

Budget Time Again

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The public would be eagerly awaiting the presentation of the national budget for 2023. The transformative agenda of the National Democratic Congress [NDC] administration, for at least the next three years, should then be outlined. Within this three-years framework, the public would be informed of the policies, programs, and projects for 2023, the expenditure associated with these and the sources of financing for the expenditures. These would be documented in the Parliamentary Approved Estimates of Revenue and Expenditure for 2023.

The policies, programmes and projects would aim at transforming the economy to “A Sustainable, Equitable and Prosperous Grenada for All”. The information presented in the 2023 national budget should be steps to achieving this vision. The current economic and social conditions in the country should form the basis for constructing the building blocks to the transformed economy. Therefore, the assessment of the economy that accompanies the national budget, should focus on the indicators that need to be changed to signal the movement to a transformed economy.

While the economic assessment would include the usual trends in the macro-economic variables and developments in the economic, financial, fiscal, and external sectors, there should be an emphasis on the challenges in the economy and some of the structural issues that need to be addressed. These include i. the trend in agriculture production; ii. the performance of agriculture exports; iii. the trend in the food import bill; iv. the state of agro-processing and agri-business; v. developments in the fishing industry and other marine resources; vi. the status of the creative industries; vii. the foreign exchange outflows to external agents for the importation of services; and viii. the efficiency of doing business in Grenada.

The social sectors should be given equal importance in the assessment of the economy. The areas of focus should include developments in education, health and other social services, and the dynamics of deviant behaviour, unemployment, and poverty. A refocusing of the assessment of the economy to highlight the challenges and the structural imbalances would be consistent with pursuing a transformative agenda.

The preparation, approval, implementation, and evaluation of the budget is anchored in the legislative framework. The budget process is guided by the Constitution, and the accompanying legislations are the Public Finance Management Act, the Debt Management Act, the Fiscal Responsibility Act, and the Audit Act. The existence of this legislative framework did not prevent the occurrence of financial dilemmas and fiscal mysteries. Also, numerous recommendations have been put forward for the reform of the Fiscal Responsibility Act. The issue is whether there is need for legislative reforms, or whether the system for ‘Good Government’ requires an overhaul, or a combination of legislative and administrative reforms.

The Parliament is established for the ‘Good Government’ of the country, and this should be foremost in transforming the economy.

The contents of the national budget for 2023, which would be presented in the budget speech and the Estimates of Revenue and Expenditure, should show signs of implementing a transformative agenda with the ultimate goal of eradicating poverty. The transformation of the economy would be an ongoing process and would, at times, be hindered by unforeseen circumstances. However, it is important to establish targets to be achieved on the path to transforming the economy. The Government has identified some critical areas in the transformative agenda, and the 2023 national budget should include policies, programmes and projects that signal that the country is moving in that direction. A feature of the 2023 national budget would therefore be which of the components of the transformation agenda that would be developed into policies, programmes, and projects for 2023.

The projected economic growth rate for 2023 and the following two years would be of significance. Foremost among the outcome of the transformation agenda is achieving sustainable economic growth while i. diversifying the economy; ii. strengthening linkages among the sectors in the economy; iii. improving food and nutrition security; and iv. creating employment, particularly among the youths.

The initiatives for transforming the economy, as outlined in the NDC Manifesto and the Throne speech of 31st August 2022, are expected to be integrated in the Medium-term Economic and Social Development Strategy and the accompanying Public Sector Investment Programme. While these policies and programme documents are being prepared, there are major policies that could be identified, some of which would need to be included in the 2023 national budget.

Fundamental to transforming the economy are the proposal for reforming and developing the productive sectors which include, among other proposals:

- i. The development and integration of agriculture, fisheries and marine resources, tourism, creative industries, culture, and ICT while protecting the environment.
- ii. Improving the value-added in the economy by developing agri-business, fish processing and cannabis industries in medical and hemp products.
- iii. Re-invigorating the spice industry by encouraging farmers to engage in large scale replanting of local spices.
- iv. Reforming the Marketing and National Importing Board; and integrating the Grenada Cocoa Association and the Grenada Cooperative Nutmeg Association.

Therefore, in the 2023 national budget, elements of these policies and programmes should be included in the Vote for the Ministry of Economic Development, Planning, Tourism and ICT, Creative Economy, Agriculture and Lands, Fisheries and Cooperatives. As a stimulus to the reform process, a feature of the budget should be an incentive package for entrepreneurs, particularly for supporting the emerging activities in agri-business, fishing and marine resources, the cannabis industries, the creative industries, and digital based businesses.

Improved economic infrastructure is required to support the transformative agenda. This has implications for telecommunication and internet network, public utilities of water and electricity, the road network, and seaport and airport facilities. The proposals in the budget should reflect the unique circumstances of a tri-island state, and the infrastructural needs for connectivity and the development of the marine resources in Carriacou and Petit Martinique. While some of these areas are not directly under the control of Central Government, the Government should be influential in the developments in these areas through its participation in public enterprises.

The efficient delivery of social services is critical to the development of the transformed economy. Therefore, the proposals from the Ministries of Health, Education and Social Development should feature prominently in the Medium-term Economic and Social Development Strategy, and elements should be included in the 2023 national budget. In health, the main proposals are for the construction of a modern hospital with teaching facilities, introduction of national health insurance, provision of health services in communities and support for the training of personnel for the delivery of health services. The main proposals in education include the provision of free education up to the community level; reforming the curriculum to incorporate training in areas that would support transformative industries, the digital economy, sports, and culture; providing vocational education; and strengthening community facilities to make education accessible to the population. The policy decision has been taken to provide free education up to the secondary school level. This would need to be extended to the community college level.

The budget should include proposals to address the plight of the no-income and low-income segments of the population. Therefore, there should be policies for influencing the distribution of income through the rationalization of the social safety net programme, proposals for the review of the minimum wage and the modification of the tax system to ensure that it is not over burdensome on the population. Major planks for people empowerment and wealth creation are the proposals for increasing the housing stock and regularizing the land titles for holders of government lands.

Elements of the policies, programmes, and projects for transforming the economy must be identifiable in the 2023 national budget. The Medium-term Economic and Social Development Strategy should incorporate most of the proposals for transforming the economy, and these should be manifested in the Public Sector Investment Programme. Appropriate targets and benchmarks should be included in the Medium-term Economic and Social Development Strategy to facilitate the monitoring and evaluation of the transformation of the economy.

Knowledge is power and experience is the greatest teacher.