

Budget Alert 3.12: The 2024 National Budget for Empowerment and Transformation

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The 2024 national budget was presented under the theme: “Grenada at 50: Empowering our people, Transforming our nation”. There were commonalities in the 2023 and 2024 national budgets, and these common features are the empowerment of our people and transforming the economy. The priority areas identified in the 2023 national budget continued to be pursued for 2024 and were consolidated under four broad thematic areas, namely: (a) Human Development; (b) Promoting Robust Economic Growth and Job Creation; (c) Promoting Good Governance; and (d) Enhancing Climate Resilience, Environmental Sustainability, and Renewable Energy. This is indicative that transformation is a process which should be evident overtime. It is therefore important to establish milestones over the medium-term to ascertain the state of the journey towards transforming the economy to the stated goal of “A Sustainable, Equitable and Prosperous Grenada for All”.

In analysing the themes in the budget and in a quest to monitor progress towards a transformed economy and an empowered people, the salient features of the transformed economy are first outlined and then applied to the 2024 national budget. A prosperous and transformed economy should be i. Dynamic, Flexible and Competitive. This will be manifested by sustained economic growth based on the efficient utilization of domestic human and natural resources and with the capacity to respond to shocks and changing external markets. ii. A high Human Development Index (HDI). This is to be achieved through low levels of poverty and unemployment, a high education standard, improved life expectancy, low homicide rate, increased access to water and electricity, and the availability of internet services. iii. Adequate, energy efficient and Resilient Social and Economic Infrastructure. The systems, structure and design of the infrastructure should be compatible with a transformed economy with implications for social services facilities, communication and transportation systems and the application of technology. iv. Good Government as enshrined in the Constitution and operationalize in the Public Finance Management Act, the Audit Act, the Debt Management Act and the Fiscal Resilience Act.

In relation to the development of a dynamic, flexible and competitive economy, sustained economic growth is a prerequisite to the empowerment of the people. The economy is projected to grow by 3.6 percent in 2024, and on average by 4.0 percent between 2025 and 2026. Over the year’s regional institutions, notable the Eastern Caribbean Central Bank and the OECS Commission, have established growth rates that would contribute to reduction in unemployment in the context of policies for transforming the economies. At the national level, a rate of growth that facilitates the empowerment of the people should be determined and policies should be implemented to achieve the targeted growth. Economic growth will continue to be influenced by developments globally, but domestic policies have a significant impact on the rate of economic growth. The determination and achievement of the targeted rate of economic growth that is adequate to reduce unemployment and poverty will be compatible with the empowerment of the people.

The budget appropriately focused on the development of the main economic sectors, particularly tourism and hospitality; agriculture, agro-processing, marine resources; and the creative and digital economy. The enhancement of these sectors will be aligned with the development of an export strategy aimed at increasing exports and reducing imports. To reduce the import bill, a strategy should be developed with policies and programmes to strengthen linkages among the sectors. Although other factors such as weather conditions may have contributed, the significant growth in tourism in 2023 was not displayed in the agriculture, fishing and manufacturing sectors. Bold initiatives are needed to strengthen the linkages among the sectors. The strategy for the Food Security Enhancement Project to integrate agriculture, health, and education, including through the Healthy Start School and Nutrition Programme and other programmes, as outlined in the 2023 national budget, should be pursued.

The upgrading of the historical and geological sites and their management should include policies and programmes for the greater use of local resources to strengthen the link between tourism and the other sectors. A more integrated economy would require the implementation of programmes to address industry standards and, in agriculture and marine resources, systems that would facilitate ease of storage, transportation and timely payments some of which were identified in the 2023 national budget. With these systems in place, another issue is whether legislative support is required to push this aspect of the transformation agenda.

The narrowing of the skills gap in the economy is being pursued through the education system. The reduction of the existing hard-core unemployment among the youth, some of which have only primary or secondary school education and have never worked, requires well targeted programmes. Organized systems of apprenticeship, clustered agro-processing, and a reformed debushing programme as envisaged by the Beautification, Empowerment, Sustainability and Transformation (BEST) Programme could contribute to reducing the existing hard-core youth unemployment.

A component of people's empowerment and economic transformation are the Issues of productivity and competitiveness. Indicators such as the Productivity Index and Doing Business and competitiveness Indicator should be examined and, where appropriate, should be applied or alternative measuring indicators developed. These quantifiable indicators are essential in determining the extent to which the economy is being transformed into a dynamic, flexible and competitive economy.

In relation to the high Human Development Index (HDI), Grenada's HDI is at 0.77 on a scale of 1 to 10. Although ranked high in the classification of the index, there is scope for improvement. The achievement of economic growth and the strengthening of linkages among the sectors should reduce unemployment and poverty. Grenada has a high literacy rate at 98.6 percent. The deficiency is in the level of education and the mismatch between the skills of the labour force and the demands of the economy, contributing to high unemployment among the youth. The narrowing of the education and skills gap through projects for increased access to education, technical and vocational education in primary and secondary schools, the establishment of centres of excellence, upgrading and broadening the education provided by NEWLO and TAMCC, and programmes for coding will upgrade the education standard. This

is likely to increase domestic productive capacity and reduce unemployment. Information from a skills bank, data on the number of permits granted for imported skilled labour and the payment for services provided by imported skilled workers are indicators that could be monitored to determine the progress towards empowerment of the people and the transformation of the economy.

The upgrading of health facilities, the training of health professionals and increasing their numbers should improve the delivery of health service. The application of technology in the health sector has to be aggressively pursued to benefit from the pool of professionals with diverse expertise who are resident both in Grenada and in the diaspora. The design of the National Health Insurance also has implication for the health component of the Human Development Index.

Other policies in the budget that will improve the Human Development index include the upward adjustment to the legislated minimum wage; improving the targeting of the social safety net programme and the increased allocation to the targeted groups; the regularization of public service employment for greater job security and the associated benefits; pension reform to broaden the coverage of the population and to improve the social protection system; and the strategy and programmes for addressing delinquent behavior and reducing crime.

The Budget Statement outlined the projects for improving the economic and social infrastructure. The design of the infrastructure particularly for education, health and housing, and the economic infrastructure particularly for the digital economy, energy efficiency, and the communication and transportation networks should be consistent with the policies and programmes for achieving a High Human Development Index and developing a flexible and competitive economy. With adequate maintenance, the infrastructure being developed should remain sturdy for the next fifty years.

The principles of Good Government in the budget process requires adherence to the Constitution, the Audit Act, the Public Finance Management Act, the Debt Management Act and the Fiscal Resilience Act, for which the Parliamentary established Fiscal Resilience Oversight Committee is expected to report to Parliament by 31st March 2024.

Knowledge is power and experience is the greatest teacher.

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Disclaimer: This article is written in my personal capacity and not in my capacity as Chairwoman of the Fiscal Responsibility Oversight Committee.