$6.1 million has been budgeted for this new financial year.

SECTION FIVE – FISCAL STRATEGY AND FINANCING OF THE BUDGET

Fiscal Strategy

Mr. Speaker, only about a year and a half ago, Saint Lucia's macroeconomic and fiscal profile received an endorsement by the International Monetary Fund, following its usual Article IV surveillance visit in October 2019. In its report, Mr. Speaker, the IMF cited "favourable near term growth prospects for Saint Lucia supported by large infrastructure investment and robust tourist inflows". We were on course to achieve this outcome—then came COVID-19 which temporarily derailed us off this path.

As a result of this crisis, Mr. Speaker, the current global, regional and domestic environment is characterized by severe economic contraction, social dislocation and mounting debt burdens both in the public and private realms. The onslaught of the pandemic has compounded these challenges and compromised the fiscal performance of our central government, resulting in exacerbated concerns relating to debt sustainability.

Mr. Speaker, the current fiscal landscape and environment in which we now operate is characterized by:

- Real GDP levels that have fallen by approximately 20 percent vis-a-vis 2019 levels;
- A rising stock of "accounts payables" in excess of \$100.0 million;
- Higher debt levels associated with borrowings to replace displaced revenue;
- The need to rollover above normal levels of debt on account of creditor requirements for liquidity to address their own challenges;
- Lower levels of non-conditional financing from International Financial Institutions over the coming fiscal years;
- A rise in unemployment, especially in tourism and related sectors; and

- Social dislocation and increasing calls for fiscal support to supplement lost income from both the private sector and citizens.

Mr Speaker, the 2021/22 budget is constrained by relatively subdued revenue intake projected given high levels of risks and uncertainty as well as continued spending pressures, stemming from the ongoing impact of COVID-19 pandemic. Mindful of the limited fiscal space, the focus of this budget is to limit the effects of the pandemic, continued implementation of social protection measures, improve citizenry welfare, secure the economic recovery through targeted interventions to create jobs and stimulate economic activity (including from infrastructural works) and to prepare for the post-COVID-19 world.

Consequently Mr. Speaker, the fiscal strategy that must of necessity be pursued at this juncture in order to manage the fiscal health of the government and to support the economic recovery should include the following elements:

- 1) Adequate provisions for vaccines to protect us from COVID-19 and safeguard the health of our people;
- 2) The need to stimulate economic activity and growth mostly through grant and concessionary loan-funded major capital expenditure projects (especially from the public sector) to create employment and boost domestic aggregate demand and consumption. Mr. Speaker, the rollout of the government's shovel-ready capital projects is expected to take two or more years to complete during which time our lead economic sector (tourism) would most likely have recovered.

This injection into the domestic economy is then complemented by a strategy of:

- 3) Expenditure rationalization and containment in which priority is given to the payment of key and non-discretionary expenditure line items including:

- a. Salaries and wages to support demand and consumption in the domestic economy; and secondly
- b. Debt service and principal repayments to meet our debt obligations.
- 4) Expenditure deferment of lower priority items.

Mr Speaker, with a constrained revenue outlook, this budget called for a clear prioritization of expenditure. As such, the government's fiscal policy is guided by priorities aligned to and in support of the economic recovery. Mr. Speaker, while the government is committed to meeting all its expenditure obligations, most other expenditure items must of necessity be given a secondary level of priority, contingent on revenue performance after the first priority items which are critical to our sustainability, are satisfied.

5) Reducing Statutory Body dependence on Central Government

Mr. Speaker, another element of the fiscal strategy which has been pursued by this administration from the onset relates to containing spending on transfers to public entities. In this regard, Mr. Speaker, we have taken steps where possible to reduce the recurrent debt burden associated with financing the operations of some statutory bodies. This borrowing which is typically in the form of bonds, reduces the fiscal space of the central government because it increases the borrowing requirement and debt service costs of central government. This divestment strategy through the establishment of dedicated-income streams (where possible not applied on domestic taxpayers), collected and managed by the statutory body, not only saves interest payments but enables the central government to be more agile and responsive to economic shocks and other fiscal challenges. Mr. Speaker, this is the rationale for the establishment of the Saint Lucia Tourism Authority (which cost government an estimated \$30-\$35 million per annum).

Revenue

Mr. Speaker, the projection for Revenue and Grants for the ensuing fiscal year 2021-22 is \$1.12 billion which represents a 21.3percent increase over the revised estimate for 2020-21 is still lower than pre-pandemic years of 2018-19 and 2019-20 in which revenue was recorded at \$1.20 billion and \$1.19 billion respectively.

The projected increase in revenue for 2021-22 relative the outturn in 2020/21 is consistent with expectations for a gradual but steady recovery of the domestic economy, driven by a confluence of factors which centred around the rebounding of the tourism industry, inclusive of the cruise ship sector with positive knock-on effects on other inter-connected productive sectors (such as Agriculture, Manufacturing and related Service sectors), as a direct consequence of increased vaccination rates, opening of key source markets and rollback of some travel restrictions.

Expenditure

Mr. Speaker, the 2021-22 estimates of expenditure is set at \$1.639 billion. This represents a 6.8 percent increase over the projected outturn for fiscal year, 2020-21 and a 7.4 percent increase over the estimate for 2019-20. Recurrent expenditure is estimated at \$1.360 billion or 83.0 percent of total expenditure. Meanwhile, capital expenditure is estimated at \$278.6 million or 17.0 percent of total expenditure.

Notably, the allocation to meet the debt principal repayments in this fiscal year is set at \$125.8 million.

Mr. Speaker, as I indicated earlier, as part of our fiscal strategy two expenditure lines, namely salaries and debt service payments have been identified as top priority.

Fiscal Balance

Mr. Speaker, on the basis of the projected numbers for revenue (which is still below pre-COVID-19 levels) and total expenditure (which as we are all aware had to be increased for COVID-19 related expenditures) there is a current deficit of \$232,491,500 and an overall financing gap and deficit of \$383 million or an estimated 7.9 percent of GDP. Given this fiscal balance, a policy stance of fiscal consolidation over the medium to long-term is needed to reverse and stop any further deterioration and thereafter to start the process of rebuilding and strengthening our fiscal position.

Revenue Measures

Mr. Speaker, in light of this significant overall deficit we must proceed judiciously and in a fiscally-prudent and responsible manner. This will require that we work together in our country's interest in a spirit of shared sacrifice to improve our revenue performance.

For this reason and as you will note, Mr. Speaker, there are not many of the usual tax breaks in this budget that some have grown to expect. I wish to remind this honourable House that these tax-related relief measures to targeted groups of households and businesses are being provided under the framework of the Economic Recovery and Resilience Plan (ERRP) and are ongoing in most cases.

It is worth noting Mr. Speaker, that there are "No New Taxes" in this budget, given that the general orientation of this government with respect to taxation is to lower taxes wherever possible so as not to increase the tax burden on our citizens.

Additional Measures with Implications for Revenue Performance

Mr. Speaker, despite the COVID-19 induced revenue challenges, that we face, we continue to be a caring and empathetic government and have taken the following

additional measures to assist our people, to support the economy and help smooth out consumption of families as well as to increase revenue collection.

* Mr. Speaker, the period during which frontline workers are able to import vehicles duty free has been extended until September of fiscal year 2021-22.

• Also, Mr. Speaker, to make the process more manageable for taxpayers, especially given the current COVID-19 related challenges in obtaining relevant documents, the deadline by which individuals and individual enterprises are required to file their personal income tax returns has been extended until May 31, 2021. Corporations can engage the Tax Authorities directly where there is a need for extension for filing their corporate income tax returns, as these will be dealt with separately.

Importantly, Mr. Speaker, during the new fiscal year efforts will also be directed at improving tax administration through recovery efforts to boost revenue collection.

Property Tax Reform

Mr. Speaker, the property (or land and house) tax is yet another regime which has been identified by this administration for reform. It has long been recognized that this tax regime has typically under-performed and is fraught with a number of issues as was found in a 2015 study by the Caribbean Regional Technical Assistance Center (CARTAC) which identified a number of deficiencies with the current system.

This property tax regime which was initially based on the rental value of the property is now linked to the market value of the property which is also inherently problematic. Moreover, it would also be a herculean feat to conduct valuations on every property in the country and even so, such valuation would soon become outdated.

Also Mr. Speaker, the expectation of persons who have paid property tax is that it is commensurate with the provision of a list of services that impact their quality of living or enhance their experiences in a given community such as waste collection, street lighting and upkeep of public infrastructure including parks, other open recreational spaces, tree trimming and grass cutting along the verges of the roads, and so on.

Given all these concerns, the government intends to introduce a revised ‘property tax’ system which addresses the concerns and deficiencies cited in the 2015 CARTAC study. The objective of this reform is to establish a property tax regime that is simple, fairer in terms of its incidence and takes greater account of the variations in properties within a particular region.

Mr. Speaker, it is anticipated that the reformed property tax regime will result in a broadening of the tax base and encourage significantly higher rates of compliance which would serve to eventually boost total revenue generated while reducing the assessed tax rate or amount due from individual property owners.

Further Mr. Speaker, as a caring government, we postponed the implementation of the new regime and provided a moratorium on the payment of property taxes for an initial period of three years in the first instance and subsequently extended this tax relief for a further period of one year for the past two years. In effect the waiver would have been in place for five consecutive years, from 2017-2021.

Mr. Speaker despite the government’s own revenue challenges, having regard to the adverse effects of the COVID-19 pandemic on many households and property owners, the government proposes to postpone the introduction of the new regime until January 1, 2022.

Public Debt

Mr. Speaker, the official stock of public debt increased by 10.4 percent to \$3.773 billion by the end of 2020. Although the year-on-year increase in the debt stock in 2020 when compared to 2019 is higher, this outcome, must be placed in its proper context as an “outlier” given that before the onslaught of the pandemic, the public debt stock grew by an average of 3.3 percent during the period 2016 to 2019, compared to the period 2012 to 2015, when the public debt grew at an average rate of 6.3 percent.

The pandemic-induced contraction in economic activity in conjunction with disbursements from rapidly negotiated and secured concessionary debt from regional and international financial institutions (such as the IMF, World Bank, ECCB, EIB and the CDB) resulted in an increase in the debt-to-GDP ratio estimated at 86.5 percent at the end of 2020. An estimated 75.0 percent (or $\frac{3}{4}$) of the increase in the debt to GDP ratio was due to the sharp contraction in GDP in 2020. The remainder of the increase emanated from an increase in the public debt stock largely related to the pandemic. Mr. Speaker it is important to note that the increase in Saint Lucia’s debt-to-GDP ratio is similar to what occurred in the ECCU region. The debt to GDP ratio for the ECCU as a whole registered an average increase from 67.2 percent in 2019 to 85.6 percent in 2020. An even larger jump was recorded in another OECS State which climbed from 83.1 percent in 2019 to 117.1 percent in 2020.

However, I wish to assure Saint Lucians that, like other ECCU and regional countries, following Saint Lucia’s temporary deviation from the prudential path of fiscal sustainability in 2020, the debt to GDP ratio is expected to be on a downward trajectory as the domestic economy recovers and returns to positive growth rates. Additionally, the government will adjust its fiscal policy stance and embark on a path of fiscal consolidation in the medium term. Mr. Speaker, these would slow down debt accumulation and allow for Saint Lucia to converge to the revised ECCU’s regional debt target of 60.0 percent by 2035. Mr. Speaker, this revision by the Monetary Council

in February 2021 to extend the date from 2030 to 2035 for the attainment of the debt target was driven by the pandemic.

Liability and Debt Management

Mr. Speaker, by articulating the elements of this strategy I wish to allay the fears and concerns of our local creditors who have provided supplies of goods and services to the government and continue to await payment.

Clearing Payables

Mr. Speaker, recognizing that the large stock of payables affects the cash flow of the private sector, the government remains committed to reducing its outstanding payables to our local businesses. In that regard, the government has been accommodating set offs of some outstanding amounts against current tax liabilities of some entities. In 2021-22, the government intends to continue this practice, where possible. Going forward, a more comprehensive strategy will be developed in the coming months to settle these outstanding amounts in a manageable manner, in consultation with the central government's domestic creditors. We are extremely grateful for their assistance, patience and sacrifice.

Mr. Speaker, despite the negative impact of the pandemic on our economy in general and in particular government's ability to make payments to the private sector in a timely manner, the government is particularly pleased to state that all public servants have been paid 100 percent of their salaries in cash throughout the fiscal year 2020-21.

Debt Management Strategy

Mr. Speaker, I now turn to another critical element in our overall fiscal strategy. As you may recall, and I have emphasized in previous budget addresses to this honourable House, the issue of debt management is a high priority for this administration. It is for

this reason we developed a strategy to help ensure the sustainability of Saint Lucia's public debt over the medium to long term.

We are well aware, Mr. Speaker, that when the debt-to-GDP ratio of the country is above prudential levels (60 percent) this reduces fiscal space and impedes the ability of government to contain expenditure in a manner so as to return to positive balances or public savings. These surpluses are needed, Mr. Speaker, to allow us to accumulate and build contingency reserves in order to serve as buffers to insulate our country against unanticipated external shocks.

Under this debt management framework, Mr. Speaker, we examined the parameters of our debt portfolio in terms of: (i) the cost or interest rate on debt and (ii) the risks profile of the debt based on the maturity and associated refinancing and rollover risks. From this assessment, we then took steps to reduce the cost of debt through lower average interest rates and to lengthen the maturity profile by attempting to reduce the share of short-term debt instruments and securities in our debt portfolio. This was done, Mr. Speaker, through actively seeking, where possible, more favourable terms including grace periods and longer maturity or repayment periods. As a result, Mr. Speaker, the share of concessionary financing in the debt portfolio has increased under this administration to 27 percent from 25 percent under the previous administration.

As I reported in this House, Mr. Speaker, prior to the advent of the COVID-19 pandemic, the fiscal and debt strategy of this government had begun to bear fruit. Our debt-to-GDP ratio was on a path of convergence towards sustainability levels and had dropped marginally below the prudential maximum to 59.6 percent as recommended by the Eastern Caribbean Central Bank (ECCB) and other International Financial Institutions.

However, Mr. Speaker as you can appreciate, due to the pandemic with the attendant uncertainty regarding its impact, access to funding from the bond market has been at a slower pace than in pre-COVID-19 years. In response to this reality, the government has made a strategic move to access most of its funding from multilateral and bilateral creditors.

Thankfully, Mr. Speaker, the government was able to benefit from a debt service suspension initiative provided by some of our official bilateral and commercial creditors. This initiative provided some much needed fiscal space in the form of suspension of debt service payments from creditors for a given period of time, which allowed government to redirect its resources to other areas, including COVID-19 related expenditures.

Further, Mr. Speaker, as part of this government's efforts to ensure proper management of our nation's debt, a debt management policy, the first of its kind for Saint Lucia, was established. This has been critical to the adherence of best practices and has helped with the ongoing development of a unified public debt legislative framework for Saint Lucia. This (Debt Management) Policy document, Mr. Speaker, has been used to guide the drafting of the inaugural Public Debt Management Bill which will be presented to Parliament in the coming months.

Therefore, Mr. Speaker I wish to reassure Saint Lucians that the development of the debt management strategy being pursued by this government was methodical and based on international best practice.

Mr. Speaker, I wish to reiterate that despite increases in borrowings undertaken in recent times, all of which have been absolutely necessary because of COVID-19, due care and attention has been taken to ensure that we secure the most concessionary terms. This has led to the overall lengthening of the average time to maturity (ATM)

from 4.9 years in 2016 to 5.7 years in 2020. Further, we have also managed to lower the weighted average cost of debt to 4.86 percent in 2020 from 5.31 percent in 2016. Under the current circumstances in which we operate I believe this is very commendable and I wish to place on record our sincere thanks to the efforts of the staff of the Ministry of Finance in assisting with this outcome, but the work continues.

Financing of the Budget

Mr. Speaker, based on the foregoing considerations, I propose that the 2021-22 budget will be financed in the following manner:

1. Recurrent Revenue of \$1.001 billion comprising:
 - a. Tax Revenue of \$909.02 million or 90.7 percent of total recurrent revenue
 - b. Non Tax Revenue of \$92.69 million or 9.3 percent of total recurrent revenue
2. Grants amounting to \$121.26 million from friendly governments and multilateral institutions was outlined in my address to this honourable House on March 16th 2021
3. Capital Revenue from the proceeds of the sale of assets amounting to \$6.04 million.
4. Government Instruments, including Bonds and Treasury Bills of \$240.86 million which represents a reduction of 9.8 percent or approximately \$26.26 million compared to the approved estimates for 2020-21. Other Loans totaling \$268.72 million from various regional and international financial institutions.

Allocation of Expenditure across Ministries and Government Departments

Mr. Speaker, I wish to now give a broad indication of how the estimates of expenditure for fiscal year 2021-22 will be allocated.

As in previous years, the economic and productive sectors will receive the largest share of the allocated expenditure of \$889.05 million or 54.3 percent of total expenditure of \$1.63 billion. Of this amount 77.0 percent is allocated to recurrent expenditure programmes and \$207 million or 23.0 percent to capital expenditure to support and provide impetus to the growth and development thrust of the government.

The Ministry of Finance which is responsible for managing the fiscal accounts, receives an allocation of \$501.02 million or 30.6 percent of the total quantum of resources most of which (99.0 percent) is to satisfy recurrent expenditure obligations such as wages and salaries, debt service and payments for goods and services.

Mr. Speaker, the allocation towards social service sectors and programmes in this financial year increased to \$519.67 million of which \$460.99 million or 88.7 percent is to be used to fund recurrent expenditures, while the remaining \$58.68 million or 11.3 percent will be spent on capital programmes.

CONCLUSION

Mr. Speaker, amidst the high levels of continued uncertainty as a result of COVID-19, the 2021-22 budget is our best estimate for both revenue and cost; with the understanding that if COVID continues it will impact revenue negatively and increase cost.

For this reason, the Government continues to attempt to get people vaccinated and to focus on domestic growth initiatives such as construction, the call centers, manufacturing, agriculture, offshore financial services, etc. This helps us to continue to bolster the economy and mitigate the fall out on individual households.

We witnessed just recently between the volcano and the heavy rains the continued importance of building resilience in this country. We now understand that resilience is not only the physical structure but it's human; from the health perspective as well as education. We must become more adaptable and in doing so we are positioning this country to take advantage of the global rebound which we know will come.

Mr. Speaker, COVID-19 has provided a stern test of our management and leadership and reinforced the midterm strategy of this Government to build resilience, diversify and to become a more borderless country.

Imagine if you would, Mr. Speaker, if our administration had not been impacted by COVID last year. We are certain that the unemployment rate which had already been reduced to 16 percent, would have been reduced further. We are certain that youth unemployment would have also continued on its downward trend, from 44 percent when we got into office to 31 percent. By 2019 our debt to GDP had declined to 59 percent. As we indicated with many of the capital investment projects, the roads, the airport, St Jude, the improvements in healthcare and the continued investment in education, we are certain that unemployment would have dropped to single digits. We would probably have had, one of our highest levels of economic growth and our debt to GDP would have been reduced.

But as it turned out we had COVID, however, it is because of the significant gains we made through my government's policy initiatives and hard work that we were in a position to absorb the economic fallout from COVID.

Mr Speaker, I also want you to imagine if you would, if we were hit by the COVID pandemic in 2015, where would we be?

The unemployment rate then was at 25 percent, youth unemployment was 44 percent, we had consecutive deficits with the inability to borrow any money. Where would our

unemployment levels have gone to? Would we have been able to provide any level of income support? Would we have been able to open a respiratory hospital? Would we have been able to have programmes to support households? What about the payment of salaries? And, would we, Mr Speaker, have been able to continue paying our debts?

The answers to these questions are very obvious, Mr Speaker.

In this global environment where we need to pursue all possibilities for engagement, we have nurtured a climate where investment, collaboration, partnership and friendship will thrive, because there is confidence in this country; there is confidence in its people and its Government.

Mr. Speaker, a year ago, in 2019, this country was certainly in a better place than when we first came in. And despite the largest health, social and economic catastrophe of our lifetime, we have still managed better than the previous administration.

We know that there is so much more to achieve and we are confident that our strategies and policies are working. We have proven that we have the capacity to implement.

Mr. Speaker, our cumulative investments:

- In education: with improvement to the quality of the buildings, our investments in the teachers and modernizing our education system to digital education.
- The strengthening of health care, operationalizing OKEU, building a world class facility in the south, our work on health insurance.
- Mr Speaker with infrastructure we have rehabilitated one third of the road network in this country to new standards including drains and sidewalks.
- In Sports, we introduced the academy, upgraded sporting facilities and created five model facilities to be replicated through length and breadth of this country.

- In security, we have invested in technology, institutional building, training, our court systems and our social systems
- With the economy, we have created new business opportunities, encouraged and nurtured small business with access to financing; we are finishing Ti Village in Gros Islet which will be replicated in other communities. We reduced the VAT rate and we are going to continue to streamline and make taxation less burdensome in this country. We are committed to continuing to grow the economy so people have disposal income in their hands.

Mr Speaker, we know we are not where we want to be yet but we are on a journey to build a World Class Saint Lucia that is accessible by all and Globally competitive.

There is no issue that this government has avoided – no issue that this government is afraid to confront. We are a government that creates socio-economic policies that are people centric. We put plans in place and we deliver. We are relentless in the drive to build a new Saint Lucia that is resilient, inclusive, adaptable and secure. We dare to dream and we must achieve.

Mr. Speaker, this government, along with its citizens, time and again, will overcome any and every obstacle put before us. Over the past five years we have proven that. Let those who still peddle in the games of Secrets, Lies and Propaganda, continue along their way.

The rest of us will stay focused, determined, committed and united.

United We Will Overcome! United We Will Persevere! And United We Will Progress!
The choice is clear! Let's Keep Working!

Thank you Honourable members for your attention as I present the Appropriation Bill for the 2021-22 Financial Year for your consideration.

