

April 3rd 2020

Excerpts from the address to the nation on March 18th 2020

Rising Stronger from the Ashes of Covid 19

The Fiscal Stimulus

The total package of fiscal stimulus and tax relief will amount to more than EC \$70 million or in excess of three percent (3%) of Gross Domestic Product (GDP) — a significant stimulus in all the circumstances.

The bulk of the revenue for the package is targeted to come from six sources: The World Bank, the International Monetary Fund (IMF), the Contingency Fund of the Government of St. Vincent and the Grenadines, the United Arab Emirates (UAE), the Bank of St. Vincent and the Grenadines, other financial institutions, and bondholders. The monies from these sources are either in hand or at hand. Support will come, too, from the Eastern Caribbean Central Bank (ECCB), the National Insurance Services (NIS), the SVG Port Authority, the Agricultural Input Warehouse, and the Eastern Caribbean Group of Companies. Additionally, the locally-based financial institutions (commercial banks, credit unions and the other leading institutions), the Arrowroot Industry Association, the Central Water and Sewerage Authority (CWSA), St. Vincent Electricity Services (VINLEC), the telecom companies, the private sector, the workers and their trade unions, the farmers and fisherfolk, all state employees, and all Vincentians are expected to play significant roles in our economic recovery.

We are hopeful, too, that our many international friends and allies will assist us in one way or another as we expand and consolidate our socio-economic recovery in the post-Covid-19 period.

The expenditure of the revenue garnered for the economic recovery and stimulus plan will focus on the following main items (and with approximate estimated spending for each):

1. Covid-19 health initiatives (construction of Isolation Unit and associated facilities; equipment, supplies, materials, drugs; hiring of additional nurses and medical interns; accommodation, food transportation and associated expenses for 12 Cuban nurses and four doctors, specialists in handling infectious diseases): \$10 million
2. Immediate generation of jobs in public works (specifically-funded roads and buildings programmes; other physical facilities; second phase of PAVE; painting of some government buildings): \$30 million
3. Direct supports in the areas of farming, animal husbandry, fishing (additional monies for Farmers' Support Company; free seeds at AIW; subsidised inputs; provision of fishing boats and farm animals on generous terms): \$9 million
4. Support for the arrowroot industry: \$3 million
5. Social Supports for vulnerable and affected persons (widening the social safety net with Interim Assistance Benefits for persons not on public assistance nor in receipt of a pension, until December 31, 2020; providing supports for displaced workers in the hotel and tourism sector, including cruise buses and taxis, through a Displacement Supplementary Income for three months in the first instance; hiring an additional 20 Home-Helpers for the elderly; additional transport support for students, including from the Grenadines):\$5 million
6. Additional resources for grants under the Promotion of Youth Micro-Enterprises (PRYME): \$1.0 million
7. Additional supports for small businesses including in the field of culture and arts \$2 million

8. Medi Vac Vessel: \$0.7 million
9. Additional Supports for SVG Tourism Authority
\$1 million
10. Additional support for Argyle International Airport for five months: \$2 million
11. Communications Expenses: \$0.350 million

The aggregate of this expenditure amounts to \$64.05 million. Additional are the tax relief and other measures which are estimated to cost the revenue approximately \$10 million. In total, therefore the fiscal stimulus amounts to \$74.05 million or 3.4 percent of GDP.

Decline in Projected Revenue

It is self-evident that projected revenues will decline substantially — the full extent of that decline, and over which time period, are not yet calculable, given the range of uncertainties. So, there has to be a re-prioritisation of expenditure to meet the unfolding realities globally, regionally, and nationally; this exercise is ongoing. Over the medium-term our fiscal condition will be consolidated as the anticipated economic recovery takes root. I am encouraged that both the World Bank and the IMF have jointly issued a call today for debt relief for IDA countries like St. Vincent and the Grenadines.

The overall stimulus and socio-economic recovery package is significant. As the global economy recovers, the economy of St. Vincent and the Grenadines, and the rest of the region, must be in position to lift off and expand. Still, we are mindful that even before the expiration of the threat of Covid-19 and its hubris, the 2020 hurricane season would be upon us. This makes the overall situation even more challenging, awash with downside risks. Our region's premier financial institution, the Caribbean Development Bank (CDB), is currently preparing a package of

financial support for its member-countries. I await expectantly the CDB's offered package. In this regard, regional provision has to be made for LIAT, so vital for our region's progress. On these matters, I have already been in conversation with the President of the Caribbean Development Bank (CDB).

The received scientific learning and wisdom of the nature of Covid-19 is that it is not a death sentence like HIV/AIDS in an earlier period or more recently, Ebola. Some 80 percent of those who are infected by Covid-19 will have a mild infection and will recover well and in good time.

Only a very small percentage of those who are actually infected will suffer significantly; and an even smaller percentage of persons, particularly with severe pre-existing conditions (respiratory and heart ailments, diabetes and hypertension) will succumb fatally to the coronavirus. The responsive health initiatives have thus been taken with all these factual matrices in mind. We recognise that some may die from it; others may die with it; it is a serious threat to life, living, and production.