

March 1st 2019

**Excerpts from the 2019 Budget Address: Part Four
Solid Progress continues amidst Challenges: Climate Change**

Introduction

Climate Change and the Environment

The greatest long-term threat to the development of Saint Vincent and the Grenadines is climate change. The greatest immediate threat to the development of Saint Vincent and the Grenadines is a natural disaster, caused, quickened or exacerbated by climate change. The grave and gathering menace of climate change is the inescapable, incalculable risk that looms over every forecast, plan or aspiration.

Saint Vincent and the Grenadines knows well the havoc and long-term consequences of a single natural disaster. We have endured repeated battering from unseasonal weather events. The impacts are long-lasting. This 2019 Budget contains capital expenditure for reconstruction efforts related to 2010's Hurricane Tomas and the December 2013 floods – events that took place 6 – 9 years ago.

The loss and damage related to the repeated floods, storms, hurricanes, landslides and droughts have been significant, and measured in the hundreds of millions of dollars. We are thankful that we emerged from 2018 unscathed by any climate-related disaster. Nonetheless, as sister islands Antigua and Barbuda, the British Virgin Islands, Dominica and others spent the entire year grappling with the aftermath of Hurricanes Irma and Maria, we are keenly aware of the inevitability of future natural disasters. In Dominica, for example, damages and losses from Hurricane Maria are \$3.5 billion, a whopping 226% of GDP. A mere two years earlier, Dominica was pummelled by Tropical Storm Erika, which caused losses and damages of \$1.3 billion. There, but for the grace of God, goes Saint Vincent and the Grenadines.

Further, beyond the sudden and catastrophic impact of headline-grabbing events, the inexorable destabilisation wrought by climate change continues unabated. Our seas continue to warm and rise. Our beaches continue to disappear. Our coastal infrastructure continues to be undermined. Our farmers continue to struggle in the face of unpredictable weather patterns. Our fisherfolk continue to risk their lives in pursuit of marine life that migrates further and deeper in search of cooler waters. Our tourism stakeholders battle bad weather, coastal erosion, Sargassum seaweed and the caution of uncertain visitors scarred by regular stories of inundated islands. The inhabitants of Sandy Bay are facing an immediate existential threat from encroaching seas; as are those in the vicinity of Shipping Bay; while in Mayreau's Saltwhistle Bay, unarguably one of the most beautiful beaches in the Eastern Caribbean, a tiny sliver of rapidly-eroding land – now less than 6 feet wide, is all that stands between preservation and destruction of this major tourist attraction.

Our Plans

Our Budget, and our long-term developmental plans, must squarely confront the reality of climate change. This involves recovery and rehabilitation of damaged infrastructure, investing in resilience and adaptation, setting aside resources to prepare for natural disasters, adopting renewable energy and clean energy technologies, and strengthening our laws and practices related to environmental protection.

The 2019 Capital Budget shows a total of over \$56 million allocated to the functional classification. “Environmental Protection.” This is the second-largest capital allocation in the Budget. However, Climate Change-related adaptation, mitigation and reconstruction accounts for over \$82 million, or 37% of our capital budget allocation. Within the constraints of our capital and capacity, this is a remarkable commitment to climate resilience.

Our Contingency Fund is now just over one year old. We are pleased to report that, as of December 2018, we have saved \$12.6 million in this Fund for disaster-related contingencies. Never before in the history of independent Saint Vincent and the Grenadines have we managed to explicitly set aside such resources for a rainy day. In 2019, funded by an ongoing 1% disaster levy on consumption, and supplemented by the modest nightly Climate Resilience Levy on visitor accommodations, we anticipate that the Contingency Fund will receive an additional \$12.5 million. While this number remains small in the face of the multi-billion potential of a major natural disaster, it is nonetheless significant. If we are blessed with continued good fortune, in the near term, the Contingency Fund will be a reliable, home-grown cushion against natural disasters. The Fund will also stand as an important signal to the international community that Saint Vincent and the Grenadines is committed to playing a leading role in our own disaster preparation and recovery. This year, in anticipation of continued growth in the Contingency Fund, we will elaborate a set of rules and procedures governing the access and management of the Fund’s resources.

The Natural Disaster Management (NDM) and the Regional Disaster Vulnerability Reduction Project (RDVRP) are two multiyear programmes, funded in the main by the Caribbean Development Bank and the World Bank, through which we shall spend over \$47 million in reconstruction, rehabilitation and resilience works this year. They are essential in our adaptation efforts to make Saint Vincent and the Grenadines stronger in the face of future climate threats.

Saint Vincent and the Grenadines continues our strong embrace of renewable energy, rapid progress to energy independence, and our status as a “green” and carbon neutral country. Last year, the Saint Vincent Electricity Services Limited (VINLEC) refurbished the Richmond and South Rivers hydro plants to the tune of \$20 million, utilising automation to improve output and efficiency. A 420 kWh solar farm alongside the Argyle International Airport was also commissioned. This solar farm will save almost \$500,000 in annual diesel imports, and provide enough energy to power almost 500 homes. By the end of April, the capacity of the AIA solar farm will be increased by another 180kWh.