

BOSVG AND NIS: SUCCESS STORIES UNDER ULP GOVERNMENT

BY

UNITY LABOUR PARTY

THE ISSUE

The massive successes of the ULP government over the past 24 years in transforming SVG for the better and uplifting the lives, living, and production of our people have been achieved not only by the efforts of the central government alone but very much so also through the endeavours of state-owned entities (statutory bodies, wholly-owned state companies, or joint state and private sector companies). Always, of course, in tandem with the people of SVG and our friends overseas.

Vital to the progress of SVG since 2001 have been the Bank of SVG (BOSVG), formerly the wholly-owned state bank, the National Commercial Bank (NCB), and the National Insurance Services (NIS). The BOSVG is owned 63 percent by the State (43 percent by the government, 20 percent by the NIS); the other 37 percent is owned by the St. Lucian Eastern Caribbean Financial Holdings (20 percent, in which our NIS also has shares) and 17 percent by individual Vincentian shareholders, including the workers at BOSVG. The NIS is wholly-owned by the government which guarantees all beneficiaries, including pensioners, their benefits.

The NCB was founded in 1977 by the Labour Party government under Milton Cato; it was refashioned as the BOSVG less than 10 years ago. The NIS was established in 1987 by the James Mitchell NDP government on the basis of a draft Bill first introduced by Cato's Labour government in July 1984 shortly before the general elections of 1984 which was won by the NDP.

BOSVG

The journey of BOSVG from the status of the smallest commercial bank (NCB) to that of the largest, stongest commercial bank in SVG has been absolutely remarkable. A summary of this journey as reflected in the relevant numbers between 2001 and 2024 is as follows:

CATEGORIES		2001 (EC\$)	2024 (EC\$)
i	Total Assets	\$395 million	\$2.1 billion
ii	Loans and Advances	\$276.4 million	\$937.1 million
iii	Total Deposits	\$339 million	\$1.8 billion
iv	Net Income	\$2.2 million	\$40 million
v	Shareholders' Equity	\$28.5 million	\$189 million
vi	Capital Adequacy	11.3 percent	20 percent
vii	Impaired Loans as a % of all Loans	16 percent	4.4 percent
viii	Book Value per share	\$2.92	\$12.55
ix	Earnings per share	\$0.22	\$2.20

These numbers tell a huge success story. But the journey has not been easy; and success was not assured. The truth is that in 2001, the ULP government met a bank (NCB) which was badly-managed and tottering on the edge of insolvency. It was a small, under-capitalised bank with way-above the acceptable limits of bad loans (“impaired loans”) and mired in liquidity challenges. This condition was especially shaky in a world of a more or less monopoly concentration of industrial and finance capital (“banking capital”). In SVG, Barclays Bank, Canadian Imperial Bank of Commerce, Bank of Nova Scotia, and Royal Bank of Canada ruled the commercial banking roost. Further, the audited accounts of the NCB reflected poorly on the bank’s operation and management in that for the three financial years prior to 2001 (1998, 1999, and 2000) the independent auditors accorded the bank’s accounts the poor rating of “a qualified opinion”. Moreover, in December 2000, the NCB lost its corresponding banking linkage with the Bank of America (its only corresponding bank in the USA) and was on the verge of losing its corresponding banking relation with the Bank of Montreal — the only one it had in Canada. Additionally, the workers at the NCB were the only commercial banking employees in SVG without a pension scheme. Please note that the Ottley Hall – Union Island Projects had bad loans at the NCB amounting to \$40 million. NDP high-ups were using the NCB as their personal piggy-bank. The NCB was in a terrible mess; so much so that a Trinidad-based bank offered to buy it in 2001 for a meager US \$500 thousand.

Under visionary political leadership, a reform programme fashioned with the assistance of the Eastern Caribbean Central Bank (ECCB) vastly improved governance at the Bank, and astute management, the NCB was strengthened within the wider context of facilitating financial stability particularly in the wake of the altered world situation consequent upon the terrorist attacks in the USA on September 11, 2001, and its knocks-on effects.

Similarly, in the aftermath of the worst global economic depression of September 2008 and its awful aftershocks, further alterations were put in place at the NCB in conjunction with the Caribbean Development Bank and under the guidance of the ECCB to enable to survival and sustainability of the Bank. Later, there was a further strategic shift in banking gears to reclaim and strengthen our national patrimony.

And as the ownership and direction of commercial banking in the region changed, the BOSVG led the way in the Eastern Caribbean in the purchasing of First Caribbean International Bank (a jointer earlier of Barclays Bank and CIBC). The BOSVG purchased the local operations of FCIB.

The NCB, and later BOSVG, joined the ULP government in path-breaking initiatives including the “no-down payment” for housing mortgages for public servants and the student loan programme for university education (in conjunction with the NIS). Meanwhile, innovative banking products and revolutionary systems of management and customer service were introduced to bolster the BOSVG.

THE NIS

The strengthening and reforming of the NCB/BOSVG in challenging economic circumstances globally and regionally, with national repercussions, mirrored a similar process at the National Insurance Services. Again, similar ingredients propelled the NIS to further advances and successes.

The raw data on the NIS advancements since the end of 200 tell a compelling success story:

CATEGORIES		2000	2024
i	Number of Active Employees Registered	30,076	44,766
ii	Number of Active Self-Employed Registered	275	1,317
iii	Number of Active Employers Registered	1728	2,245
iv	Annual Average Insurable Wages	\$14,374	\$27,132
v	Number of Pensioners	2,940	10,226
vi	Average Weekly Pension	\$44.27	\$200.18
vii	Asset Base of NIS	\$218.9 million	\$524.3 million
viii	Benefits Paid Out (Pensioners, etc.)	\$8.9 million	\$97.3 million

The NIS in 2024 paid out \$97.3 million in benefits, touching the lives of thousands across SVG as follows:

- (i) Contributory Pension Payments to over 10,000 retirees. This includes old-age pension (5,688), early age pension (1,917), survivors (1,771), invalidity (200), and others.
- (ii) Non-contributory pension payments to 296 persons.
- (iii) Support for workers: Payment for sickness, maternity, and employment injury benefits totalled \$5,4 million, providing replacement income for 10,400 workers.
- (iv) Maintaining National Provident Fund (NPF) payments: \$1.2 million. (The NPF is the precursor to the NIS; NPF ceased collecting contributions under the system since 1987 but there are still NPF beneficiaries alive).

Of course, the NIS is an important plank in the socio-economic development of SVG through various investments and social initiatives. Please note that the NIS investment exposure to the government is only 11 percent of its total investment portfolio — way below the accepted norm of 30 percent regionally and globally.

The NIS reforms piloted by the government recently has put the NIS on a sound actuarial footing for a further 35 years, without further requisite reforms, barring extraordinary, cataclysmic circumstances. These reforms were effected openly, transparently, and sensibly.

OTHER STATE ENTITIES

The ULP government has strengthened immeasurably the performances of hitherto existing state entities such as VINLEC, CWSA, the SVG Port Authority, the Housing and Land Development Corporation, the Government Printery, the National Sports Council, the National Cultural Foundation, the Arrowroot Industry Association, and the National Broadcasting Corporation. It has reformed and established legal entities out of pre-2001 Organisations, namely: the National Lotteries Authority, the Carnival Development Corporation, the Commerce and Intellectual Property Office, the SVG Postal Corporation, the Agricultural Input Warehouse, the SVG Bureau of Standards, the SVG Community College, the Agency for Public Information, and the Central Procurement Board.

Further, and vital to the overall transformation of SVG for the better, the following entities have been created by the ULP government: the Argyle International Airport Company; the Buildings, Roads, and General Services

Authority (BRAGSA); the National Parks, Rivers and Beaches Authority; the Student Loan Company, the Farmers' Support Company; the Medicinal Cannabis Authority; the Zero Hunger Trust Fund; the Contingencies Fund; the Petro Caribe (SVG) Limited; National Accreditation Board for Tertiary Education; the Sector Skills Development Agency; the National Telecommunications Regulatory Commission (NTRC); the Office of the Supervisor of Insolvency; National Emergency Management Office; Financial Intelligence Unit; and Financial Services Authority.

Moreover, in the process of uplifting good governance and modern public administration, the ULP government has strengthened immensely the following constitutional or legal offices: Office of the Director of Public Prosecutions; Office of the Director of Audit; Office of the Supervisor of Elections; Passports and Immigration Department; and the Office of the Attorney General.

By any measurement, this has been an outstanding record of institution-building, good governance, and effective nation-building in the people's interest. The ULP has been a magnificent reform government.

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