

**December 2<sup>nd</sup> 2022**

## **DECISIVE POLICY RESPONSES THAT PROTECT LIVES AND LIVELIHOODS**

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### **Introduction**

The International Monetary Fund (IMF) recently concluded its Article IV consultation on Saint Vincent and the Grenadines and published statements including its statement from the Executive Board. It would be fair to say that the government of SVG received a very positive review from this international organization on its management of our economy during the tumultuous two years of the Covid-19 pandemic, followed by the eruptions of La Soufriere and Hurricane Elsa. The Executive Board commended the government lead by comrade Ralph and highlighted several positives including the “decisive policy responses by the authorities, that protected lives and livelihoods and contained economic scars”. While we didn’t need the IMF to tell us that our government acted in the best interest of all Vincentians, it does serve as reinforcement of the quality of the leadership we have elected to manage the affairs of our state. We should never forget that Comrade Ralph and his government made the bold decision not to impose a lock down, curfew or a state of emergency even as the desperate opposition sought to use the pandemic to whip up political capital by stoking fear within the population. The government was resolute and realized that such a move could cause much suffering on our farmers and vendors who rely on their daily trade for sustenance and survival. In the end, SVG experienced the lowest output decline in the Eastern Caribbean Currency Union (ECCU) in 2020 and grew 0.8 percent in 2021, a direct result of the proactive and decisive policy responses of our government. Our people lived through the period of convulsion, when our faith and hope were tested, but thankfully, we have a government that isn’t the promoters of gloom and doom, instead offers fresh hope to our people, delivering on its promises and supporting and protecting the most vulnerable among us. Our reality in SVG during the period of great challenges was that our government provided income support for thousands of families, with about 4000 families still receiving support until the end of 2022, repaired approximately 700 houses and has already constructed 28 houses to relocate families affected. These are but a few of the experiences we can speak of proudly, even as the IMF now reports positively on these initiatives of the government that have protected the lives and livelihoods of Vincentians across this country. You can read below an excerpt from the concluding statement of the Executive Board of the IMF, issued upon the completion of its Article IV consultation.

## **IMF Executive Board Commends the ULP Government**

*“Executive Directors agreed with the thrust of the staff appraisal. They commended the authorities’ proactive responses to the pandemic and volcanic eruptions that reduced economic scarring and contributed to a small positive growth in 2021. They noted that while the outlook is favorable, supported by large-scale investment projects and continued recovery of agriculture and tourism, it is subject to significant downside risks and the economy remains vulnerable to shocks.*

*Directors agreed that near-term priorities continue to be health and reconstruction spending and supporting the vulnerable, while maintaining fiscal prudence. Directors encouraged the authorities to keep the generalized fiscal relief temporary as announced and continue to enhance the coverage and targeting of the social safety net. As the economy recovers, fiscal policy should move from income support to active labor market policies (ALMP) to facilitate training and employment.*

*Directors stressed the importance of rebuilding fiscal buffers, including by fully operationalizing the Fiscal Responsibility Framework (FRF), to withstand shocks and reinforce fiscal sustainability. They welcomed the authorities’ continued commitment to reaching the regional debt target and the medium-term fiscal strategy, set out in the 2021 Rapid Credit Facility (RCF). They noted that it is important to recalibrate and fully operationalize the FRF to underpin the commitment and signal a credible medium-term fiscal plan. Directors underscored the need for continued complementary fiscal institutional reforms to support the effective implementation of the FRF, and also called for building additional buffers and preparing contingency plans, which will be key to increasing resilience to external shocks.*

*Directors emphasized the need for continued broad-based structural reforms to support inclusive growth, promote employment, and bolster resilience to natural disasters. They noted that the recent and ongoing key infrastructure projects are instrumental for addressing supply-side constraints to growth and improving structural resilience. Directors welcomed the authorities’ efforts to further improve the business climate, including through the planned new Investment Act, and to invest into human capital by improving the scope, coverage, and effectiveness of technical and vocational education and training (TVET) programs, and considered that the TVET programs should be complemented by ALMP to facilitate employment. Directors also supported the authorities’ efforts to further develop the tourism sector to contribute more to the economy.*

*Directors noted that the financial sector remains broadly stable. They stressed the need to closely monitor asset quality following the end of the loan moratoria and bolster the provisioning levels. Directors considered that the financial authorities should continue to strengthen the supervisory and regulatory*

*frameworks and improve crisis preparedness. They also welcomed the authorities' strong efforts to strengthen the AML/CFT framework.”*

### **Conclusion**

We are proud of the work done by our government during our most challenging period since independence, to steady the ship of state, acting decisively to protect the lives and livelihoods of thousands of Vincentians. The work is however not complete, and our government continues to rebuild our damaged infrastructure including bridges in the Northeast of SVG to improve access and safety for motorists and pedestrians. Our country continues to experience the fallout from impacts of the war in Ukraine that has led to several other knock-on events creating external shocks that put inflationary pressures on our already vulnerable economy. The Government has already responded with several subsidies, planned salary increases for public workers from January 2023 and tax reductions for both individuals and corporate entities. This is the kind of leadership present in the ULP government, decisive, proactive, responsible and responsive, that acts in the interest of Vincentians, motivated by love for our people and our nation.