

BUILDING RESILIENCE TO NATURAL DISASTERS

By

Unity Labour Party

THE ISSUE

In this climatic age of the Anthropocene globally, a period of man-made climate change and global warming, St. Vincent and the Grenadines has suffered since the turn of the 21st century from at least twelve significant weather-related events, several severe droughts, 21 volcanic eruptions in April 2021, and a raging COVID-19 pandemic in the 2020-2021 years. The last of these natural disasters, Hurricane Beryl of July 1, 2024, caused almost one billion dollars (Eastern Caribbean) in damage and loss, approximating to nearly one-third of our country's Gross Domestic Product (GDP) for the year 2024. The cost of relief, recovery, and reconstruction (3Rs) has been huge; the 3Rs are still underway.

Of great policy moment has been, and is, that of building resilience to natural disasters. This resilience-building has focused on the following, among others: (i) Implementing robustly the 17 Sustainable Developing Goals covering issues such as inclusive economic growth; job and wealth creation; markedly reducing poverty and indigence; ensuring fiscal, financial and monetary stability; strengthening the areas of education, health, and housing; building the physical infrastructure stronger and better (airports, seaports, bridges, roads, sea and river defences); enhancing universal, quality, and affordable public utilities (electricity, water, telecommunications); integrated urban and rural development; advancing sports and culture; bolstering good governance and citizens security; and fostering a mature regionalism and an efficacious foreign policy; (ii) building appropriate fiscal buffers generally, and specifically in the form of the Contingency Fund; (iii) strengthening institutional arrangements to address natural disasters, especially the broad-based National Emergency Management Organisation (NEMO), and the enforcement of modern physical planning regulations, building codes and the like; (iv) strengthening specific regional and international linkages to address natural disasters; (v) interfacing appropriately with the regional and international financial institutions (Caribbean Development Bank, ALBA Bank, the World Bank, International Monetary Fund and so forth), friendly governments, and multilateral agencies.

Let us identify a few central initiatives of the ULP government in the building of resilience to natural disasters.

NATIONAL EMERGENCY MANAGEMENT ORGANISATION (NEMO)

Prior to the election of the ULP government on March 28, 2001, there was no NEMO! There was an office known as the Disaster Coordinator which doubled as the Local Government Officer; he and a junior clerk comprised the secretariat for national disasters/emergencies.

In April 2001, the Prime Minister for the first time in our country's history assumed the ministerial portfolio for natural disasters/emergencies. Swiftly, the Prime Minister engaged the World Bank which had decided to withdraw a soft-loan of EC \$16 million, offered to the NDP government three years earlier, to build a headquarters for disaster preparedness and to construct a sea defence at the Layou waterfront. But the NDP government had done little or nothing on the project, thus compelling the World Bank to withdraw the funds. Swift action by the Comrade ensured the project's start-up and implementation. In the event, the project cost ballooned to over EC \$24 million; we had to find another source to finance the additional EC \$8 million; the NDP's delay occasioned increased costs.

In the meantime, without a specific legislative apparatus as yet, the ULP government established NEMO in 2002 with seven employees under a Director who was required to hold Master's degree in on or more areas of a disaster preparedness/ management. In 2006, upon the passage of the National Emergency and Disaster Management Act, NEMO was formally established with a specific, and comprehensive, legal status. In Budget 2025, THE Secretariat of NEMO (including the Soufriere Monitoring Unit) has a budget of EC \$4.4 million, and employs 24 members of staff permanently, including 14 persons with professional training. Indeed, in 2025, we added three professionals to the staff: a Logistics Officer, a Community Field Officer for the Southern Grenadines; and an IT Administrator.

As of January 2025, arising from Hurricane Beryl, NEMO has 928 persons in touristic accommodation (guest houses and apartments) and under 150 persons in shelters awaiting relocation. In the first week in July there were almost 2,000 persons in shelters.

When the ULP came to office in 2001, there was not even one warehouse with emergency supplies. Currently, NEMO has a main warehouse at Campden Park which is being expanded and retrofitted at a cost of EC \$4.14 million (the expansion started in March 2024, and is expected to be completed before July 2025). Additionally, there are seven satellite warehouses (Sandy Bay, Georgetown, Mespo, Barrouallie, Rose Hall, and Union Island). We are engaged currently with the government of the USA to construct and equip satellite warehouses in Canouan and Mayreau; it does not appear that these have been adversely affected by President Trump's recently-announced strictures on US aid overseas.

Since the volcanic eruptions of April 2021, our government has continued to expand the monitoring network for volcanoes, earthquakes, and tsunamis. Approximately EC \$3 million was spent on monitoring equipment, and six new seismic sites at Orange Hill, Bequia, Mustique, Canouan, Union Island, and Belle Isle are being established. Two stations at the Forestry Department at Campden Park and in Fancy have already been upgraded. Upgrades are also being effected at sites in Georgetown, Belmont, Waterloo, FitzHughes, and Bamboo Range. Retrofitting of the Belmont Observatory commenced in 2024, and is expected to be completed by June 2025, at cost of EC \$3.97 million; when completed it will be a very modern facility (modern technology, and better facilities) for scientists and technical persons to operate for extended hours in a safe and secure environment to effect a good early warning for the volcano.

Meanwhile, we are in the process of reviewing and updating both the national plan and the National Emergency and Disaster Management Act to meet more challenging natural disasters.

CONTINGENCY FUND

The Contingency Fund, which is a constitutional requirement, was never established by any government since independence in 1979. The Contingency Fund was established by special statute law and buttressed by detailed regulations in 2017 by the ULP government. It is funded by a one percentage point increase on VAT. It is from this Fund, for example, that EC \$50 million were drawn to assist victims of the volcanic eruptions and a similar sum for similar purposes consequent upon Hurricane Beryl.

It is noteworthy that the short-sighted and silly opposition New Democratic Party opposed this measure, in and out of Parliament. Their line was that the one percentage point increase on the VAT was “a measure against poor people” by “wicked Ralph”. The Prime Minister calmly and sensibly pointed out that the frequency and severity of natural disasters make this measure necessary and desirable to assist the poor during natural disasters; the poor suffer disproportionately by natural disasters. Monies from the Contingency Fund have supported the poor after the volcanic eruptions and Beryl.

The opposition NDP is irresponsibly calling for a reduction of the VAT by 3 percentage points. The annual loss to the revenue by such a proposal would be almost EC \$60 million. This proposal by the NDP will not reduce prices; it will put extra money in the pockets of supermarket owners and merchants. It will make life harder for the poor; it will give rise to a likely non-payment/late payment of the salaries of government workers. The NDP cannot count!

CATASTROPHE DEFERRED DRAWDOWN OPTION (CAT-DDO)

The Catastrophe Deferred Drawdown Option (CAT-DDO) is a loan instrument available from the World Bank for any qualifying country which opts to include it as part of its Disaster Risk Financing Strategy. Essentially, our government borrows the money from the World Bank on very concessional terms, but does not draw down the money until after a declared natural disaster or emergency. In other words, you leave the money at the World Bank for a “rainy day”; you do not consume right away every cent that you borrow. This “rainy day” money amounts to US \$20 million or EC\$54 million.

In order to be eligible for a CAT-DDO, the country and the government must put certain pre-conditions in place as specified by the World Bank. For example, we did so prior to the volcanic eruptions of 2021, and drew down the EC \$54 million thereafter.

We are again applying for a CAT-DDO of another US\$20 million. We have satisfied all the World Bank requisites, one of them being the strengthening of our physical planning legislation and systems. So, “one fore day” morning when our government was piloting this piece of legislation through Parliament, and the opposition leader Lorraine Friday was complaining of the late-hour sitting, we were ensuring that we put things in place, on a timely basis, for a CAT-DDO, a finance investment for the vulnerable.

A final hurdle for the CAT-DDO 2025 is an “Assessment Letter” about the economy of SVG by the International Monetary Fund (IMF) for the World Bank.

This “Assessment Letter” by the IMF was issued on February 18, 2025, for the World Bank; as always in the interest of transparency we in the government authorised both the World Bank and the IMF to publish it. It is a good report for SVG; and we have passed the requisite hurdles.

The “Assessment Letter” by the IMF makes five telling points, all of which the Prime Minister and the Minister of Finance have been making all along, and which the opposition NDP has been disputing. What are these five telling points by the IMF’s Assessment.

- (1) “Despite the severe physical damage from Hurricane Beryl in July 2024, growth continued to be robust, and the overall economic outlook is favourable.” Despite the economic damage and loss caused by Beryl, economic growth in 2024 is estimated at 4.8 percent. Amazing!
- (2) “Following the wider-than-projected fiscal deficit in 2024, mainly due to the hurricane response efforts, the deficit is set to notably narrow in 2025 but remain high.”

The IMF further states in this regard as follows: “The 2025 budget is appropriately contractionary, with restrained current spending, and prioritized capital expenditure to support the reconstruction, health, and education investments, and essential infrastructure and resilience building upgrades. As such, the underlying primary balance (net of volcano —, hurricane — and port-related expenditure) is projected to improve from minus 0.5 percent of GDP in 2023 to 3.5 percent in 2025.

- (3) “Fiscal policy should continue to focus on building buffers and supporting resilience and inclusive growth while safeguarding public debt sustainability.”
- (4) “Sustaining structural reform efforts is critical to address supply-side bottlenecks, enhance labour market performance, and build resilience against natural disasters.”
- (5) “The financial system remains sound, but efforts need to continue to reduce balance sheet vulnerabilities and strengthen regulatory and supervisory framework.”

SUMMARY: “RAINY DAY” MONIES

It is the aim of the ULP government that when natural disasters occur, we must seek to have at least EC \$100 million in “rainy day” monies put aside, at hand: EC \$50 million from the Contingency Fund; and EC \$54 million from CAT-DDO. Additionally, we can push quickly for an EC \$13.5 million loan for natural disasters from the CDB; and an

insured sum from the Caribbean Risk Insurance Facility (CRIF); in this year's Budget we are increasing our insurance coverage for natural disasters.

Disasters compel us also to reallocate or repurpose existing monies. These sums allow us some time to mobilise other resources from other sources, including private partners.

“Rainy Day” monies plus NEMO, plus quality leadership bring relief and lay the basis for recovery and reconstruction. This leadership must possess energy and will, vision and skill plus the “X” factor — that special quality in a man or woman that brings forth the best for our country especially at times of natural disasters.

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