

BUDGET ALERT

COVID -19 INDUCED APPROACH TO TRANSFORMING THE ECONOMY - RESETTING THE NATIONAL SUSTAINABLE DEVELOPMENT PLAN (NSDP)

By Laurel Theresa Bain

In a previous article, I indicated that the lessons learnt from the Covid-19 global crisis should be used as the basis for charting the way forward and transforming the local economy.

The article highlighted that: 1. Globalization is real, facilitated by the integration of economies through Travel, Investment and Trade [TIT] and technological platforms that allow for instant communication. 2. Regional integration was left wanting, due to a lack of a common and coherent strategy to address the Covid-19 crisis. 3 Significant shortcomings in the economic models of development emerged as a result of the heavy reliance on inflows from tourism, financial services and the Citizen by Investment [CBI] programmes. 4. The informal sector landed in 'no man's land' as many of the participants in that sector fell through a crack when policies were developed to address the impact of the Covid-19 crisis. 5. Inclusiveness in nation building needs to be more than pronouncements as institutional arrangements were either non-existent, non-operational, or ad hoc. 6 Technological enhancement must be accompanied with deeper technological penetration to cater for persons without access; and 7. Preparedness for disaster should be enhanced by adopting an all-hazard strategy.

These issues should now inform a resetting of the National Sustainable Development Plan [NSDP]. The NSDP, as laid in Parliament on 20 November 2019, is broad based and informative. However, it needs to be more strategic and integrated. A resetting of the NSDP is necessary due to the existing Covid-19 environment. In the resetting, the strong and steady pillars of the NSDP must be placed in the international and regional context. International treaties and regulations that will influence national policies and programmes should be included with clarity.

Importantly, with globalization, the small economies of the Eastern Caribbean Currency Union [ECCU] must be positioned to operate in the global economy and to be resilient to shocks. This could only be achieved through strong regional integration. A component of resetting the NSDP will be introspections and approaches to incorporating policies and programmes that could be better implemented through regional cooperation. The revised Treaty of Basseterre, which established the OECS Economic Union, has significant implications for cooperation and this should be maximized. Due to the small size of the individual economies of the ECCU, transformation of the economies could only be achieved through cooperation within the regional integration framework.

In this introspection and approaches to regional integration, the priority must be given to balancing international policies, particularly trade policies, with the resilience of the national economies. This also requires a rethinking of the models of development for these economies, which cannot be too bias towards the adoption of competitive international trade policies and a

high dependence on tourism. During the crisis, countries focused on the resilience of their domestic economy. For the small countries of the Eastern Caribbean Currency Union [ECCU], the resilience of the domestic economy should be addressed in its regional context. Within that framework, the NSDP should include a strategic and clear policy on the sectors that will be allowed to compete internationally and those that will be supported to ensure the resilience of the economy. This has implications for the development of the agriculture sector and manufacturing and agro-processing. It is important for the strategy for national resilience to be anchored in the regional context as most trade agreements are negotiated on a regional basis.

Another critical component of the NSDP that should be anchored in the regional context is technological enhancement and deeper technological penetration. With the dependence on technology for all aspects of life, access to technology is appropriately described as a public good, requiring universal access. However, with a focus on national resilience, the vulnerabilities of such dependence must be considered. The regional integration context must include programmes for reducing the cost of government while improving the efficiency in the production and delivery of goods and services. Areas that could be targeted for regional cooperation are health, education, security, agriculture, manufacturing, and tourism.

The function and nature of the financial sector, for ease of access to finance, must also be addressed within the regional framework. This is critical for the countries of the ECCU that share a common Central Bank and monetary arrangement.

The international and regional context is a necessary component in resetting the NSDP. The synchronizing of the regional and national policies for transforming the domestic economy will be guided by a conscious policy to develop self-sufficiency in critical sectors. The transformed economy will be manifested by the radical changes in the social sectors particularly education and health and the economic sectors of agriculture, manufacturing, and tourism. The integration of these productive sectors while protecting the environment; and the supportive role of the education sector is important in transforming the economy.

The professional services sector should be developed, not only to serve the demands of the domestic economy but also to export these services.

A resetting of the National Sustainable Development Plan in the international and regional context, while strengthening the domestic economy, is needed for the transformation of Grenada's economy.

Knowledge is power and experience is the greatest teacher.

Ms Laurel Bain is a former employee of the Eastern Caribbean Central Bank, where she served for over 25 years in various positions including that of Deputy Director in the Research Department, Senior Director of the Statistics Department and Adviser in the Governor's Office.

Ms Bain has undertaken assessments of the economies of the Eastern Caribbean Currency Union (ECCU) and research on fiscal policy and taxation issues in the ECCU. She is the Author of the books: Fiscal Policy The

Economy and The Tax Structure of the Member Countries of the ECCB. Ms. Bain has worked extensively with international development agencies and regional institutions.

Ms Bain holds a Bachelor of Science (BSc) and Master of Science (MSc) degrees in Economics from the University of the West Indies, Trinidad and Tobago.

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