

# Government of Saint Lucia

**Budget Address**  
For the Financial  
Year 2020/2021



**NEW CHALLENGES:**  
New Opportunities  
To Continue To Build  
A Stronger Saint Lucia  
Together

**Honourable Allen Michael Chastanet**  
Prime Minister and Minister for Finance,  
Economic Growth, Job Creation, External Affairs and the Public Service

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## **Introduction**

Mr. Speaker, I stand before you in this Honourable House to once again present to the people of our country, Saint Lucia, the government's policy statement and rationale for the plan of expenditure contained in the Estimates for 2020/2021.

I wish to first take this opportunity to thank the Almighty God and indeed the people of Saint Lucia for the honour and privilege to lead this truly wonderful country over the last four years. I am especially grateful to the people of Micoud South for their continued overwhelming confidence and support.

Mr. Speaker today is being observed as Public Service Day and I ask the Parliament to join me as we salute all employees in our public services for their continued commitment and dedication to our country. Theirs is the responsibility to translate the policies and programmes of the government into action, for the benefit of the people. It is a tremendous responsibility, one that my government hopes they will continue to execute with integrity and professionalism going forward. Mr. Speaker, this was most evident as we confronted the challenges over the last few months.

On this Public Service Day, I also pay our respects to two former outstanding public officials and Saint Lucians, who recently left us. Former Senator and Minister for Education Honourable Margerita Alexander who was laid to rest last Monday. Ms. Alexander was an educator by profession and the first woman Chairperson of the Saint Lucia National Commission for UNESCO.

We have also lost the pioneer of music education in schools Ms. Joyce Auguste, who will be laid to rest tomorrow. Ms. Auguste has inspired generations and her contribution to chorale and folk music has been immeasurable and she was instrumental in the recording and preservation of indigenous music.

The nation is also mourning the loss of former long serving public servant and deputy Governor-General, Mr. Cornelius Lincoln Lubin (MBE) and Mr. Kenneth Foster QC, an esteemed retired criminal attorney, and a former Member of Parliament for Anse La Raye/Canaries.

Mr. Speaker, the people of Saint Lucia will remain grateful for their service and contribution to our national development. On behalf of the Government and people of Saint Lucia, I extend my deepest sympathies and condolences to all the families of these esteemed individuals.

## SECTION 1

### Overview

Mr. Speaker, Honourable Members, this policy statement for the 2020-21 National Budget is, to my mind, one of the most important in the history of Saint Lucia. I say this Mr. Speaker because every budget must recognize and relate to conditions in the country at a particular point in time. This year, this recognition assumes extreme importance given the historic events that we have all experienced since the month of February, as a result of the Novel Coronavirus or COVID-19. This virus has been rampaging the entire world bringing sickness, death and economic destruction, that none of us have experienced in our lifetime.

Mr. Speaker, it is the effect of this global crisis that has convinced us to adopt as the theme for this presentation, **“New challenges, new opportunities for building a stronger Saint Lucia, Together”**.

Mr. Speaker, this theme has resonated with the overall agenda of this government since coming to office in 2016. It was our view then that Saint Lucia was in desperate need of a major transformation and this is of even greater importance now, given the setbacks that we have suffered as a result of COVID-19.

In my first Budget address to this House, Mr. Speaker, I presented the baseline scenario of the country that this government had inherited. It was a country in decline if not in crisis. Whilst the economy grew at an average rate of 0.94 percent between 2007 and 2015, the debt-to-GDP ratio was above the prudential guidelines of 60 percent and unemployment was unacceptably high at over 24 percent, with youth unemployment at 41 percent. Mr. Speaker, Saint Lucia was performing at a level that was way below its potential and if we were to address the challenges confronting us, we would have had to do much better across all the socio-economic indicators.

However, we were not daunted by the challenge. The truth is Mr. Speaker, the political party which sits on this side of this Honourable House and which I have the honour to lead at this time, has had a proud record of rescuing Saint Lucia in times of crisis. We did it when we first came to office in 1964, at a time when Saint Lucia had stagnated into poverty and backwardness. We also had to shoulder the

responsibility of rebuilding this country in 1982, after the debacle between 1979 and 1982 when the political party of my colleagues on the other side was in office.

When we returned to government in 2006, we effectively managed the affairs of Saint Lucia through a myriad of challenges, including the global financial crisis (when oil prices soared to over US\$140 a barrel). This crisis was the worst since the Great Depression of the 1930s, the effects of which were felt throughout the world. Then on October 30<sup>th</sup> 2010, we faced the ravages of a 100-year storm in hurricane Tomas, the scars of which are still with us today. We lost our Prime Minister and political leader, yet we were able to manage a transition in leadership and despite the confluence of shocks in that period (2006 to 2011) we were able to grow the economy and make it possible to award public servants a 14.5 percent pay increase over three years. Mr. Speaker, every time that our party has been in office, in spite of the challenges of the day, we have been able to successfully guide our country into safe harbour.

I make these statements, Mr. Speaker, not to brag about our achievements, because ours is not a party given to boasting or beating our chests. We believe Saint Lucians, especially the younger ones, need to know the truth and how we have come to be where we are today. On one side of this Honourable House we have a group calling itself **workers--** meaning builders, producers, achievers. On the other side we have another group calling itself **labour** — a word which denotes pain, suffering and hardship. We are two sides as different as day and night.

So, Mr. Speaker, from the onset, on being elected to office in 2016, it was clear that the best policy response to the challenges facing the country, was to take actions to cause the economy of Saint Lucia to grow at a faster rate. This required a radical change and review of delivery systems, institutional and governance frameworks and a new approach to the economy. In other words we had “**to build a new Saint Lucia**”.

In undertaking this task Mr. Speaker, we identified the need for a new ethos and change in attitude, one which embraced a culture of excellence and a spirit of greater unity. One of our first tasks was to address our deteriorating physical infrastructure (especially roads and bridges) which in many cases were either inadequate or failing. We also needed Mr. Speaker, legislative and regulatory reforms to create new institutions and systems, to manage and coordinate the processes associated, with a new Saint Lucia. All of this our government saw as necessary, if we were to become a more globally competitive and resilient country.

As part of this **re-set, reform and rebuild** process Mr. Speaker, we have implemented a number of innovative and creative measures to finance some of our capital investment projects and programmes. One strategy ensures that the main users of an asset contribute more to its maintenance and upkeep. This approach has helped minimize the impact on our debt levels while ensuring sustainability. An example is the use of a portion of the excise tax revenue from fuel to maintain or rehabilitate our road infrastructure. In a similar manner, despite the fact that it had been discontinued by the last administration, we reinstated the Airport Development Charge (ADC). This has provided us with resources to negotiate with financial institutions like the Taiwan Ex-Im Bank, to secure the funding to upgrade the Hewanorra International Airport. As an aside, Mr. Speaker, you would recall that when we announced the reintroduction of the airport charge, my friends on the other side argued forcefully that this would have resulted in lower visitor arrivals. But guess what, Mr. Speaker, we have instead witnessed successive years of record arrivals.

So when the Coronavirus broke out, Mr. Speaker, our country was on the cusp of another comeback and had just achieved positive growth of 1.7 percent in 2019. We had recorded three consecutive years of positive growth since our return to office. Unemployment had fallen from over 24 percent to 16.8 percent over four years; our debt to GDP ratio had also fallen to below the prudential 60 percent target set by the Eastern Caribbean Central Bank to be achieved by 2030; tourism arrivals had hit a record high of approximately 1.3 million, supermarket purchases of our agricultural products were on the increase and there was renewed interest in the manufacturing sector, recording its highest growth of 6.1percent over the last six years. Mr. Speaker, these are the facts.

Mr. Speaker, this party has always had a vision and a plan for the development of our country, with a long tradition of stellar achievements. We built the East coast highway which cut travel time by car between Castries and Vieux Fort by almost half; we joined Pigeon Island to the mainland by a causeway; established the Rodney Bay marina and created a new residential, tourism-based and commercial centre that has become Rodney Bay; providing housing, employment and economic activity for thousands of Saint Lucians. We created the Morne Educational Complex, now the Sir Arthur Lewis Community College; we developed a banana industry that helped to redress the social and economic imbalance, that had previously existed between rural and urban residents, and empowered the largest number of Saint Lucians ever to become owners of the very lands on which they had toiled for several years.



So Saint Lucia's progress was never a matter of mere luck, Mr. Speaker. It was the result of systematic planning, visionary leadership and efficient execution. This Mr. Speaker has almost become like a habit to our party.

It is this backdrop of achievements that qualify us to take Saint Lucia to the next level and closer to realizing our true potential. Mr. Speaker, we note that some of our sister islands that are tourism dependent (such as the Cayman Islands, British Virgin Islands, Aruba and The Bahamas) have significantly higher GDP per capita than us. Why can't Saint Lucia with a population and landmass second only to the Bahamas and a more diversified economic base, not match or surpass their performance? Mr. Speaker, **we are not performing at our full potential.**

With this in mind, Mr. Speaker, our policies and expenditure programmes over the last four years have all been designed to place Saint Lucia on a higher growth trajectory, one which is needed to raise our per capita income and standard of living above its current level and closer to its potential.

Our party, Mr. Speaker, has always inspired hope and confidence in our people. This budget is therefore an invitation for all Saint Lucians, of like mind, to join us in confronting the new challenges, and seizing the new opportunities that have now arisen for building a stronger Saint Lucia together.

## **International Context and Performance**

Mr. Speaker, the global economy grew at a rate of 2.9 percent in 2019, the slowest since the financial crisis. This slower growth rate, compared to growth of 3.6 percent in 2018, was as a result of a slowing down in economic activity in both developed and developing countries. Trade tensions between the United States of America and China led to increased protectionism which negatively affected trade. These tensions also had a knock-on effect on business sentiment resulting in lower than expected investment growth.

The United Kingdom's exit from the European Union (BREXIT) was another source of uncertainty which also negatively impacted trade leading to subdued global economic activity.

Mr. Speaker, while the United States experienced growth for the 10th consecutive year, the rate of growth last year was lower than in 2018. In Canada, another of our main tourism markets, growth also slowed to 1.6 percent in 2019, down from 1.9

percent the year before. High levels of household debt and reduced productivity levels have been cited as the reasons for that lower economic performance. In the United Kingdom, notwithstanding uncertainty over Brexit, growth remained constant at 1.4 percent, while in the Euro Zone there was also a slight decline in the growth to 1.2 percent. China, Mr. Speaker, also registered a slowing down of growth. Crude oil prices fell by 12.0 percent in 2019, largely due to the increased oil production in the United States which fully offset the reduction in supply from Venezuela, Libya and Iran.

## **Regional Economic Performance**

Mr. Speaker within the CARICOM region, growth in 2019 was driven by strong performances in tourism and construction. Antigua and Barbuda, Dominica and Guyana recorded the highest growth rates. Trinidad and Tobago's economy grew by 0.4 percent in 2019 while Jamaica's economy grew by 0.9 percent. There was marked improvement in Barbados' fiscal position registering a surplus of 3.5 percent when compared to a deficit of 0.3 percent in 2018. This was mainly attributable to higher revenue collections, lower debt interest payments and lower transfers to public institutions as a result of structural adjustments.

High public debt, however, remains a critical issue in the region. There were some positive signs, though, as the ratio of public debt to GDP declined or remained stable in most of the countries in 2019.

Mr. Speaker, the ECCU area registered growth of 3.3 percent in 2019, down from 3.9 percent in 2018. This was driven by expansions in tourism, construction and higher foreign direct investment from Citizenship by Investment Programmes. Most notably, Dominica's economy grew by 5.7 percent, as the Government embarked on infrastructural re-construction following the passage of hurricane Maria in 2017, coupled with private sector-led hotel and residential construction.

The overall fiscal position of the Currency Union worsened, however, in 2019, largely influenced by a growing deficit of 17.7 percent in Dominica. However, Grenada and St. Kitts & Nevis both registered fiscal surpluses in 2019, at lower levels than in 2018.



Generally, Mr. Speaker, public debt as a percentage of GDP declined in most member states with the understandable exception of Dominica, where public debt rose due to increased government capital spending on reconstruction. International reserves grew in 2019 to US\$1.8 billion, equivalent to 4.7 months of imports of goods and services. The EC dollar remained strong with a backing ratio of 99.1 percent at the end of 2019 compared to 98.3 percent at the end of 2018.

## **Domestic Performance – The Year in Review**

Mr. Speaker, preliminary estimates for 2019 reveal that Saint Lucia has enjoyed yet another year of positive growth of 1.7 percent. This was driven by expansions in tourism, manufacturing and transportation. However, this performance slowed as a result of declines in wholesale and retail, construction and agriculture.

In the tourism sector visitor arrivals rose by 3.9 percent to a historic high of approximately 1.3 million visitors. There were increases in all visitor sub-categories with the exception of excursionists. Stay-over arrivals grew by 7.3 percent in 2019, owing to increases in all the main source markets, namely the US, UK, and the Caribbean. Tourist expenditure was estimated to have increased by 11.2 percent to \$2.6 billion.

Cruise arrivals grew by 3.5 percent in 2019 while yacht arrivals were 4.6 percent higher relative to 2018.

Mr. Speaker, the value of manufacturing output increased by 6.1 percent, caused mainly by expansions in the food, beverage and chemical sub-sectors. While there were also increases in the production of furniture and paper products, the production of metal roofing fell due to declines in exports to Dominica as post Hurricane Maria reconstruction activity slowed down.

The agricultural sub-sectors recorded mixed results with an overall contraction of 0.8 percent in 2019, following a recovery of 1.7 percent in 2018. Total banana exports to the UK and the Caribbean region declined by 19.8 percent whilst non-banana crop production increased by 5.1 percent due to growth in supermarket purchases. In the livestock sub-sector, total production of chicken and pork expanded by 5.3 percent, while egg production is estimated to have fallen by 6.8 percent.

Despite increased public sector spending on construction, there was still an overall decline in construction activity of 0.3 percent. Spending on public sector infrastructural development rose by 34.5 percent, mostly driven by central government projects.

Mr. Speaker, as the economy continued to grow, the unemployment rate continued to fall. At the end of the last quarter of 2019, the unemployment rate was 16.8 percent. Youth unemployment also decreased from an average rate of 36.3 percent in 2018 to 31.6 percent in 2019. Consumer price inflation was 0.5 percent in 2019 compared to 2.6 percent in 2018.

Mr. Speaker, the review that I have just given of the performance of the global, regional and domestic economy would normally serve as the context within which the economic outlook would be presented. This year, however, we have had a major disruption to this pattern. I will now, Mr. Speaker, outline what is still an emerging economic outlook, given the reality of COVID-19 which has done immense damage to the economies of all countries in the world.

## **Economic Outlook**

Mr. Speaker, COVID-19 has dealt a devastating blow to the world economy. Lockdowns and other restrictions implemented to address the public health crisis, coupled with simultaneous reductions in economic activity by both consumers and producers, resulted in an unusual combination of adverse shocks. These shocks have caused deep recessions across the world.

Mr. Speaker, global trade and supply chains, tourism and remittances have been particularly hard-hit and joblessness continues to rise. In April the International Monetary Fund (IMF) expected the global economy to contract sharply to levels not experienced in peacetime since the Great Depression of the 1930s. Global economic activity is expected to fall by 5.2 percent in 2020. Economic activity in the US and the UK is projected to decline by 5.9 and 6.5 percent, respectively. While recovery is expected in 2021 with positive global growth of 5.8 percent, partial recovery in Saint Lucia's key source markets and uncertainty, dominate the economic outlook. Meanwhile there are ongoing health risks and fears of successive waves of the virus.

Work on the development of a vaccine for COVID-19 continues, however, until one or some other treatment is found, international travel is not expected to return to

normal before 2023. Meanwhile Mr. Speaker, the economies in the Caribbean and ECCU region are reeling from the effects, with limited fiscal space to respond to the crisis, given their high levels of indebtedness and heavy dependence on tourism.

Mr. Speaker, you will recall in my inaugural budget address, I spoke of “**Building a New Saint Lucia**” and had outlined the elements of a strategy for doing so. Mr. Speaker, I therefore wish to report on the performance of my Government over the last four years. But more importantly Mr. Speaker, I wish to outline how the programmes and projects that we pursued have been critical to positioning Saint Lucia to confront the present and emerging challenges in a post-COVID environment.

## SECTION 11

### Summary of Achievements over the Past Four Years

#### “SETTING CONDITIONS FOR TAKE OFF”

##### **Creating Sustainable Employment**

Mr. Speaker, in my first budget address, I described our socio-economic profile as one of high unemployment and high debt, coupled with chronically-low growth which would inevitably result in widening income inequality. I affirmed my government’s commitment to transforming our country rather than accepting mediocrity and sticking to the “do nothing” mentality. We underscored the need to re-engineer and modernize our economy. That process, Mr. Speaker has begun. Mr. Speaker, a new economy is emerging, one that is diverse, excellence-driven, innovative and increasingly more resilient. We are building an economy that is more people-centred and inclusive.

There is a narrative being peddled questioning the performance of the Government. Permit me Mr. Speaker to highlight some of the strides that have been made thus far which I am certain that the people of Saint Lucia and the members opposite would be interested in hearing.

We set out to create sustainable employment and identified **eight specific strategies** that would be deployed across the tourism, agriculture and infrastructure sectors.

While some shouted “Jobs, Jobs, and Jobs” and failed. We spoke about Building a New Saint Lucia and took concrete steps to deliver on our promises. Mr. Speaker, let us see how this Government has performed.

##### **Tourism**

With respect to our tourism strategy, Saint Lucia’s performance over the last four years reflects the work that has gone into the industry. Mr. Speaker, 1,758 new jobs were created in the accommodation sector over the last four years; 571 rooms were added to our room stock from new hotels and villas while 118 rooms were added from expansions of existing hotels, taking the total number of hotel rooms added to

689. This was in spite of a number of planned investments that were not realized for various reasons beyond our control.

Stayover arrivals increased from just under 345,000 in 2015 to just over 423,700 at the end of 2019 (a 23 percent increase); Cruise visitor arrivals increased from about 677,000 in 2015 to just over 786,700 in 2019 (a 16 percent increase).

Stayover tourism expenditure increased from EC\$2.01 billion in 2015 to approximately EC\$2.6 billion in 2019 (a 29 percent increase).

This is further evidence that our Government has increased the impact of tourism.

## **Agriculture**

In the area of agriculture, Mr. Speaker, I am pleased to report that as part of the banana resuscitation programme, 141 acres of the Ranju farms located in Dennery were made available for banana cultivation with 27 farmers having leases on these farms. An estimated 189 direct jobs were created in the process.

Under the Banana Productivity Improvement Project 50 new acres of land were rehabilitated with average productivity estimated at 16 tons per acre. This, Mr. Speaker, is an almost 100 percent increase in productivity compared to when this project first started.

Revenue from banana exports has averaged at EC\$13.7 million per year while an average of 19.9 tonnes has been exported per year between 2016 and 2019.

Mr. Speaker, the Black Sigatoka disease which wreaked havoc on the banana industry has been brought under control with assistance of the Republic of China (Taiwan).

In order to provide encouragement to entrepreneurs to add value to primary agricultural products, four facilities were retrofitted and refurbished at a cost of EC\$2 million under the Agricultural Transformation Programme. These facilities which will be operated by agro-processing entrepreneurs are:

- The Fond Assau Agro-Processing Facility at Babonneau which has been leased to Paradise Foods St. Lucia Ltd;
- The La Caye Honey Producers' Facility located in Dennery;

- The Anse Ger Agro-processing Facility in Micoud which has been leased to the St. Lucia Network of Rural Women Producers and;
- The Anse Ger Cocoa Processing Facility, also located in Micoud.

A number of products are being produced at these facilities including jams, jellies, juices, pulp, packaged honey and honey bi-products, dry cocoa beans, powdered cocoa and chocolate. Cassava products, snacks and condiments are also targeted. Mr. Speaker, these are examples of how this administration has been working to empower Saint Lucians to take their destiny into their own hands.

And as it pertains to encouraging our youth to build careers in the agricultural sector, you will recall that we implemented the Youth Agri-Enterprise Facilitation Programme. I am pleased to report that 78 young people were trained under this programme and are all currently involved in a range of agricultural enterprises, from broiler and egg production to agro processing. These young entrepreneurs represent the future of agriculture in this country.

Mr. Speaker, in terms of work undertaken on road infrastructure for the agricultural sector over the last four years, four feeder roads were rehabilitated under the BAM project. These roads include the CARDI/Compere road in Dennery, the Bois Canoe road in Micoud, the Morne Cayenne road in Vieux Fort and the Mighney/Derache road in Soufriere.

And while we have moved to address some of the needs for hard infrastructure, we have also been addressing the demand for the softer infrastructure. Mr. Speaker, we were able to complete the construction of the National Diagnostic Facility which will have laboratories to study various animal and plant diseases and pests that affect agricultural output; product development laboratories to support innovation and; a metrology laboratory. This facility cost EC\$11 million. Final touches to the building are currently being undertaken.

## **Achievements in Agricultural Infrastructure**

Mr. Speaker, over the last four years we have had a number of initiatives aimed at improving infrastructure in the agricultural sector.

Some of these improvements, including the Rehabilitation of Farm Community Infrastructure, were carried out as part of the Banana Accompanying Measures (BAM) project funded by the EU.

As it pertains to building the resilience of farmers, a wind barrier system to minimize the impacts and protect crops against tropical storm force winds was introduced on some of the farms, along with new more wind-resistant varieties of bananas from Taiwan.

I am also pleased to report Mr. Speaker that 277 farming families are registered under the Livelihood Protection Policy which allows them to get a degree of income support in the event of a disaster destroying their crop or farm infrastructure.

## **Achievements in Public Sector Investment**

Mr. Speaker, if we are to have an economy built to last, we must invest in the infrastructure that is resilient and will support us for generations to come. With this objective and principle in mind, the Departments of Infrastructure and Economic Development have assessed the suitability of our existing infrastructure and have determined our priorities to cater to our present and future needs. The point Mr. Speaker is that, we are not simply building things but are doing so in a manner that ensures that those investments are transformational and support our growth and development. Permit me highlight some of those achievements:

## **Road Infrastructural Development**

I am sure we can all agree that our base infrastructure which has served us well and underpinned our growth and development for decades, has deteriorated and needs to be modernized and upgraded. Over the last four years, therefore, we have spent over EC\$100 million and embarked on a number of road and infrastructural projects.

Mr. Speaker, the Castries/Gros Islet Highway links the capital city and financial centre Castries, with the major residential and tourism hub of Gros Islet. However, this road which was constructed in the early 1970s with single lanes, north and south-bound, has exceeded its design capacity in most parts, resulting in congestion and major delays during peak periods. In response to this challenge, my administration took the decision to address the bottleneck and congestion near Sandals Halcyon. Mr. Speaker, I am pleased to announce that the Choc Beach road-widening project was completed in December of last year 2019 (before Christmas). This has



undoubtedly improved north-bound commute in terms of travel times, especially during peak hours and allows uninterrupted traffic flow to the Choc roundabout.

We also rehabilitated about 9 kilometres of road in the communities of Saltibus and Cas-en-Bas. Work on the Fond Manger and Blanchard roads began in February 2020 whilst works in Upper and Lower New Development in the town of Soufriere began in March of this year. The Forestiere road was fully rehabilitated last year with support drainage infrastructure.

Mr. Speaker, for those of us know who use the La Retraite/Caye Manger bypass, the experience of traversing the La Retraite bridge can be unsettling if not challenging. Mr. Speaker it gives me pleasure to let the understandably anxious motoring public know that relief is coming. Work has started on this project which includes not only replacement of the bridge but also the rehabilitation of the La Retraite road with support drainage to ensure its viability for a longer period.

So you see Mr. Speaker, by the end of 2020, more than 50 kilometres of secondary roads would have been rehabilitated.

Mr. Speaker, investment in infrastructure, though costly to finance, pays dividends for decades, laying the foundation necessary to support the economic and social growth and development, as we build a new Saint Lucia.

Mr. Speaker, in an effort to bring about greater efficiency in the road maintenance process, the Department of Infrastructure has implemented a comprehensive system to guide the restoration and upkeep of our road network. This system Mr. Speaker will assist the Department with the planning and programming of investments. This is known as the Road Maintenance Management System. This initiative will seek to rehabilitate, through strategic maintenance, 18.5 kilometres of primary roads and 54.69 kilometres of secondary roads.

## **Hewanorra International Airport**

Mr. Speaker having reintroduced the Airport Development Charge, this enabled us to secure financing arrangements for the redevelopment of the HIA. I am pleased to report that the HIA redevelopment project finally started earlier this month. When

this is completed we would have a world class facility which will be **owned, managed and controlled by the people of Saint Lucia.**

## **Castries Redevelopment Programme**

Mr. Speaker, the redevelopment of Castries is a central component of our new vision for Saint Lucia. In my first budget address, I outlined some of my administration's plans for the redevelopment of Castries. With respect to the Castries Market Redevelopment Project, I am pleased to report that the first component of phase one of the redevelopment of the Castries Market has been completed. This has made it possible to allow the vendors to return to a newly refurbished and much more aesthetically pleasing facility. The structure built under this component is designed to withstand wind speeds up to a category five hurricane. That is what we mean Mr. Speaker when we say that we are building to make Saint Lucia a more resilient country.

The next component of phase one involves the construction of cosmetic shops, cafés, pubs and eateries. Saint Lucians can now look forward to phase two as we continue to transform our city into a more modern and functional place of which we can all be proud. This phase entails the construction of a viewing tower and duty free shopping boutiques. The overall project Mr. Speaker, is estimated at EC\$32 million.

## **Re-engineering Social Services Sector**

### **Child Protection**

Mr. Speaker, we have tackled with relish, the legislative environment that has for decades meant that we have provided lip service to the protection of our children and their families in general. The passage of the Family Laws (Child Care Act and the Child Justice Act) was a significant step to creating a framework for addressing the plight of children in need of care and protection, as well as those in conflict with the law. We have undertaken extensive consultation to the point where other pieces of legislation, relating to Child Maintenance, Domestic Violence and the Status of Children are now under review. Such legislative reforms have given rise to institutional and structural changes that have led to the strengthening of the capacities of a number of key institutions like, the Department of Human Services,

the Department of Probations, Family Court and the Royal Saint Lucia Police Force. The reforms have also served to catalyze our focus on rehabilitation and restorative justice programmes.

Mr. Speaker, recognizing the absence of a place of safety for vulnerable children in the south of the island, our government, as of last year, has provided an annual subvention of \$242,400 to the Vieux Fort Children's Society. This not for profit organization caters for the needs of children (3 – 12 years) who are victims of child abuse, neglect and abandonment and will now complement established child care institutions like New Beginnings Transit Home and the Holy Family Children's Home in Ciceron, that fall within the purview of the Department of Human Services.

### **Social safety Nets**

Mr. Speaker, in the area of social safety net provision, we have always said that such programmes must be targeted at those most in need of assistance. We have engaged in a wide consultative process over the last three years that has resulted in a draft social protection bill that seeks to provide the legal framework to prevent, manage and eliminate situations that adversely impact on the well-being of our citizens, particularly the most vulnerable. While we have pursued this objective, we have ensured that over that time-frame, there has been a steady increase in the number of beneficiaries of both the Public Assistance Programme and the Child Disability Grant. We have also approved and adopted a new instrument that will be used to ensure a standardized and systematic method of determining eligibility for all government safety net programmes. And, beginning with the Public Assistance Programme, we have undertaken an aggressive campaign of data collection on our vulnerable households, which is approximately 95 percent completed.

### **Youth Development**

Mr. Speaker, our government's philosophy has been to make a fundamental shift from viewing the youth as a problem to one in which we place great emphasis on their empowerment and direct participation as partners in the economic and social development of this nation. Again, and consistent with our overall approach, we facilitated a lengthy and broad based consultative process that resulted in the

formulation of a National Youth Policy. This, along with our overall Medium Term Development Strategy, will serve as the cornerstone of our collective efforts at collaboration and engagement.

Mr. Speaker nowhere is this more evident than in the sphere of employment. We have witnessed a significant decline in the level of youth unemployment from the highs of 38 percent in 2016, to 31 percent in 2019. Our National Apprenticeship Programme has yielded the employment of 300 young persons at OJO Labs and from 600 other young persons trained in hospitality services, hundreds have been employed throughout the sector. Notwithstanding the impact of COVID-19, this model of engagement of the youth, facilitation of training and creating partnerships with the private sector, is unquestionably a successful pathway for employment creation. However, we have not limited our engagement with the youth to just hospitality services. There are similar examples of youth empowerment in the agricultural and business sectors of our economy which I referred to earlier that impact positively on our employment objectives.

## **Healthcare**

Mr. Speaker, the most significant development within the health sector over the last four years was the move from the Victoria Hospital to the OKEU Hospital. This move has significantly strengthened Tertiary care services within our healthcare system. Mr. Speaker, this move was long overdue, after several years of meticulous planning. It was initially our government's intention to transition the Victoria Hospital to the OKEU Hospital within the first quarter of the 2020/2021 fiscal year; however, due to COVID-19 plans had to be expedited by a few months.

Mr. Speaker, once again I would like to thank the EU for their generosity in funding this hospital and I would also like to register my sincere thanks and appreciation to all the staff for their hard work and dedication, and to each and every person who made it possible for us to move to the OKEU Hospital, within such a short space of time. Our collective mindset to "make it happen", without compromising quality is a blueprint for BUILDING A NEW AND STRONGER Saint Lucia TOGETHER.

The OKEU hospital will now function as one of our premiere healthcare facilities, as it is equipped with modern and first-class equipment which will assist our medical care staff with their diagnoses and treatment of patients.

Mr. Speaker, the second major health facility that demanded our focus and attention was St Jude Hospital. As I have said many times, on coming into office we found a project which was woefully mismanaged and it was our responsibility to first gain an understanding of all the possible corrective options before moving forward with works. Now that the audit has been completed and the project's viability has been reassessed, a plan has been put in place and work has recommenced on the construction of St. Jude Hospital. The inordinate delay, though regrettable was nonetheless necessary and I am confident that we will be vindicated by the quality of the completed facility.

### **SMART Facilities Initiative**

Mr. Speaker, the United Kingdom Department for International Development through the Pan American Health Organization, has funded the refurbishment and retrofitting of fifteen facilities (13 health facilities and 2 non-health facilities) to make them safe and operational both during and after extreme weather events and emergencies. These facilities are climate resilient, energy efficient with lowered carbon footprints and operational costs. In this regard the following Wellness Centres have been upgraded: Vieux Fort, Laborie, Belle Vue, Entrepot, Richfond, Bexon, La Fargue, Saltibus, Mongouge, Desruisseaux, Mon Repos, Monchy and Ti Rocher (Castries).

### **Education**

In the area of Education Mr. Speaker, the Government of Saint Lucia views education as a basic human right and the platform to enable all citizens to attain their full human potential. Throughout our term, our focus in the area of education continued to be on improving the system to make it more responsive to the needs of the modern labour market and to integrate information and communication technology (ICT) into the curriculum in a more meaningful way.

ICT is one of the interventions that when effectively incorporated into our education system, will undoubtedly improve the teaching/learning process in the classroom. Our electronic-education thrust seeks to bridge the digital divide between what exists locally and what obtains globally. To this end the following measures have been undertaken within the education sector:

1. The formulation and ratification of the ICT-Education Policy.
2. Increased bandwidth in schools through the GINET and CARCIP projects in collaboration with the Republic of China (Taiwan) and Digicel.
3. Upgrading and retrofitting of technical drawing labs at 13 secondary schools to meet the demands of e-testing and the use of programme applicable software.
4. Development of a Digital Literacy Curriculum guide that will help provide a framework for digital literacy education at the lower secondary level.
5. Introduction of aspects of coding and robotics in schools with the assistance of USAID. This has sparked creative interest in our students, resulting in improved student attendance, punctuality and performance.

Mr. Speaker, during the last fiscal year our government spent \$10 million on infrastructure improvements and maintenance work in 74 schools around the island. Overall, since 2016 our government has spent over \$30 million on our long neglected schools.

While this has in no way remedied all of the infrastructural deficiencies of our school plant, it has certainly made the learning experience far more comfortable for thousands of students and their teachers.

## **Reforming Government: Making it more responsive to business and citizens**

### **E-government Reforms**

Mr. Speaker you will recall in my 2017/2018 Budget Address I spoke about reforming government to make it more responsive to the business community and the citizenry. I am pleased to report that we have now completed the establishment of the “Digital Government Integrated e-Services Platform” or Digigov for short.

Through this single window platform, citizens, businesses, investors and other government agencies, will be able to apply and make payments to 154 key public services within eight key ministries. In fact this week the Driver's License and renewal capability will go live. Meaning that Saint Lucians will now be able to get their license renewed at the click of a mouse. We are also working on the Business registry, registration of vehicles, applications for birth and death certificates, liquor licenses and approval for mass crowd events, to name a few.

This project will transform the way government provides services and interacts with the public.

So Mr. Speaker, this government has delivered yet another first. We are placing more and more government services online thus reducing costs and time associated with accessing government services. In this way, Mr. Speaker, we are bringing government to the people.

### **Creating a Modern Development Control Authority**

Mr. Speaker our efforts at making government more effective and efficient do not stop here. In 2017, the Government of Saint Lucia signed a Memorandum of Agreement with the United Nations Office for Project Services (UNOPS) with the purpose of getting technical assistance to help restructure the Department of Physical Planning. This Department, as you are aware, is the agency under which the Development Control Authority (DCA) falls. There have been numerous calls over the years for greater efficiency and effectiveness in the manner in which the DCA carries out its development control responsibilities. I am therefore sure that the House would be pleased to know, that work is well advanced on the adoption of the recommendations from UNOPS, to empower DCA as an independent corporate body, with the necessary legislative authority for approving and controlling development in Saint Lucia.

To this end, Mr. Speaker, a number of pieces of legislation have been drafted to facilitate the transition of the DCA to an independent agency. Preparations for the transition of DCA as well as the policy framework for land use and development will both be completed during the 2020/2021 fiscal year.



## **The Land Registry**

Mr. Speaker, land is one of the most important resources needed to facilitate the development of a country. Ready access to information about land ownership and the administration of the land tenure system can be the deciding factor as to whether an investment is undertaken or not.

Under the OECS Regional Tourism Development Project, work has started on the digitization and indexing of Saint Lucia's land registry to improve access to land documents and reduce the time needed to register documents in the Registry. The system, when completed, will allow access to land registry records at any time seven days a week; will increase the reliability and security of land records kept at the land registry; will reduce the costs involved in land registration through the e-filing system and will promote accountability through audits of transactions.

Mr. Speaker, it is through reforms such as these that Saint Lucia will improve its business environment and place us in a position to speak about being the best place to do business in the Caribbean.

## **Arts, Culture and the Creative Industries**

Mr. Speaker, Saint Lucia is blessed with a wealth of creative talent and in an emerging orange economy, our government deems this worthy of vigorous development. Some of the major achievements include:

- i. Recommissioning of Saint Lucia's Cultural Map.
- ii. Establishment of the Goodwill and Brand Ambassador Programme.
- iii. Support for the development of the Music Industry. This is focused on increasing awareness of Saint Lucian music and enhancing its export potential.
- iv. Access to the Small Grants Programme.
- v. Facilitation of Export Market Opportunities.
- vi. Amendment of the Fiscal Incentives Act to provide for priority service sectors including the creative industries.

Mr. Speaker, we took the decision very early on in our tenure to establish the Events Company of Saint Lucia, not only to enhance the efficiency and effectiveness in the production of national events and festivals, but to foster an approach that would enable a greater contribution of such activities to the economic, social and cultural landscape of Saint Lucia. So Mr. Speaker, the high levels of expenditure that became synonymous with the Jazz Festival (Let's not forget that expenditure of the record EC\$14 million during the reign of the previous administration) is now associated with a wider slate of festivals. Two of them (Carnival and Kweyol Heritage) Mr. Speaker, are indigenous and have been given greater prominence. Just as important, the introduction of more events and festivals has afforded a larger group of local artists the international exposure their talents deserve and activity all summer long.

## **Improving Security and Justice**

Mr. Speaker, it is no secret that this government has been focused on the economic growth and development of Saint Lucia. However, we are equally aware that economic growth is meaningless, if Saint Lucians and visitors to our country do not feel safe and are unable to fully enjoy all that our country has to offer. To this end the Ministry of National Security and the Royal Saint Lucia Police Force have been working diligently on improving citizen safety and implementing measures which will ultimately help to reduce crime.

In 2019, the Royal Saint Lucia Police Force's focus was on gaining a more holistic understanding of its serious crime data and formulating effective strategies to combat it. In 2019 the Royal Saint Lucia Police Force achieved a 2.9 percent reduction in serious crimes as compared to 2018 figures. The desired results of planned interventions are now taking effect. We applaud this improvement, but this is only the beginning of the journey. The target for 2020 is 15 percent below the figures for 2018.

Efforts at improving citizen safety commenced with the Safe City CCTV strategy. This focuses on reducing crimes in Castries through more targeted patrols in collaboration with the City Police, as well as intelligence-driven search operations. The Safe City Phase I operation officially began on 1st July 2019 with the Police Force Command Centre becoming operational and functioning on a twenty-four-hour basis. The CCTV cameras under Phase I cover 95 feeds at 19 strategic sites

along the Castries-Gros Islet highway, supplemented by two License Plate Recognition cameras.

To date, the cameras have greatly aided in hit and run accidents, homicides, shootings and special ops investigations. The video footage of accidents is now being saved and archived for investigation by the Traffic Department. The captured video footage has been able to clarify contradictory statements between drivers, with Investigating Officers indicating that drivers are now generally accepting guilt or settling the reported accidents. The CCTV footage also allows for analytical work to be done with the License Plate Recognition feature of any vehicle for identification and surveillance of suspects.

Mr. Speaker when we came into office in 2016 we found a police force under equipped, with low morale, reeling under the impact of the IMPACS report, the content of which had completely demoralized our men and women in uniform. At a time when crime was on the minds of most Saint Lucians, we had to spend much of our first 30 months sourcing and providing some of the very basic facilities and services for our police force. In today's world, if you do not have CCTV cameras in your trouble spots, if you don't have a forensic lab, a justice and court system that are working in tandem; if you do not have a DPP's office that is properly staffed, if your policemen do not have a proper communications system and vehicles, if you do not have proper court buildings, you cannot be serious about crime fighting.

As if those problems were not a heavy enough burden, there were the related sanctions placed on the police in 2012, including travel and overseas training. This was also a consequence of the bungled IMPACS investigation directed by our friends on the other side.

Mr. Speaker, we reopened the Forensic Lab that had been closed for many years. That gave added impetus to the fight against crime. We recruited more men and women for the police force and whereas the marine police had only one patrol boat in 2016 we now have four. The radar system that was non-functional has been restored and we now have city police backing up the regular police in the fight against crime and the maintenance of law and order.

We appointed a Director of Public Prosecution, increased resources for his office and also made resources available for more judges and magistrates to improve the delivery of justice to our people.

In an effort to resolve the issues of inadequate and poor accommodation for the Judiciary, Government is poised to commence the construction of the Police Headquarters and Court Facility. The 110,000 square feet multi-storey facility will be built on the site of the Old Prison on Bridge Street in Castries.

The project, which is to be constructed through a BOLT arrangement with the National Property Development Company Limited (NIPRO) and is expected to cost US\$33.1 million. It is being designed by the Dsign Group and is being managed by the Department of Economic Development.

Mr. Speaker, I would like to use this opportunity to thank our law enforcement officers for the tremendous work they have done for our country under some very trying circumstances. They have continued to enforce the law in a manner characterized by sensitivity, empathy and flexibility and that is a testimony to their commitment, courage and love of country.

## **Building Capacity in Renewable Energy**

Mr. Speaker, building capacity in renewable energy was one of the goals of this administration from the outset. The government also wanted to decrease dependence on imported fossil fuels to meet its Paris Agreement commitments of reducing carbon emissions. A key achievement of this government has been the endorsement of the National Energy Transition Strategy (NETS) which outlines a pathway for Saint Lucia to achieve grid reliability, ensure cost containment and pursue energy independence while transitioning into renewables.

The government has therefore implemented several initiatives in the areas of solar energy, electric mobility, energy efficiency and geothermal energy. In the area of solar energy, two 25 kilowatt photovoltaic systems, one at the Sir Arthur Lewis Community College and the other at the Gros Islet Secondary School have been installed with assistance from the Government of the Republic of China (Taiwan). Government has also installed a 200 kilowatt Solar PV system on the rooftop of the OKEU hospital.

LUCELEC commissioned a three megawatt solar farm in La Tourney, Vieux Fort in 2018 (a first for the company). To date the site has contributed over 10,000 megawatts into the electricity grid. The company now plans to establish a 10MW solar farm in Troumassee, Micoud. Funding for this project has been secured by LUCELEC from the Abu Dhabi Fund for Development.

Mr. Speaker, in terms of actions to increase energy efficiency, the Greaham Louisy Building received a wiring upgrade and LED lighting retrofits. Fifty professionals from both the private and public sectors received training in Leadership in Energy and Environment Design (LEED) with 34 receiving full LEED Green Associate accreditation.

In terms of geothermal energy exploration Mr. Speaker, pre-feasibility assessments have been carried out confirming up to three areas in our Sulphur Springs as being sound for exploratory drilling. Funding for implementing an exploration drilling programme has been confirmed.

And finally in the area of electric mobility, 15 Technicians have received training and certification from the Institute of the Motoring Industry of the UK in Electric/Hybrid Vehicle repair and replacement.

## **Adapting to Climate Change**

Mr. Speaker, in the area of climate change, you will recall that when I addressed this honourable House in my first Budget Policy Statement, I said that “climate change poses a major challenge to our sustainable development and a threat to the very survival of many small island developing states”. Mr. Speaker, I believe this is even more relevant now. I also promised that we would focus on pursuing access to the Green Climate Fund and other similar climate entities, as adapting to climate change and undertaking emissions reduction would not come cheaply.

Last year, Mr. Speaker, Saint Lucia was successful in gaining support from the Climate Action Enhancement Package (CAEP) for the purpose of revising its Nationally Determined Contribution (NDC). The assessment and revision are expected to be completed by December 2020.

Relatedly Mr. Speaker, a great deal of work has been done on the Climate Finance Strategy under the national adaptation planning (NAP) process. The Finance Strategy will be submitted to the Cabinet shortly.

We were also successful, Mr. Speaker, in securing just under US\$10 million in 2019 from the Adaptation Fund for implementation of an agriculture project entitled “Building Resilience for Adaptation to Climate Change and Climate Variability in Agriculture in Saint Lucia”.

This project, Mr. Speaker, includes interventions for water security, soil conservation and management and the use of solar energy aimed at increasing resilience in farming systems. The project will also include establishment of a climate resilient demonstration farm, rain water harvesting, safe forms of pest control as well as capacity building of agricultural officers and farmers in climate proof farming.

## **Achievements in sports**

Mr. Speaker, from 2017 we embarked on the formulation of a master plan for sports infrastructure in Saint Lucia. The overall objectives of this initiative included the assessment of the condition of sporting facilities island-wide, the identification of venues that required upgrading and the identification and design of new venues. However, even while this exercise was being undertaken, we were able to initiate works that have enhanced several of our existing community facilities. We installed lighting systems in Choiseul, Canaries, Fond Assau (Babonneau), Dennery, La Clery and Grace (Vieux Fort). We have also upgraded playing fields in Canaries, Jacmel and La Clery. All of these initiatives were undertaken, Mr. Speaker, while we implemented civil works for the synthetic surface installations that would lead to new standards of facilities in Soufriere, Micoud, Desruisseaux and Dennery. Mr. Speaker, the Boxing Gym at Vigie, a symbol of the re-emergence of boxing as a popular sport, is now receiving the support it requires from our government, to become a functional training facility. It will serve as a catalyst for the transformation of the Sab Playing Field and Vigie Sports Complex into a major sporting hub in the medium term.

Mr. Speaker, we continue to promote and foster the development of our sportsmen and women through our investment in the Elite Athlete Programme and we are proud to have been able to support the development of young stars such as Julien Alfred, Albert Reynolds, Michael Biscette and Nanjie Phillip. Consistent with that approach Mr. Speaker, we have increased the complement of coaches to 27. And to ensure that we have a robust system that can maximize sporting talents within the secondary school system, we have established the Saint Lucia Sports Academy.

Mr. Speaker, promising athletes who attend this academy will receive a world class education, both in terms of academics and in their respective sporting disciplines. Curricula will be tailored to that suited for a young athlete, where modules such as

nutrition, leadership, and sports fitness will be taught and actively practiced. The level of interest that this new institution has created, both here and within the region, highlights its potential to nurture world-class talent.

So Mr. Speaker, when asked what this government has done in the last four years, I believe the answer is evident. This is a government that promises and delivers. Mr. Speaker, in addition to all I have outlined so far, let's not forget, upon coming into office we delivered on our election promise, the "Five to Stay Alive". To bring immediate relief to the people of Saint Lucia who had suffered under the last administration, we reduced VAT; we reduced vehicle licenses; we froze property taxes; we instituted an amnesty on hospital bills; and we doubled the allocations to school feeding and transportation programmes. Mr. Speaker, we have delivered.

Mr. Speaker, to conclude this section on our achievements, let me say that the gains that we have made, have not been by chance, but are a direct consequence of an approach that our government has adopted from the inception. We have consistently taken a path that as a first step focuses on the thorough assessment of the issue at hand and formulation of a comprehensive and time-bound plan, that is not only crafted "outside the box", but in so many instances, has "removed the box altogether". But we are not solely about talk, Mr. Speaker. We are committed to action. We are committed to ensuring that those plans are executed efficiently and effectively within the resources at our disposal. That is the reason we have been able to undertake so many interventions; the reason we have overcome so many challenges and constraints, over these last four years. And that is the reason we will continue to build a new and stronger Saint Lucia, together.



## **SECTION 111--COVID 19**

### **Responding to the Economic and Social Impact**

Mr. Speaker, permit me to dwell some more on COVID-19 because of its sheer impact, locally and worldwide. We are all acutely aware of the extent of the ravages of this virus. The world's biggest economy, the United States, was brought to its knees with millions losing their jobs and businesses forced to cease operations. Countries, big and small, closed their borders, instituted lockdowns, and travel came to a standstill everywhere. For Saint Lucia and many other Caribbean islands whose economies are tied to tourism, the impact has been massive, with more than 12,000 hospitality sector workers in Saint Lucia out of work.

Before the virus began to wreak havoc, the estimates by the Department of Finance for the next fiscal year had projected growth at between 3 and 4 percent. This would have been five years of consecutive growth, having presided over four years of growth so far (2016-2019). In fact, we were about to announce that our debt to GDP ratio, which had now declined to 59.6 percent, seemed headed for continued contraction in the medium term.

We were also very proud of the fact that our policies and initiatives had resulted in a dramatic reduction in unemployment from over 24 percent when we took office to 16.8 percent as of last year. (And Mr. Speaker, these figures are coming from the Central Statistical Office in their 2019 Labour Force Survey Report). Youth employment continued to decline falling to a low of 31.6 percent.

So Mr. Speaker, the policies and programmes that we have pursued over the last four years, have worked. In fact, it is our success since entering into office which placed us in the position to deal with the new economic crisis caused by COVID-19. As a result of our satisfactory management of Saint Lucia's economy, we were able to successfully negotiate with regional and international institutions, and secured funding to meet the unanticipated financial demands of COVID-19.

In the midst of that crisis Mr. Speaker, Government revenues have taken a beating creating serious cash flow challenges. The ECCB estimates that Saint Lucia's GDP could contract by as much as 18 percent in 2020. If this occurs, it will result in a possible doubling of our fiscal deficit in this financial year.

In order for us to survive, managing incoming cash flow over the next few months will be critical. We also anticipated that many Saint Lucians would have lost their jobs as a result of this pandemic and so we approached the commercial banks very early on, to assist by giving customers a moratorium on loan and mortgage payments, as well as making a number of other new arrangements to continue doing business during the crisis. Our government wishes to place on record our deepest appreciation to the domestic financial institutions for their positive response to our early approach to them.

When the virus first entered our country, our government immediately adopted a three-phased approach to tackling the crisis. Our top priority was protecting the health of Saint Lucians by ensuring that our healthcare system was prepared to deal with any possible outbreak. We negotiated with Cuba to get 110 doctors and nurses on island to provide support.

We took timely and decisive actions to limit person-to-person interactions including, enforcing social distancing, closing our borders, declaring a state of emergency, applying a curfew and eventually shutting down completely. We also set up quarantine facilities at three hotels and fast-tracked the move to OKEU hospital to facilitate Victoria Hospital becoming a respiratory centre.

So Mr. Speaker where are we now with COVID. We may best describe our situation as being in the stabilization phase which may last well into September this year.

Next is the recovery phase. We expect that by September, we will have a clearer assessment of the economic impact of COVID and then, be better able to consider making further adjustments to our fiscal projections.

Notwithstanding the level of uncertainty that the future holds, we recognized from the outset, that COVID-19 would have caused extensive social and economic dislocation and hardship for most Saint Lucians. We therefore announced a Social Stabilization Programme which comprises two components of income support. One targets NIC contributors and the other, non-NIC contributors (such as sole traders, artisans, and musicians among others). We have provided direct support by way of distribution of over 10,500 food and supply “care packages” and over 2,500 hot meals on a weekly basis to vulnerable households.

But we recognized that the extent of the impact of COVID required a much more structured and long term response. From the outset, the Government adopted a multi-

sectoral and bi-partisan approach, given that we considered this, a matter of national importance.

Hence, Mr. Speaker, we moved to establish the Economic Recovery Multi-Sectoral Committee, comprising representatives from the private sector, trade unions, employers and the Opposition. Regrettably, Mr. Speaker, after attending one meeting of the Committee, the Opposition withdrew from further participation in the process.

That body was tasked with making recommendations to prepare an Economic Recovery and Resilience Plan given the adverse effects, that “lock down” and physical distancing measures have had on earnings of all sectors within the economy. Mr. Speaker, this Committee and its sub-committees met on numerous occasions, and after extensive discussions, where submissions were received from a wide cross-section of the public, an **Economic Recovery and Resilience Plan**, consisting of three economic recovery strategies and three resilience strategies were developed.

Mr. Speaker the full scope of the Economic Recovery and Resilience Plan will be presented to the nation in the coming days. But I wish to highlight some key components of the plan.

The Recovery Strategies are: (1) Stimulating the Economy and; (2) Fast Tracking Shovel-Ready Capital Investment Projects. (3) Strengthen Social Protection Systems.

The three Resilience Strategies are: (1) Building Resilience of Productive Sectors; (2) Health Resilience and; (3) Disaster Risk and Climate Change.

Mr. Speaker, with respect to measures targeted at **stimulating the economy**, we will implement the following:

*Stimulating the Economy*

1. Provision of US\$3.1 million re-purposed from the Climate Adaptation Fund, to provide blended loan/grant assistance ranging from to \$5,000 to \$25,000 to micro and small enterprises, with a focus on food security and digital technologies. This will be provided through the Saint Lucia Development Bank and will benefit between 1,200 and 1,500 enterprises.

2. Provision of low cost financing to meet working capital requirements of SMEs affected by COVID-19. This Mr. Speaker will also be administered by the Saint Lucia Development Bank. An allocation of EC\$5.0 million has been made towards this initiative which is expected to benefit 350 people.
3. A 50 percent waiver of Commercial Property Taxes for the period 2019 or 2020 to landlords who extend moratoriums of a minimum 20% of monthly rental charges for a period of three months, covering either April to June or July to September 2020. This, Mr. Speaker, is intended to support tenants affected by the slowdown in business activity.

But, Mr. Speaker, we have not forgotten those in rented accommodation. We propose offering a tax deduction to landlords of 20 percent of the monthly rental value for a period of six months. In effect Mr. Speaker, a tenant who pays a monthly rent of \$1,000 may now have their rent reduced to \$800 and the landlord can claim an amount of \$200 per month for that period.

4. Waiver of taxes on interest earnings of financial institutions from loans to microenterprises. Mr. Speaker, the intention of this initiative is to encourage our financial institutions to provide needed capital to small and micro enterprises through approved financial products for a period of three years commencing July, 2020. EC\$3.5 million has been allocated to this initiative.
5. Provision of \$500,000 to Belfund to capitalize this institution to respond to the needs of the micro business sector. Mr. Speaker, we recognize in these times, a number of skilled persons are out of employment and are desirous of starting a business. These resources are meant to provide initial startup capital for such individuals.
6. Increase in the subsidy on bulk flour to bakers from \$12 to \$17 per bag. Mr. Speaker, our bakers are part of our national food security programme and they have continued to feed the nation throughout this crisis. This provision is meant to stabilize the baking sector and alleviate cash flow

challenges. This measure, Mr. Speaker, will remain in effect for the period July to December 2020.

7. Provision of inputs and related items to the agricultural sector to stimulate domestic demand and strengthen food security. A sum of EC\$7.96 million has been allocated to this initiative.
8. Waiver of duties and related charges on importation of personal hygiene supplies for the period July to December 2020.

### **Fast Tracking Shovel-Ready Capital Investment Projects**

1. Mr. Speaker, some of these projects have already started such as the Hewanorra International Airport Redevelopment, St. Jude Hospital (Phase 2), and Completion of the Respiratory Hospital. Other projects such as the West Coast Road Rehabilitation Project, Vieux Fort Water Redevelopment Project, the Disaster Vulnerability Reduction Project (DVRP) (e.g. Micoud Secondary School and Rehabilitation of selected Community Centres) among others, will be implemented shortly.

Mr. Speaker, we anticipate that through implementation of these capital projects, a total of EC\$396 million will be spent and between 1,500 and 2,000 jobs will be created, providing much needed employment to persons who have lost their jobs, and stimulating the domestic economy. Mr. Speaker, I will speak a little more on the capital works programme when I come to the initiatives that will be undertaken when we address the Medium Term Development Strategy later on in the address.

2. Waiver of Import Duties on building materials for Housing Development. Mr. Speaker, to encourage home ownership and stimulate economic activity in the construction sector, developers of five or more houses will qualify for a waiver of import duties on building materials and fixtures for such a development. This initiative will be administered by the Ministry of Housing.

Mr. Speaker, while I have outlined some of the economic interventions we plan to implement to stimulate the economy, the Economic Recovery and Resilience Plan also includes initiatives which respond to the social dimension of this crisis,

especially on the most vulnerable among us. Mr. Speaker, the impact of COVID-19 has resulted in many individuals losing their primary source of income or having to subsist on reduced earnings.

With this in mind Mr. Speaker, our government will embark on the following specific measures in this fiscal year:

### **Strengthen Social Protection System**

1. Reduction in electricity fuel surcharge. Mr. Speaker, the fuel surcharge of \$1.00 will be reduced by \$0.50 for a six month period. This is expected to generate savings which will be used to reduce electricity bills of qualifying households by between \$50.00 and \$100.00 per month.
2. Expansion of the Public Assistance Cash Transfer Programme from 2,600 households to 3,600 households
3. Increase in the Child Disability Grant from \$200 to \$300
4. Increase in the grant for Persons Living with HIV from \$100 to \$200
5. Increase in the grant for children in Foster Care from \$200 to \$300
6. Provision of Covid-19 hygiene care packages for the poor and vulnerable
7. Micro-finance loans to households to diversify into micro small enterprise and cottage industries
8. Small infrastructure projects within the Rural Community

Mr. Speaker, further details on the administrative arrangements for these measures will be communicated shortly.

Mr. Speaker, as a government we also recognize the hard work of our essential service staff during the height of our early mitigation efforts against the spread of COVID-19 in Saint Lucia. These workers faced immense challenges in carrying out their duties and it was painful to note that essential service staff (nurses, police officers, firemen and firewomen) were profiled when taking public transportation and in many instances were turned away from buses when in their uniforms. To that end, our Government has taken the decision to provide duty-free concessions on vehicles for a stipulated period of time to essential service staff who have been employed for more than five years within the public sector. The details of this measure will be finalized after further consultation with the relevant stakeholders.

Mr. Speaker, for a small country with limited resources, we can be proud of how well we have handled and managed the health related risks of COVID-19. We continue to marvel at the manner in which so many people in our health sector-- both public and private-- came together and contributed in various ways to help the nation devise a coherent strategy to deal with the threat. This resulted in the success that we were able to achieve.

We must recognize too, the many friendly countries which came to our assistance in fighting COVID. We are most grateful for the assistance from the government of Cuba, especially their doctors and nurses who are working side by side with our own professionals, manning our facilities and delivering care to those who need it. We must single out as well the government of the Republic of China (Taiwan) for its generous shipment of much-needed supplies, especially personal protective equipment (PPE).

And Mr. Speaker, in recent weeks, we have also received assistance in a timely manner from a number of international financial institutions such the International Monetary Fund, the World Bank, the Caribbean Development Bank and others. They too have played their part in helping us fight COVID-19.

Mr. Speaker, I am sure that if ever there was any doubt about the readiness and capacity of this government to deal with the crises brought about by COVID-19, that these doubts have been laid to rest. Our responses have been measured, coherent and comprehensive. We have enjoyed the support of friendly governments and international financial institutions. However, Mr. Speaker, there is one element of our response, the success of which, rests with every individual citizen and business in this country. If ever there was an opportunity where one could ask “not what our country could do for us, but what we can do for our country”, I say it is now. Mr. Speaker, while we await the resurgence of the tourism sector, we must now look inward and provide renewed support to each other. We must give as much support as possible to the products and services that are manufactured and provided by Saint Lucian businesses and corporations. We must support and buy Saint Lucian. Therefore Mr. Speaker, government, through the Ministry of Commerce, will be reactivating and doubling towards implementing a Buy Saint Lucia campaign aimed at stimulating the purchase of Saint Lucian goods and service by the public.

The government itself, Mr. Speaker, will lead by example and will be purchasing as much Saint Lucian goods and services as possible, as part of its strategy to stimulate domestic production and the manufacturing sector in particular.



Mr. Speaker, while COVID 19 has been a shock to our system, our response in large measure is consistent with our broader social and economic strategies that we have been elaborating over the last four years. That is why, Mr. Speaker, we are now able to accelerate implementation of a number of initiatives which were already developed prior to COVID 19 in the Medium Term Development Strategy. That being said, I now wish to take a closer look at the programmes and projects which will be elaborated upon in the medium term, to place this country on an accelerated path to recovery and to build a stronger Saint Lucia.

## SECTION 1V

### **Pursuing Development over the Medium Term in the Context of the COVID-19 Reality**

#### **Saint Lucia's Medium Term Development Strategy**

Mr. Speaker, to outline how this government plans to continue building a “new and stronger Saint Lucia” we first need to address the realities we are faced with.

Aside from the many challenges that confront St. Lucia and other SIDS, it is also clear that our countries suffer an implementation deficit. For varying reasons Mr. Speaker, despite the delivery of Budget Speeches and tabling of ambitious Estimates in this Honourable House year after year, capital projects have suffered acutely from poor implementation rates.

In light of this, Mr. Speaker, it would be remiss of any Administration to continue with a status quo knowing full well what will be the end result. Consequently, this Government took the bold decision to introduce the Performance Management Delivery Unit (PMDU), on the advice of the Caribbean Development Bank, who were themselves concerned about the less than desirable record of implementation of capital projects.

The Delivery Unit, Mr. Speaker, complements the recently launched Medium Term Development Strategy (MTDS). The Unit's core role is to ensure the Government initiatives are expeditiously monitored and implemented as originally intended.

To date, the Delivery Unit has lived up to its expectation in ensuring key projects have been implemented. More importantly, the work of the Unit has caused a paradigm shift towards a culture of delivery in the public service, which will pay dividends in the long-run.

Our Medium Term Development Strategy, entitled: “**Economic Growth on the A.R.I.S.E – Nou Tout Ansanm**”, is testimony to this new thrust to delivery. It seeks to achieve economic growth in a manner different to what we have historically pursued. The strategy is anchored on the core principles of Accelerated, Resilient, Inclusive, Sustainable and Equitably Distributed Economic Growth (ARISE)

Six key result areas, three social and three economic, will receive priority attention over this medium term which spans the period 2020 to 2023.

In terms of the economic sectors, we have prioritized tourism, agriculture and infrastructure, but that does not mean that other sectors such as manufacturing and other service sectors will be neglected. Mr. Speaker, let's first look at our plans for the tourism sector.

## **Economic Sector Development**

### **Tourism**

Mr. Speaker, a few weeks ago, for the first time in decades, there were almost no tourists on island. Many persons have used the example of COVID-19 to conclude that we should not invest in tourism but should look elsewhere. Now I do agree that we should not put all our eggs in one basket and should actively pursue economic diversification. However two realities remain.

The first is that, the scale of the devastation caused by COVID-19 is what is referred to in statistics as an outlier. One has to go back to the Spanish Flu of 1918, more than hundred years ago, to find an event of comparable magnitude.

The second is that the tourism sector is the one sector which presents the greatest potential for economic growth and economic diversification, through the creation of stronger linkages, particularly with our agricultural and manufacturing sectors. It is also a sector that has demonstrated great resilience having survived several external shocks in the past. Therefore going forward, the approach to tourism development will be one which is multifaceted and aligned with our Medium Term Development Strategy.

Based on the strategy, our focus is to increase the competitiveness of the tourism product. To do this, Mr. Speaker, we shall do the following:

1. Diversify our product offerings through the development of eco-tourism and implementation of the village tourism concept. Funding for the village tourism initiative has been secured under the OECS Tourism Competitiveness Project. The districts that will be targeted under this programme include Gros-Islet, Anse la Raye, Soufriere, Choiseul, Laborie, Vieux Fort, Micoud, Dennery and Babonneau. The project will commence with a selection of pilot communities, namely Soufriere, Gros Islet and Anse la Raye. Mr. Speaker, diversifying our tourism product in this manner, will not only make Saint Lucia an even more

unique destination but will more importantly, ensure that a wider cross-section of the community participates and benefits from the tourism industry. Government has decided to establish a state-owned company called Village Tourism Inc. which will oversee the implementation of the village tourism concept

2. Improve tourism investment facilitation. This is geared at reducing processing time for tourism investments and creating an institutional framework which is more responsive to the needs of the industry.
3. Improve tourism revenue. Our target is to achieve a non-accommodation daily spend per tourist of US\$158 by 2023 and increasing the sector's contribution to GDP by EC\$1.8 billion.
4. Develop and enhance our tourism product. We intend to rejuvenate our iconic sites and reduce processing time at our ferry terminals.
5. Increase airlift capacity into the island and increase the hotel room stock.
6. Restructure the institutional support systems for the industry. We will redefine the role of the Ministry of Tourism to be limited to administration, policy formulation, licensing and certification, tourism incentives management and special projects. We have also approved the establishment of the Saint Lucia Tourism Council. This Council, which will be made up of 25 stakeholder bodies will be led by the Minister of Tourism. The legislation for the Council is currently being drafted and it is scheduled to be enacted during this calendar year. Mr. Speaker, the Council will be responsible for: Advocacy, Destination management, Tourism research, Product development and Endorsement and standards.

Our taxi drivers who service the tourism sector, have been hard hit by the impact of COVID-19. We have been working closely with the sector on new protocols and they are also eligible for the Government's income support program. In addition, the Government will be offering 100 percent duty free concessions on vehicles for taxi operators over the next two years.

Our Government is also mindful that bus drivers have been struggling amidst the pandemic and the 100 percent duty waiver will also be extended to our island's bus drivers.

## **Private Sector Tourism Investment**

Mr. Speaker we can expect a significant increase in Saint Lucia's room stock over the medium term, barring any extraneous factors. Some of these tourism developments are expected to begin construction sometime later this year. Mr. Speaker, I admit that some of these projects have previously been announced in this Honourable House, and have not gotten on the way. This has been due mainly to systemic tardiness or other factors. Mr. Speaker, while government provides the environment for tourism investment in terms of incentives and facilitation, it is the private sector that undertakes these investments. Unforeseen delays may arise from changes made to plans by investors. These are outside the control of government. Notwithstanding Mr. Speaker, we expect significant progress to be made this year and in the medium term on the following projects:

### **Pointe Seraphine Business & Leisure Hotel Project (Courtyard Marriott)**

This hotel will be constructed on 41,979 square-feet of land to the north-west of the existing Duty Free Shopping Complex at Pointe Seraphine. It will be a 9-storey tower and will include 140 rooms and suites, a swimming pool, a fitness center, food and beverage outlets and rooftop terraces. At present, the developers have submitted their final drawings to the DCA and have received conditional approval. Total project cost is estimated at US\$42 million.

### **Pearl of the Caribbean**

Following the successful completion of the thoroughbred horseracing track during the 2019/2020 fiscal year, the developers will focus on constructing a 250 room, 3 to 4-star hotel catering to recreational and business tourists in Beausejour, Vieux Fort. The hotel project will include a Casino, Hospitality School and retail and food and beverage space. The developers are in the process of submitting plans for final approval from the DCA.

## **Canelles Resort**

Mr. Speaker, on January 15 this year we broke ground to mark the commencement of construction activity for the Canelles Resort in Micoud. The developer is Caribbean Galaxy Real Estate Ltd, a subsidiary of the Galaxy Group. The resort will consist of residences and two hotels managed and branded by AMResorts (Apple Leisure Group). The total investment is estimated at US\$300 million.

## **Cabot Links St. Lucia**

With the purchase of Pointe Hardy in Cap Estate, the developers of Cabot Links Resort in Nova Scotia, Canada have begun the construction of their new project in Saint Lucia. The project will feature an 18-hole golf course, a 50-unit hotel, residential plots for single family vacation homes as well as single and multi-family residences. Work has begun on site for the development of the golf course with work on the hotel expected to commence this year.

## **Restaurant in Choiseul**

Construction of the **Soley Kouche** restaurant in Delcer, Choiseul, is scheduled to begin this year. This restaurant will offer a farm-to-table menu featuring local produce and fresh seafood. It will be supported by Tet Rouge Resort which is owned by the same company and by 4 villas currently under construction.

## **Anse de Sable**

The Anse de Sable Development Project has received approval in principle from the DCA. The plan includes the construction of two hotels and residences. This investment which is being coordinated by Invest Saint Lucia is packaged in such a way that it allows for local investor participation.

## **Agriculture Sector**

Next Mr. Speaker, I now turn to the important area of Agriculture in the context of the medium term. I have outlined the successes that we have had in the area of

Agriculture over the last four years and as I look to the future, I do so with optimism and confidence.

In keeping with our medium term strategy, we have three broad goals for this sector. One of these is expanding our production capacity of meats and poultry, and food crops. To achieve this goal of increased meat and poultry capacity we plan to do the following: (1) to establish an agricultural station for livestock in Micoud; (2) build a meat processing facility in La Caye in Dennery and (3) work to eradicate the Tropical Bont Tick. Mr. Speaker, these interventions are meant to provide increased opportunity for Saint Lucian livestock producers to supply the domestic market, thereby creating jobs in the rural communities while improving the quality of animal protein available to our people.

To achieve our goal of expanding food production, we shall focus on seven key food crops namely: sweet pepper, cantaloupe, pineapple, watermelon, tomato, cabbage and lettuce. Our goal is to realize a 60 percent reduction in importation of cabbage and lettuce and to be self-sufficient in the rest by 2023. Mr. Speaker, you will therefore notice that funding has been provided in this year's budget to cover areas such as soil fertility testing and expansion of food crop production.

Mr. Speaker, also forming part of the medium term plan for agriculture is the strengthening of the legal environment for agricultural development. This entails enactment of sanitary and phytosanitary legislation or SPS as well as increasing the effectiveness of the praedial larceny unit. We expect at least 90 percent compliance with the SPS legislation by 2023.

Our third major area of focus for the agricultural sector is increasing the exports of bananas and cocoa. To achieve that goal, Mr. Speaker, we shall rehabilitate and expand the acreage of land under bananas and cocoa; establish new market access with the French, in the case of bananas, and secure new markets for export of cocoa beans and create value-added products in both the cocoa and banana industries.

So Mr. Speaker, barring the occurrence of any major natural disaster, I am confident that Saint Lucia will see a transformed agricultural sector over the next three to four years.

## **PUBLIC SECTOR INVESTMENT**

### **Road Infrastructure**

Mr. Speaker, permit me now to turn my attention to the third economic priority sector of our medium development strategy.

Infrastructure is the foundation of economic growth and output for every country. Mr. Speaker, starting almost immediately, the benefits from the many infrastructure projects will ensure that some persons who have become unemployed due to COVID-19, will once more return to gainful employment and therefore be able to provide for their families.

In the priority area of improving road connectivity, we shall embark on an ambitious road infrastructural development programme, funding for which has been secured.

The Millennium Highway and West Coast Road Project, are financed largely from the UK Caribbean Infrastructural Fund (CIF), under which some US\$43.2 million has been allocated to Saint Lucia. More specifically Mr. Speaker, these road projects are estimated at EC\$32.2 million for the Millennium highway and EC\$66.2 million for the West Coast road.

A new access or approach road to the town of Vieux fort from the east side will be constructed. This road, Mr. Speaker, will run parallel to the Hewanorra International Airport (HIA) runway and start near its eastern end. The land between this road and the existing concrete road (built by the Americans during World War II) is approximately 100 acres. This will be sub-divided, serviced with utility infrastructure and made available for local and regional investors who will also have access to a package of concessions that will accompany this development.

Work on the Cul-de-Sac Bridge, estimated to cost some EC\$46.4 million, with EC\$20 million in grant funding from the Japanese International Cooperation Agency (JICA) is scheduled to commence in July or August of this year. This bridge, Mr. Speaker, is part of the Disaster Risk and Response Management efforts of the Government, to ensure that we have resilient infrastructure, given the reality of climate change and the associated catastrophic weather events.



## **Water Security and Infrastructure**

Mr. Speaker, there is the saying “Water is life,” and there is great truth to this. Even as we work to achieve food security, we must pursue water security with the same vigour and intent. Climate change has disrupted weather patterns and this has made it even more critical, for us to have sufficient capacity in place for the safe collection, storage and distribution of our precious water resources. During this financial year, three major water projects will continue, all in an effort to achieve water security for Saint Lucia.

### **John Compton Dam Water Protection Project**

This project Mr. Speaker, focuses on reforestation and the stabilization of 60 hectares of land in one year and 98 hectares in the second year. The project also includes the establishment and maintenance of a watershed protection nursery to support the restoration activities. The restoration effort is meant to re-establish vegetation cover in areas stripped of vegetation during the passage of Tropical storm Tomas and the Christmas Eve Trough of 2013. Such cover will help reduce land erosion and siltation of the John Compton Dam.

The activities will include site preparation, planting of seedlings and wildlings of local pioneer species. The application of bio-engineering techniques will also be utilized.

### **The John Compton Dam Desilting Project**

Mr. Speaker as you would be aware, all customers of the Water and Sewerage Authority have been making contributions towards the desilting of the John Compton Dam. Mr. Speaker, now that the construction of the disposal pit to take the silt from the dam has been completed, we anticipate weather permitting, that the long awaited desilting operations will be completed in this financial year. Under this project, the approximately 1.7 million cubic meters of silt, which has settled in the dam and which reduced its capacity by more than 50 percent, will be removed. This would unblock the lower port of the Dam, allowing it to discharge a higher volume of raw water for processing.

## **Dennery North Water Supply Project**

Mr. Speaker, the Dennery North Water Supply Project was developed to address the water issues facing the community of Dennery North. The objective of the project is to improve water quantity, quality and reliability to residents and consumers whilst enhancing the sustainability of the potable water system. The project was undertaken in two phases. The first phase concluded in February 2018 and the second phase of the project commenced in January 2020. It comprises the expansion of the water treatment plant from 0.4 million gallons per day to 1.4 million gallons per day. Mr. Speaker, this increase will make a huge difference in the quality of life of the people of Dennery and environs.

## **Vieux Fort North Water Supply Project**

The Vieux Fort North Water Supply Project seeks to provide a reliable and sustainable supply of potable water to all residents of Vieux Fort. The project comprises the construction of two river intake structures, two treatment plants, one at Grace and the other at Beausejour in Vieux Fort, installation of transmission mains, four pumping stations and three storage tanks. Mr. Speaker, this major upgrade in the water infrastructure will also provide the water needed to support the development and expansion which this government is undertaking in the south of the island.

The project will be undertaken in two phases. Phase I commenced in January of this year with the majority of activities concentrated on the Grace system and some minor works on the Beausejour system. Major works on the Beausejour system will occur under phase two, which is expected to commence by September this year. The project, is being funded by the Caribbean Development Bank and will be completed within 24 months. Following completion of both phases of the project, the Grace Water System is expected to supply 2.4 million gallons per day, while the Beausejour Water System will supply 1.6 million gallons per day.

Mr. Speaker, also included in this project is a Watershed Management Plan and construction of an administrative centre for WASCO in Vieux Fort. Work on the construction of the 10,000 sq. foot administrative facility started from February of this year and will cost EC\$7 million.

Mr. Speaker, this administration is forward-looking and strategic in the nature of the interventions that we undertake. Given that climate change is a reality, the evidence of which we are all too familiar with, we will be investigating the possibility of establishing desalination plants at strategic locations on the island. More information on that initiative in the water sector will be made available in the months ahead.

## **Castries Redevelopment**

Mr. Speaker, Castries, our capital city has served this country well. Its history is well documented and its natural beauty is the envy of many. However, our city needs to be rejuvenated. In 2018, a number of stakeholders were brought together and they crafted a vision for the city to be achieved by the year 2030. The vision statement reads “**Making Saint Lucia’s Capital a Vibrant, Resilient and Smart Heritage City for Residents and Visitors**”. The vision for Castries, Mr. Speaker, attempts to reconnect the rich history of the city with contemporary reality and the desired future state, and seeks to address a number of specific issues including:

1. Making Castries more vibrant by creating life within the city after business hours.
2. Improving the state of housing.
3. Increasing the city’s overall resilience by building a robust sea defense against the risks of sea level rise and storm surges.
4. Making the city smarter for everyone through the use of digital technologies that will address issues related to energy efficiency, shared economy, cultural tourism, e-government and mobility management.
5. Minimizing congestion in the city centre through the use of bypasses to the city and re-organization of the public transportation system.

## **Port Castries—Relocation of Cargo Operations to Cul-de-Sac**

Mr. Speaker, also forming part of the redevelopment of Castries is the repurposing of some of the built port infrastructure. In this regard Mr. Speaker, a consultancy has been undertaken by SLASPA to determine the feasibility of relocating its cargo and container terminal operations and converting the berthing and shore-side port space to dedicated cruise ship related activities.

Mr. Speaker, Port Castries is the main maritime gateway to Saint Lucia and about half of the berthing space is designed for cargo. The other half is roughly designated for Cruise. Increased demand by cruise ships, especially during the cruise season, leads to unnecessary additional costs due to extended waiting times for use of the berths by cargo vessels. In addition, conversion of Port Castries into a cruise port will increase the attractiveness and comfort of the waterfront centre of Castries for both residents and visitors.

The Cul-De-Sac Bay area has been an area of special interest for over two decades as an option to be explored for the relocation of a new Cargo/Container Port. Bannanes Bay has also appeared as an option in the relocation of the container/cargo port. The technical feasibility study on the new locations will provide information for a clear decision to be taken.

### **Vieux Fort Cruise Port**

Mr. Speaker a unique opportunity exists for us in Saint Lucia, in that our international airport is in close proximity to a deep water harbour. These conditions have never been capitalized on in the past, but it is my government's intention to further develop the cruise industry within Saint Lucia through the construction of a cruise port in Vieux Fort. This port will also serve as a home port for a major cruise line. Mr. Speaker, this development has the potential to transform the community of Vieux Fort, returning jobs to the south and resuscitating the south of the country.

Over the past few months, discussions have advanced with a potential investor and even in the current environment with COVID-19, which presents challenges for the cruise sector, we remain optimistic about the MOU we recently signed with Carnival Corporation and Royal Caribbean Cruise Lines.

### **HIA Redevelopment**

The Hewanorra International Airport Redevelopment Project Mr. Speaker, has been a project long in coming for this Government and for the south of the island. The Project which recently commenced will significantly improve air-side and airfield operations to include a new air traffic control tower (of over 100ft in elevation), five new parking aprons with connecting air bridges to a 337,000 sq. ft. terminal building and new road infrastructure and traffic management system. The construction and

management of the HIA redevelopment project is being carried out by the Overseas Engineering Construction Company (OECC) of the Republic of China (Taiwan) and is expected to have a major impact on Saint Lucia and the south of the island in general, creating an estimated 700 jobs during the construction phase. The New HIA will be a full-serviced facility catering to domestic, regional and international flights.

## **Manufacturing Sector**

Mr. Speaker, as indicated earlier, our focus on the three priority economic sectors over the medium term will not translate to the neglect of the other vital economic sectors of our country. The manufacturing sector continues to hold its own in the national economy. While not listed as a specific sector in the medium term strategy, a number of initiatives are planned over the medium term, all aimed at increasing the role of manufacturing in the economy and creating linkages with other sectors. With the commencement of operations of the Agricultural Diagnostic Facility at Union, we expect more assistance will be provided to agro processors in the formulation of new products, thereby increasing the range of agro processed goods for both the domestic market and for export.

In addition Mr. Speaker, a census of the private sector will be undertaken this year to better understand its needs so that new and more effective policies could be crafted to boost output. This census, Mr. Speaker, will also serve as the base for the development of a new private sector development strategy.

## **Financial Services Sector**

Mr. Speaker, financial services has been a sector of interest, not only for Saint Lucia, but for a number of Caribbean countries, given the significant number of persons that the sector employs and the nature of the services provided to the wider economy. Government also benefits from the sector through taxes. However, complying with the often shifting standards set by international institutions and organizations, makes it extremely difficult to remain compliant with industry best practices as articulated by them. In the most recently published EU listing of blacklisted countries, three Caribbean nations were added.

Saint Lucia, however, continues to remain off that blacklist. Mr. Speaker, Saint Lucia is scheduled for a peer review in the second half of this year as part of a process

which members of the Global Forum on Transparency and Exchange of Information are subject to. Thus far, Saint Lucia has made amendments to the Companies Act; the International Business Companies Act; the International Trust Act and; the International Partnership Act to remain compliant with the standard on providing information on beneficial ownership of companies.

All entities are now required to file a beneficial ownership register in accordance with international standards. As Saint Lucia continues implementation and maintenance of international standards in tax transparency and the exchange of information, there is likely to be some strains placed on our limited resources. Compliance is by no means cheap. Notwithstanding, the repercussions of non-compliance far outweigh the costs of compliance and as such, Saint Lucia will continue in its efforts to comply.

## **Private Sector Investment**

Mr. Speaker, while the government must play its part in reforming the business environment, it is the engagement of the private sector that will create the truly sustainable jobs that will reduce unemployment. In the last financial year we saw a number of important private sector projects completed. Among those were the Pearl of the Caribbean Racecourse and I.A.M Jet Centre Saint Lucia.

Continuing to build on the momentum achieved last year, we expect a number of new investments to take place this year. Examples of these include:

- Commencement of poultry processing operations by Caribbean Quality Meats Ltd. at their newly renovated Invest Saint Lucia factory space in Dennery. This plant is expected to create some 30 permanent jobs in the first instance.
- Expansion by KM2, the long-standing business process outsourcing operator to occupy an additional 6,000 sq. ft. of space.

We believe Mr. Speaker, that the business process outsourcing (BPO) sub-sector holds tremendous promise for Saint Lucia in terms of job creation, especially for the youth. In that regard we expect a new business process outsourcing company will be established later this year in Vieux Fort, at the Free Zone, which will occupy 20,000 sq. ft. of space. This company, called itelbpo Smart Solutions, is the Region's largest home-grown BPO Company and will create an initial 150 jobs with the potential to employ 50 more persons later on.

Mr. Speaker, in the immediate and short term following COVID-19, attracting foreign direct investment will be a challenge. We have seen the capacity of Saint Lucian companies and existing foreign companies to become even more creative and committed to Saint Lucia in the face of COVID-19. We salute you all and this Government stands ready to process applications for incentives for companies with greater urgency so that existing domestic enterprises could use this slower period to make the necessary adjustments to be ready for the period after the passage of COVID-19. Mr. Speaker, Saint Lucians and Saint Lucian companies have been and always will be first in Saint Lucia.

### **Citizenship by Investment**

Mr. Speaker, as we work on building a new Saint Lucia, we must be open-minded. We must be prepared to examine non-traditional ways of attracting foreign investment to supplement domestic investment activities. It is from this perspective that we have accepted the Citizen by Investment Programme (CIP) as a viable means of attracting foreign investment and Mr. Speaker, we are not alone in that persuasion. Apart from the 5 OECS countries which have CIP programmes, Austria, the United Kingdom, the Netherlands, Greece, Malta, Turkey, to name a few, all have similar programmes.

Mr. Speaker, since its commencement, the CIP has contributed **EC\$131.2 million** to this country. At a time of dwindling sources of grant funding and an ever-increasing demand for Government services, Government will leverage the demand for our passports, as a means of attracting foreign investment into Saint Lucia.

However Mr. Speaker, to remain competitive in this market, one must continually make changes to the legislation governing the programme. That's why, Mr. Speaker, the Government recently made some fundamental changes to the Regulations and Principal Act. Most of those changes however, do not amend current prices but improves our competitiveness.

Mr. Speaker, Government is pleased with the approach that the CIP Unit has used in focusing on the conduct of rigorous due diligence checks and working with our local law enforcement and the Joint Regional Communications Centre (JRCC) of CARICOM. The CIP programme, Mr. Speaker, will therefore be a critical element of our funding, in implementing the medium term development strategy.

## **Human Development**

### **Introduction and expansion of transformative programmes**

Mr. Speaker, our government has an innate belief in innovation, creativity and utilizing the passions and interest of our people in order to effect broader social change. It is no secret therefore that over the last four years we have established after school programmes in almost every constituency on this island. This transformative programme has enabled our children to become meaningfully involved in many life-building activities ranging from academic support to life/social skills, to more focused subject areas such as the arts, sports, agriculture and information technology. We have expanded the programme to 25 communities with a total of 450 new beneficiaries participating.

To complement this, we have expanded the number of coaches engaged at the community level, enabling a greater number of children to access development programmes in a range of sporting disciplines.

### **Sustainable Health care**

Health is unarguably one of the main pillars of development; a philosophy that our government has fully embraced, especially given the prominence which the health sector has been given in the Medium Term Development Strategy.

Mr. Speaker, our government has indicated that this fiscal year is the year for Health and the time to make drastic improvements within the healthcare system. Our people deserve world class health care and our medical and ancillary staff deserve to work in suitable facilities.

Towards this end, work will continue in this financial year towards the completion of the St. Jude Hospital Reconstruction Project. Government is aware of the passionate debate that surrounds this project both in this Honourable House and among members of the public in general and those from the southern half of the country in particular. Accordingly, Government is deeply committed to delivering on this important facility. Although affected by some slight delays due to COVID 19 restrictions, works on the Structural Frame are approximately 90 percent complete with preparations being put place for the Architectural and Mechanical,



Electrical and Plumbing (MEP) phases. The Hospital will be a 90-bed facility featuring a two-storey Main Wing which will be integrated with other buildings to cater for a range of inpatient and out-patient services. The financing for the Project comes from a loan from the Ex-Im Bank of the Republic of China (Taiwan), with cumulative expenditure from October 2018 amounting to EC\$50 million.

Mr. Speaker, as a result of demographic changes in Saint Lucia through the gradual aging of our population, Saint Lucia has seen the emergence of chronic non-communicable diseases as the principal cause of death. This phenomenon has caused the Department of Health to re-examine its programme and place more focus on healthy aging and health throughout the life cycle of an individual by ensuring equitable access to quality and comprehensive health services.

Over the medium term the Department of Health and Wellness, guided by the key game changers identified by the Government of Saint Lucia will be focusing on:

1. **Public Health preparedness/communicable diseases.** Mr. Speaker, the Department of Health and Wellness plans to put in place science-based policies, programmes and infrastructure, the intent of which is to rapidly identify and control outbreaks, support disease elimination, and prevent and respond to re-emerging and emerging infectious disease threats. Mr. Speaker, I am certain that we can all agree that this should be one of our highest priorities.
2. **Health systems strengthening.** Mr. Speaker the Health Systems Strengthening Project seeks to improve health infrastructure, service delivery and access to equitable quality health care to all Saint Lucians. The Government has secured a loan of US\$20 million from the World Bank to finance this Project which will focus on the six pillars which operate in concert to meet the health care needs of those being served. These are service delivery, governance, health information, human resources, pharmaceuticals/vaccines and other technologies, and finances. The services at the Primary Health Care Facilities will be further strengthened through improvements in physical layout, provision of additional equipment, increasing human resources and supplies, while instituting a referral network to ensure that services can be provided in an efficient and cost-effective manner.
3. **Upgrade of. Health Sector-related Infrastructure.** Mr. Speaker, this Government's focus on undertaking infrastructure development projects to reposition Saint Lucia's capacity to deliver services in this century and

beyond, is not limited simply to the construction of roads, bridges, dams and airports. We are also making investments in infrastructure that impacts the basic lives of our people. Therefore, Mr. Speaker, in addition to the 15 health facilities which underwent major renovations last year, the OECS regional health project will see the refurbishment and retrofitting of an additional 15 health facilities over a four year period. In this financial year, Ciceron and Babonneau Wellness Centres will be refurbished. Also, three new facilities are expected to be constructed during this fiscal year. These include the Dennery polyclinic, the Micoud Wellness Centre and the Anse la Raye Wellness Centre. The Soufriere Hospital will also receive some much needed equipment, to replace what was lost in the fires of 2017. Mr. Speaker, construction works have already commenced on the Micoud Wellness Centre and it is anticipated that this Centre will be operational before the end of the 2020/2021 fiscal year. Plans have been submitted for approval for both the Dennery Polyclinic and the Anse-la-Raye Wellness Centre and we anticipate that work will commence very soon on both of these projects. In 2019 the Government was able to procure a delivery bed, incubator, infant resuscitator and medication storage cabinet for the Soufriere Hospital. Planned procurement for this new fiscal year includes equipment and retrofitting of the laboratory in order to resume laboratory and X-ray services, and a defibrillator and vital signs monitor for the accident and emergency room.

4. **Improved Health and Wellness through a focus on chronic non-communicable diseases.** Mr. Speaker, chronic diseases are the main causes of death, morbidity and disability in Saint Lucia. One very important target which we have set ourselves this year, is reducing the number of patients with uncontrolled blood sugar levels and elevated blood pressure levels from 70 percent to 65 percent and 60 percent to 50 percent respectively. Two key strategies to achieve this are: (1) the implementation of the OECS Diabetic Guidelines and the provision of subsidized testing strips; and (2) the launch of the PAHO-funded HEARTS programme which will target hypertensive patients.
5. **Health Care Financing.** Mr. Speaker, COVID-19 has underscored the need for a robust health system in this country. It has been the goal of this government for some time now, that Saint Lucians should benefit from such a system tailored to provide greater access to affordable health care services. It is our intention, Mr. Speaker, that access to such a system should be made available to all citizens wherein both the quality and range of services

currently available to the populace would be expanded. It is with this thinking, Mr. Speaker, that in 2018, the Government of Saint Lucia successfully concluded negotiations and received financial assistance from the World Bank via a US\$20.0 million loan to support our efforts towards the strengthening of our health system. That programme, Mr. Speaker, has multiple components which include, among other measures, the design of an Essential Health Benefits Package. In April of 2019, Cabinet took a decision to form a National Health Insurance Levy Committee to draft recommendations towards the introduction of a financing levy that can provide health insurance to every citizen. Mr. Speaker, that Committee provided a preliminary assessment to Cabinet in October of 2019 and I wish to inform you of the following:

- A decision was taken to explore a fixed-charge fee structure which will be shared between the employee and the employer;
- This fixed charge will finance an National Insurance System that will provide all Saint Lucians with access to a basket of services with little to no out of pocket cost.

This basket of services, Mr. Speaker, will now include many services and goods that have been out of reach of many Saint Lucians. These include laboratory works and medication, among other benefits.

As you can imagine, Mr. Speaker, such a reform will require administrative changes. We have reached out to various stakeholder and partners and we will continue to work with the National Insurance Corporation to serve as the administrators of the new system.

## **Education**

Mr. Speaker with very little natural resource endowment, Saint Lucia's most valuable and abundant resource is its people. In recognition of this, the Government of Saint Lucia is committed to building the human capital of its citizens by taking some bold and progressive steps towards strengthening the country's education System.

### **1. Skills Pathways**

Over the years Mr. Speaker the government of Saint Lucia focused its education policy on providing universal access at both the primary and secondary levels. However, having achieved these critical development

milestones, there seems to be a gap between the skills set demanded by the private sector and the focus of the education system.

This labour market mismatch is of growing concern and has led to increased frustration among school leavers who are unable to find employment even when job opportunities exist.

To remedy this situation, the education system will be reorganized to strengthen skills based streams at the upper secondary level by: (i) strengthening the secondary school TVET programmes, (ii) establishment of a Centre of Excellence for Arts and Culture and (iii) introducing a National Sports Academy, which Mr. Speaker is already in operation. Further Mr. Speaker, to ameliorate the less than desirable performance of our students in Mathematics, the Medium Term Development Strategy will prioritize interventions that will provide students, dedicated support in Mathematics through what is referred to as the SCORE Programme.

## 2. General Academic Pathways

During the Medium Term Mr. Speaker, attention will be placed on improving the quality of the post-secondary and tertiary programmes offered to our students. This will be done through (i) Improving the course offerings at the Sir Arthur Lewis Community College, (ii) Diversification of the modes of education delivery at SALCC, and (iii) strengthening the SALCC student learning support center.

## **Early Childhood Development**

Mr. Speaker, the Ministry of Education continues to explore several options to provide early childhood opportunities for children, most of whom are from economically deprived families. Three new centres are currently being pursued under the BNTF 9 project. Construction of two centres at Monchy and Jacmel has commenced, thereby providing spaces for an additional 120 children. A centre for the Micoud community is expected to commence soon and the completion date is scheduled for the end of this year.

## **Education Quality Improvement Project**

Mr. Speaker, much has been said about the EQUIP project over the past few years, which is one of the cornerstones for improving the quality of education in Saint Lucia. Under this project a facility for children with special needs has been designed but unfortunately construction will not begin in this fiscal year. Notwithstanding the delay in the construction of this facility, we are continuing to build capacity among our teachers to be better able to teach our children with special needs. To this end, Mr. Speaker, twelve scholarships were awarded to teachers for training in various subject areas of special education. The mantra “No child is left behind” is very much at the forefront of our government’s planning.

### **Programme for Education Realignment and Transformation**

Mr. Speaker, this project seeks to build on the foundation set by the EQUIP Project. Under this project which is estimated to cost US\$15 million, the following infrastructural works will be implemented:

1. Construction of a new Secondary School to replace the Micoud Secondary;
2. Construction of a new Special Education Needs Facility to replace Dunnottar;
3. Major expansion and restoration works at the Sir Arthur Lewis Community College;
4. Construction of a new Special Education Needs (SEN) Facility to replace the Vieux Fort Special Education Centre;
5. Expansion and rehabilitation works at SEN facilities;
6. Expansion and rehabilitation works at Early Childhood Development Centres;
7. Upgrade and expansion of TVET laboratories at nine secondary schools;
8. Upgrade and expansion of two secondary schools: the Entrepot Secondary School and the Soufriere Comprehensive Secondary School;
9. Provision of usable ramps and alternative mechanisms across the system to enable students with disabilities to enter and exit schools and their learning spaces safely and uninhibited; and
10. Provision and installation of school security solutions and security systems in schools.

The project will also provide furniture, equipment and tools for newly constructed, upgraded and rehabilitated facilities together with learning devices and start-up kits

for learners graduating from the Technical Vocational Educational Training (TVET) programmes.

In this year's budget some \$3.8 million has been approved for the computerization of classrooms.

## **Technical Vocational Training and Second Chance Programmes**

Mr. Speaker, in our Medium-Term Development Strategy (MTDS) for the period 2020-2023, one of the seven strategic development pillars is "Enhancing the Labour Force through Education, Training and Workforce Development". This aspect of our development thrust is consistent with CARICOM's Regional Strategy for TVET, which aims to pursue Workforce Development and Economic Competitiveness.

Mr. Speaker, the TVET Policy and Strategy (2019-2025) which was approved by Cabinet in 2019, recognizes that a competent and certified workforce, is a key driver of economic growth and inclusion. The Policy also sets TVET as the means to developing lifelong learning that encourages sustainable entrepreneurship and employment for all citizens.

Mr. Speaker, Government has in this fiscal year, demonstrated its tangible commitment to the sector by providing financial resources, directly to the TVET Council from the National Budget, for the first time in Saint Lucia's history. We are of the firm view that the TVET Policy and Strategy and the accompanying resources from both local and donor funds, will lead to a solid framework for delivery of a highly competent workforce.

From this fiscal year, Mr. Speaker, the TVET sector is expected to benefit from two donor-funded initiatives namely, the US\$20 million World Bank-funded Human Capital Resilience Project which will be implemented by the Departments of Education and Equity, and a Euro 6 million grant from the EU-funded Generation of Employment through Private Sector Development Programme, implemented by the Department of Economic Development. This programme, will concentrate its resources on direct support to industry to ensure the narrowing of the gap between employment needs and the skills and competencies of the workforce. An allocation of EC\$2.9 million has been made in this year's budget, and will focus on the re-tooling of recently displaced workers.

## **Housing Development**

Mr. Speaker, our government continues to pursue an aggressive housing development strategy and programmes that are underpinned by the following:-

- Upgrade and/or rationalization of existing unplanned settlements
- Increased access to new service lots
- Increase in the housing stock

Permit me, Mr. Speaker, to elaborate further.

## **Programme for the Regularization of Unplanned Development (PROUD)**

### **Settlement Upgrade Project (SUP)**

The demand for housing and the inability of the sector to respond adequately has caused informal settlements to develop throughout the island, in many cases ignoring prudent planning and land management practices. This behaviour often puts the same inhabitants of those settlements at risk and exposed to hazards. If this situation is left unchecked, the future demands on the state can increase exponentially. The PROUD Settlement Upgrade Project will facilitate improved access to basic infrastructure and services for residents in informal settlements in Saint Lucia.

In this financial year, 2,368 meters of road, 3,443 meters of drains, 2,198 meters of footpaths and 5,828.63 meters of water infrastructure will be upgraded and/or installed at Bexon, Sarrot and La Ressource. This, Mr. Speaker will directly affect 269 households.

Mr. Speaker, through the implementation of PROUD III, the provision of basic infrastructure and services within the communities will support the long-term goal of providing improved living conditions and the regularization of residents' occupation. It will also provide an avenue for the security of tenure for at least 1,038 households, many of whom fall within the lower echelons quintiles of the population. In addition, the creation of approximately 650 new lots would support the growing need for housing.

This phase of PROUD consists of six communities namely: Aux Lyons, Bruceville, Cantonement, Aupicon, Pomme (Augier) and Rockhall, all represented in this

honourable House by members opposite. Those constituents will finally have the tenure that is so pivotal, to shaping their lives and those of their families.

An allocation of EC\$1,948,240 has been made for the period 2020/2021. The project is funded by a revolving fund established through the CDB and the Government of Saint Lucia and will help to improve social resilience and living standards within informal settlements. Mr. Speaker, our housing initiatives are helping to build a stronger Saint Lucia.

The call still remains for the private sector to partner with the government in the provision of various forms of land and housing developments to be offered to the people, particularly as it relates to middle class developments. To date the government has made a significant injection into the housing market, with the intention of building a fully serviced middle income housing development in the Choc area.

## **Sports Development**

Mr. Speaker, our government places a very high premium on the economic and social value of sports. We want to see more of our children and the wider population actively participating in sport and recreation. We want to see more of our sports men and women and national teams excelling on the world stage. That dual objective is being facilitated, in the first instance, through an aggressive rationalization and upgrade of our sports facilities, which in turn could not be undertaken without the necessary detailed assessment and planning.

Mr. Speaker, you will recall in last year's Budget Address I spoke to sports development and an investment of about \$20.6 million in our facilities. True to our promise, work has commenced in those select areas, albeit at a slightly slower pace than I would have liked.

By the end of this fiscal year we expect to be showcasing three different models of sports infrastructure which can be replicated across our island. The first, in Soufriere, will meet the requisite standards for international competition in both soccer and athletics. No longer will we describe it as a "mini stadium". The second, in Desruisseaux, will be a model of how sports facilities can be located within a small community but serve a wider array of sports users. The final model represents a hub of sports facilities in a larger community setting. In most cases work has commenced on these facilities, and should be completed within the 2020/2021 fiscal year. The



quantum of works range from resurfacing of facilities, pavilion and seating upgrades and the establishment of new playing areas, to lighting upgrades and the provision of much needed equipment, in some instances.

Mr. Speaker, we cannot aspire to greater levels of community engagement in sport if we do not provide our population with access to quality infrastructure. Equally, infrastructure is useless without the attendant programmes. Here, the Ministry of Youth Development and Sports, in collaboration with sister Ministries, the National Lotteries Authority, Sporting Associations and other key stakeholders, will be required to ramp up our efforts at talent identification, development and management. A key component of this will be the expansion of the After School Programme.

Mr. Speaker, perhaps the most exciting development in the area of sports in the last fiscal year was the establishment of the Saint Lucia Sports Academy and equipping the facility with furniture, equipment and other amenities, to facilitate its opening in the 2019/2020 academic school year, providing academic and sports development services in a residential setting. Approximately 106 students were enrolled and there is a significant level of interest generated by students, parents and National Sporting Associations, not only in Saint Lucia but in the wider region. They all recognize that this is an institution that provides a pathway to higher levels of academic and sporting opportunities. I believe this facility can become the premier sporting and academic facility within the Eastern Caribbean.

Mr. Speaker, our government reiterates its commitment to sport. We know that sport has the capacity to build a healthier, safer and stronger Saint Lucia.

## **Empowerment of People**

Mr. Speaker, the empowerment of our people is pivotal to our overall development efforts. It is the benchmark for determining how successful we can become in realizing our full potential. Consequently, no member of our society should be left by the wayside or made to feel that their life or contribution does not matter. They must no longer exist on the fringes of our society. We must help them to move from being vulnerable and marginalized to being active and capable citizens, who can impact their destiny as well as that of their family, community and country.

Mr. Speaker, it is a tall order and will not happen overnight, but step by step we can begin to make it happen.

## **Citizen Security**

Mr. Speaker, our quest for citizen safety and security will continue to be driven by several key imperatives, most notably:-

- The enhancement of the crime detection and patrol system
- The strengthening of community involvement in crime fighting
- The improvement of investigation and prosecution backlogs
- The enhancement of adult and juvenile rehabilitation programmes

I reported earlier on the successful completion of Phase 1 of the Safe City CCTV Project. Phase 2 of the project will focus on the installation of cameras in 56 sites in Castries; 20 sites in Vieux Fort; 29 sites in Gros Islet and 10 License Plate Recognition sites, all at undisclosed locations. The project will also include a georedundant data centre, the expansion of the command centre in La Toc and a new command centre in Vieux Fort. Police radio expansion is also a component of this programme inclusive of 100 handheld radios and 60 base radios for cars. We are currently exploring options to fund the implementation of Phase 2.

The community policing tool will be further strengthened by the appointment of a secretariat within the hierarchy of the Police Force, to provide support to the community branches. The Police also intend to intensify their presence through the use of more “boots on the ground” to cover all communities.

A dedicated task force was also developed to specifically address theft-related crimes and plans are afoot for the restructuring of the Royal Saint Lucia Police Force, to improve operational effectiveness and efficiency. Mr. Speaker, we recognize that the vast majority of Saint Lucians and residents are law abiding citizens, and it is only a small minority who insist on disrupting law and order. Our government is equally persistent and determined to stamp out the behaviour of this minority and return Saint Lucia to the peaceful paradise that it once was.

## **Border Control**

As it relates to our borders and their protection, the government is continuing its efforts in establishing a Border Control Agency. Work is on-going with the various stakeholder agencies which will likely make up the agency; namely the Customs & Excise Department, the Marine Unit and the Immigration Department within the Royal Saint Lucia Police Force and the Quarantine Unit of the Department of Agriculture. We are confident that the establishment of this Agency will lead to improved management of our borders and ports, whilst increasing synergies and economies of scale and presenting the opportunity for a more holistic approach to border control.

## **Administration of Justice**

Mr. Speaker, the inordinate delay in criminal cases being brought before the courts continues to be a vexing issue. Cases currently filed at the Criminal Division of the High Court take approximately 5 to 6 years before a trial, and 6 to 9 years to reach a conviction. Research has revealed that as at 2019 there were 680 cases in the system that have been awaiting trial for over 2 years. This is not acceptable.

During the upcoming fiscal year an allocation has been made to cover the costs of the appointment of one additional judge with supporting staff. Consideration has also been given to reallocating funds to provide support staff for the three sitting judges at the Criminal Court, and to further strengthen the Office of the Director of Public Prosecution through the hiring of two additional Crown Counsels. This added support should redound to increased court hearings by the three judges, thus contributing to the overall reduction of court cases during the financial year 2020/2021.

The Probations and Parole Unit has started operations with the appointment of four parole officers and the establishment of the Parole Board. The training of parole officers has commenced, and the first Parole Board hearing is scheduled to be held shortly. At present, there are 130 inmates at the Bordelais Correctional Facility who are eligible for Parole. Once fully operational, the Parole Board estimates that it will review a minimum of 5 applications each month.

Lastly, Mr. Speaker, the Forensic Lab is currently putting measures in place and working to attain ISO accreditation by 2021. During the course of this year, the Laboratory will be putting the necessary measures in place in preparation for required assessments which will lead to accreditation. As part of the Forensic Lab's

efforts at attaining accreditation, funds have been allocated for the following during the 2020/2021 fiscal year:

1. Procurement of equipment to upgrade and strengthen the work of the Chemistry Unit.
2. Procurement of DNA Equipment to restart DNA services.
3. Training of staff in the areas of:
  - i. DNA Analysis
  - ii. Trace Analysis
  - iii. Shooting Reconstruction & Firearm Examination
  - iv. Bloodstain Pattern Analysis

## **Youth Empowerment Project – YEP**

Mr. Speaker, we must find innovative ways to address issues of crime. We must be able to avoid our past mistakes of blaming young people for crime and not giving them opportunities to be the best and most productive individuals they can be. We must find ways for our youth and our community at large, to co-exist with our police and not relate to each other in an antagonistic way. The new and stronger Saint Lucia that we are building demands that. Mr. Speaker, we must provide resources that will enable a more creative and innovative approach to attracting and engaging young persons.

The government has secured grant and loan funding from the Caribbean Development Bank for the implementation of the Youth Empowerment Project. This project focuses on reducing risk factors that trigger anti-social behaviour at the individual, family, community and societal levels and this project should go a long way in addressing some of the challenges faced by our youth. The Youth empowerment project will be piloted within Central Castries with a focus on four communities; Barnard Hill, Conway, New Village, and Wilton's Yard.

The Programme has several components, these include:

- i. Integrated Youth Court Diversion;
- ii. Integrated Community-Based Transformation;
- iii. Community based policing initiatives;

## **Social Protection**

### **Disability Assessment Project**

Mr. Speaker, the Disability Assessment Study, launched in 2019 is meant to examine the barriers and enablers to the full participation of persons with disabilities in society. The project will also assist in identifying strategic priority areas, programmes and initiatives in support of the holistic development of persons with disabilities.

The findings of this study will, among other things, assist in mainstreaming support for persons with any form of disability in our social protection programmes. For instance, Mr. Speaker, the study will advise on the utility of the continued administration of a disability grant in the amount of \$200 per month, to persons below the age of 21 with a disability. Mr. Speaker, we recognize that more attention must be paid to facilitating the empowerment of persons with disabilities in this country.

### **Human Capital Resilience Project**

Mr. Speaker, the second component of the human capital resilience project to be implemented by the Ministry of Equity focuses on strengthening the Social Protection System. Mr. Speaker, this component is critical, given its focus on the following objectives:

- i. Enhancing targeting to identify eligible individuals for social benefits;
- ii. Expanding social safety nets; and
- iii. Developing a social information system to improve coordination among programmes.

Mr. Speaker, for decades we have operated a system that cannot be classified as a safety net. A true safety net should catch people as they fall into crises. We have

been administering an assistance programme that provides limited support to a limited number of people. Mr. Speaker, this is not a safety net. We have a growing number of people who are kept on a waiting list seemingly forever, losing faith in the system, feeling like they are not worthy of consideration, while they may be more eligible for assistance than some current recipients. Perhaps even more concerning and as a direct consequence of the COVID-19 experience, is the realization that the vulnerable cannot be a static classification.

Mr. Speaker, crises breed new groups of vulnerable. The thousands of workers who within the space of a few months have become unemployed or temporarily displaced, is testimony to that fact. Equally, our ability as a country to establish support mechanisms for them as we have done in real time, is testimony to our ingenuity, resilience and commitment to work for the collective good. In reality, we are all vulnerable and we must now seize the moment to establish a stronger social protection system that is more universal in scope and is better equipped to deal with crises, irrespective of type. This project will serve as the platform for the emergence of a more universal system that will incorporate: Health insurance, Disability Grants, Unemployment Benefits, Child Grants and other income support and capacity building/training initiatives.

## **Arts and Culture**

Mr. Speaker, our experiences over the last four years has vividly demonstrated that our quest to build a new Saint Lucia together can only be accelerated and indeed sustained, if it is ingrained in our values as a nation. Culture is the fabric that nurtures and ultimately gives expression to the principles such as: Innovation, Excellence, Discipline, Sacrifice, Thrift, Respect, among others.

Culture is a major instrument of empowerment for us as individuals, communities and as a nation. However, while we can point to some specific achievements within the sector, our Government is equally cognizant of the fact that these have occurred within the context of an outdated policy framework. It is time for us to engage in a detailed and lengthy conversation about culture and development, which will lead to a comprehensive National Cultural Policy and Action Plan. This is the single-most important deliverable for this sector.

## **Environmental Sustainability**

### **Land Development**

As part of Invest Saint Lucia's Strategic Plan, a target has been set to create 600 new landowners by 2021. Invest Saint Lucia has prepared a plan to develop and make available residential land in Dennery, Micoud, and Choiseul.

The plan consists of development of 25 residential lots on 5-acres of land in Bois Jolie, quarter of Dennery, estimated to cost EC\$1 million; 59 lots on 11 acres of land in Beauchamp, quarter of Micoud estimated to cost EC\$3.33 million and; 130 mixed-use lots on 40-acres of land in La Fargue, Choiseul estimated to cost EC\$7.7 million. The developments are expected to be completed by the end of the fiscal year.

### **Land Rationalization**

Invest Saint Lucia has embarked on a land rationalization project in an effort to address areas heavily occupied by squatters in the unplanned communities located in the south of the island. The project encompasses several communities including Grace, Pierrot, Lumiere, La Pelle, Despinoze, Grande Ravine and La Ressource.

To date subdivision surveys are being executed in the communities of Pierrot, Grace, Despinoze and La Ressource. Under this project a total of 800 persons will obtain land title by March 2021.

### **Renewable Energy**

#### **Geothermal Energy Exploration**

Mr. Speaker, having a reliable, environmentally-friendly and relatively cheap source of energy is the desire of every country. Given our small size and lack of economies of scale, having access to energy at minimal cost is a goal that continues to be pursued by our country. The government continues to prioritize geothermal energy development through, implementation of the World Bank administered Renewable

Energy Sector Development Project. This project builds on the Geothermal Resource Development Project, a small-grant project that focused on upstream preparatory activities for geothermal exploration.

Mr. Speaker, US\$960,000 has been secured from the Clean Technology Fund to undertake exploratory drilling for a potential 30 megawatt geothermal power plant.

### **Street-Lighting**

Mr. Speaker, Government continues to explore ways of reducing the cost of providing public street lighting. The company KLED Capital Limited has been contracted to complete LED lighting retrofits of 22,000 street lights throughout the island. A limited trial was conducted to assess the efficacy of the LED lights which yielded encouraging results of over 60 percent decrease in electricity consumption, when compared to HPS streetlights in the north of the island. The project which will cost US\$12.32 million, will be completed in April next year.

## **SECTION V**



# **Fiscal Policies and Strategy to Finance the Budget**

## **1. Fiscal Strategy**

Mr. Speaker, having outlined the principal priorities and areas of focus for this government as we confront the challenges created by the COVID-19 pandemic on our economy and the implications for going forward over the medium term (2020-23), I shall now turn to address the fiscal strategy that the Government will deploy to achieve our growth, infrastructural development and social objectives.

In so doing Mr. Speaker, we must of necessity perform the balancing act between executing the planned expenditure of the Government (needed to support our recovery, especially as it relates to our capital expenditure) on the one hand and generating the revenue needed to fund our expenditure plans for 2020-21, on the other hand.

However Mr. Speaker, this is being done in the current global environment characterized by significant declines in economic activity, disrupted supply chains, export restrictions and massive unemployment, all of which have created a very dim outlook in the near to medium term.

Mr. Speaker as we know, all Governments require revenue from taxes and other sources to fund their operations and to discharge their role and function. However, despite the strain on our excessively stressed fiscal situation caused by COVID-19 virus, this Government has taken a compassionate stance in light of challenges faced by our people and has avoided as much as possible the introduction or enactment of new taxes in this budget.

As a result Mr. Speaker, the Government's response to the COVID-19 pandemic has understandably resulted in a temporary deviation from our prudential path and caused disruption of the noteworthy strides in our fiscal management strategy. Notwithstanding Mr. Speaker, I must remind honourable members and especially our public, which I know are very concerned about rising debt levels, that this Government is committed to returning the country to a path of fiscal restraint and consolidation as soon as the worse of the COVID-19 shock is behind us and the world returns to some

semblance of normalcy and people are able once again, to travel without undue restrictions.

Notwithstanding Mr. Speaker, our fiscal strategy is one which requires that we: (1) continue to grow our economy (which helps to increase our tax revenue) and (2) rationalize our expenditure so as to ensure as far as possible, the optimal use of tax revenue as well as debt resources.

Accordingly Mr. Speaker, a major feature of the fiscal strategy which we are pursuing in this fiscal year, is a significant capital expenditure programme most of which is directed towards the upgrade and modernization of our infrastructure. This necessary investment Mr. Speaker, is intended to lay the foundation to ensure that we have the capacity needed to support higher volumes of economic activity and consequently contribute to our future economic growth, increased employment among other desirable social and economic outcomes.

Over the medium term Mr. Speaker, together these strategies will have the effect of improving all our fiscal performance indicators.

I now turn to the issue of debt and our approach to our debt management.

## **2. Debt Management Strategy**

Mr. Speaker, the main focus of the Government's debt management strategy is to ensure that the nation's debt is **sustainable** as indicated by performance indicators that converge towards prudential levels. In other words the Government's approach to managing our sovereign debt level ensures that our current and prospective debt do not compromise our ability to service our debt obligations and to generate economic growth in the country.

More generally, Mr. Speaker this Government's philosophy regarding debt is based on the view that as far as possible, contracted debt should be growth-enhancing and contribute to efficiency and productivity gains in beneficiary sectors of our economy. This approach helps to ensure the long run sustainability of our debt.

Mr. Speaker, as I stated earlier, prior to the onslaught of the COVID-19 pandemic, Saint Lucia's debt-to-GDP ratio had fallen below the prudential 60% benchmark as prescribed by the Eastern Caribbean Central Bank (ECCB). Also to be noted Mr. Speaker, Central Government debt accumulation was on a relatively sustainable path of 3.6% per annum over the period 2017-2019. However the necessary but significant increase in disbursement from loans for planned capital expenditure together with our response to the COVID-19 global crisis, have resulted in an increase in the level of official public debt. This debt is in the form of external and non-RGSM debt (including Government guarantee of debt contracted by statutory bodies such as WASCO, SLASPA).

However, Mr. Speaker while these increases in expenditure resulted in an uptick in the debt-to-GDP ratio, I can assure honourable members (and all concerned) that Saint Lucia's debt is being managed in a manner that allows us to service our obligations.

Mr. Speaker the debt management strategy being pursued by the Government is also guided by a number of overarching principles. Key among those, Mr. Speaker is our ongoing efforts to alter the *maturity profile of the debt stock* in terms of reducing the proportion of the debt stock with short-term maturities. This is necessary so as to help to reduce the level of roll-over risks associated with the debt portfolio as well as reduce the significant pressures on cash flow associated with servicing short-term debt.

Also Mr. Speaker, given that our current debt portfolio is made up of mostly Government market securities (70%) held by investors in the Regional Government Securities Market (RGSM), we have been actively seeking to *re-balance the composition of our debt* by reducing the share of these government securities (bonds and treasury bills) in our debt portfolio and instead shift to increase the proportion of loans with more concessionary and flexible terms. Further Mr. Speaker, given that these government security debt obligations involve bullet payments at maturity, which place significant pressures and stress on our cash flow management, this Government has taken

the step to re-establish a “*sinking fund*” to assist us better meet our schedule debt obligations at maturity.

As in previous years the Government will continue its debt management policy of (lowering the average costs of its debt) by ensuring that the financing for the budget is obtained at a cost which is at a minimum, wherever possible. In addition Mr. Speaker, we continue where possible, to review the structure of our outstanding debt and negotiate better borrowing arrangements in terms of longer maturities, grace periods and lower interest rates.[This strategy is most apparent in the terms of the loan to redevelop the HIA negotiated with the EX-IM Bank of the Republic of China (Taiwan)].

Mr. Speaker efforts will also be directed to broaden the base and number of investors locally and otherwise which are likely to subscribe to Government debt instruments. In this regard, Mr. Speaker a growing share of Government debt securities are being taken up through *private placements* in other markets. We are pleased about this development as this reduces our dependency on the RGSM to meeting our borrowing needs. Mr. Speaker, all of these guiding principles to our debt management are followed so as to avoid delinquency or default on our debt. This is critical so as to attract higher levels of subscription to our debt issues or the best possible terms.

### 3. Financing the Budget

Mr. Speaker, as I indicated when I presented the Estimates of Expenditure in this house in April, the Budget for the Fiscal Year 2020-21 is set at **\$1.697 billion** and represent a 6.6% or \$105 million increase over the approved estimates of 2019/2020. Total revenue generated from taxes is \$924.92 million (which represents a shortfall over the performance in the preceding year of \$51.1 million or 4.1%).

When we include the grants from the friendly governments and multilateral institutions that we anticipate for this year, Mr. Speaker this figure becomes \$1.126 billion.

Meanwhile Mr. Speaker, our re-current expenditure stands at \$1.36 billion and accounts for 80.2% of the budget for 2020-21, while the capital

expenditure for this fiscal year stands at **\$335.39** million which accounts for 19.5 percent of the total budget (an increase of approximately \$89 million) over the allocation for the previous fiscal year 2019/2020.

As a result of the downturn in our revenue performance (which is largely attributed to the advent of the COVID-19 crisis) we have a wider than expected financing gap of approximately **\$560 million**. This borrowing requirement Mr. Speaker is further divided into **\$267.12 million** in government debt instruments (raised from the Regional Government Securities Market and elsewhere) and loans mostly from external providers/creditors amounting to **\$292.86 million**.

Mr. Speaker the revenue projections when compared to the planned current expenditure results in a current deficit of **\$216.21 million**. This year's recurrent deficit is **\$ 342.41 million**. Given the roll-out of the Government's Public Sector Investment Programme (PSIP) and the associated capital expenditure programme outlined for this fiscal year, Mr. Speaker, the overall deficit has increased to **\$ 433.78 million**. This is due, in no small measure, to the extraordinary circumstances and challenges associated with the COVID-19 response. As a result, the overall deficit, when adjusted for interest payments gives in a primary deficit of **\$ 252.52 million**.

### **Sources of Funding**

Mr. Speaker, I propose to finance the budget in the following manner:

1. **Recurrent revenue - \$1.019 billion** comprising:

- a. Tax revenue of **\$924.92** (54.4% percent)
- b. Non-tax revenue of \$94.59 million (5.6%)

2. **Capital revenue** including the proceeds from the sale of assets in the amount of **\$10.82 million**;

3. **Grants** in the amount of **\$106.98 million** from the friendly governments and multilateral institutions including:

- a. Republic of China on Taiwan (ROCT), \$38.65 million;
- b. Japan International Cooperation Agency (JICA), \$20.0 million;

- c. UK/Caribbean Investment Fund (CIF) – \$13.39 million
- d. European Development Fund (EDF) - \$5.9 million
- e. World Bank (IDA), \$ 2.2 million;

As well as other contributions from agencies such as UNEP, DFID, PAHO, FAO, ILO and the ECCB

**Borrowing Requirement:**

Mr. Speaker, given our planned expenditure this year of \$1.697 billion and our projected revenue and grants totaling \$1.126 billion, then this leaves a financing gap of approximately **\$560 million**, net of refunds. This, Mr. Speaker will be financed as follows:

- 4. **Government debt Instruments**—including *bonds and Treasury Bills* of **\$267.12 million**;
- 5. **External Borrowing** of **\$292.86 million**

## CONCLUSION

Mr. Speaker, we are now living through arguably the most uncertain moment of our existence as Saint Lucians, as a region and as a world due to COVID-19. We are all anxious and fearful and not without reason.

Employees will be wondering: “will we still have jobs when this is over?”

Employers will be wondering: “will we still have customers/clients or a business and when do we re-open?”

Governments will be contemplating: “how do we minimize debt levels, protect our citizens and save our economies?”

Mr. Speaker, this is real. We cannot pretend that we are immune or will be spared the effects of this pandemic. We cannot close ourselves off to the rest of the world. We have to co-exist with COVID-19. This is our new reality. We have to create a balance between protecting public health and restoring livelihoods.

Mr. Speaker, the debate should not be about whether we open the economy to the rest of the world or remain closed. It should be about how we open safely. While I understand the eagerness of business to open up, I am equally sensitive to the fear that exists among some employees about the consequences. We cannot rush blindly into this. We are not in a race and if we can use the experiences of others both internationally and regionally (like Antigua and Jamaica), then we should do so. Our health system has served us well so far but we must continue to ensure that it is not overwhelmed. As we open, we must continue as a nation to take personal responsibility for protecting our health.

We are aware that we need to spend deeply in order to keep our economy afloat. We are also acutely aware of the need for even more spending to accelerate recovery. This budget is a clear manifestation of our government’s commitment to addressing these imperatives. This budget sets the path for job creation, growth, environmental sustainability and social inclusion.

Mr. Speaker, in this address, I have sought to give an account of our stewardship. I believe our record of performance could stand scrutiny anywhere. Our management of the economy as reflected by the consistent pattern of growth over the last four years; the reduction in unemployment; the lowering of the debt-to-GDP ratio and; the vision that has been outlined for our country in the Medium Term Development

Strategy, clearly demonstrate that we are on the right path and that Saint Lucia is in safe hands.

While members opposite may disagree as we know they will, the facts speak for themselves

Mr. Speaker, I want to quote from some of the opening lines of the book, “A tale of two cities” by Charles Dickens.

**“It was the best of times, it was the worst of times**

**It was the age of wisdom, it was the age of foolishness**

**It was the spring of hope, it was the winter of despair**

**We had everything before us, we had nothing before us”**

This story makes the connection between the two cities of Paris and London and the possibilities for transformation at the personal and societal level. In our environment, Mr. Speaker, this is relevant not in the context of two cities, but in two distinct pathways and choices, that are open to us: For my government:

**We choose challenges and opportunities over doubt and fear**

**We choose unity over division**

**We choose truth over lies and deceit**

**We choose hope over despair**

**And we choose growth over stagnation**

The transformation of our nation is not an overnight exercise. This is a journey that will take time. Along this journey we have met communities of “naysayers”, “doubting Thomases” and “prophets of doom and gloom”. We have passed groups voicing messages of negativity and “do nothing.”

But on this journey, Mr. Speaker, we have also encountered many communities of believers, and even more voices of positivity and hope, and Mr. Speaker they are boarding the bus of optimism, as they know where it is headed. They want to be part of this journey. We will not betray their confidence. We are not afraid. We are not alone. **We are All In as we Build a Stronger Saint Lucia Together.**

Mr. Speaker, let me take this opportunity to express my gratitude and appreciation for the commitment and dedication of all our public officials from the various



Ministries, Departments and Agencies who supported and contributed to the preparation of this budget. Special mention must be made of the staff from the Ministry of Finance, Office of the Prime Minister (including the team from the Government Printery), the Attorney General's Chambers and Budget Technical team, for their hard work and sacrifice in supporting this important national exercise.

I wish to thank you, Mr. Speaker and Honourable Members for your patience and attention and look forward to your support as I move the Appropriation Bill for the 2020/2021 Financial Year.