



COVID-19 DOMINICA

Funding the National Response

ABSTRACT

In the absence of immediate and substantial government spending, the COVID-19 pandemic will wreak havoc with lives and livelihoods in Dominica.

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INTRODUCTION

As is the case throughout the global community the COVID-19 pandemic has put significant pressure on the Dominican authorities to respond to an unfolding health care crisis that will worsen pre-existing social and economic inequalities. Dominica has one of the highest levels of income inequality in the world, and any disruptions on the scale expected in the wake of the COVID-19 pandemic will threaten our fragile society and weak economy, and wreak havoc with our lives and livelihoods; in the absence of immediate and substantial government spending. As of Monday 30th March 2020, the Government reported that so far there were 12 confirmed cases of Corona Virus.

If we don't act urgently, social distancing will be hard pressed to succeed, in containing the spread, preventing deaths and averting other losses. When families are worried about meeting basic needs— when employers, obligated to meeting the income expectations of their employees, are left with no alternative but to keep risky work activities going—COVID 19 will spread well beyond the capacity of our health care system to cope.

The response by governments around the world to COVID-19 is not limited to simply increasing the capacity and effectiveness of public health systems and social services, and providing support to businesses. Significantly, the response is also about emergency public support to maintain people's immediate livelihoods - maintain employment income, delay mortgage and rent payments, and provide for groceries medical and other necessary expenses. Health and economy are intertwined, they are on the same side of the coin. This reality was vividly manifested in the actions by civil society organizations such as Mahaut Bus Owners Association, committed to carry out daily sanitization practice on their public transportation service and reducing the capacity of passengers seated on their buses. These actions will invariably result in significant losses of income to the buses, and similarly reducing the bus owners' capacity to service their loans with banks.

Key sectors of the economy, especially retail, tourism, financial services, transportation and entertainment, will continue to be impacted. One of Dominica's prominent entertainers has reported that the crisis has already affected various engagements in the international arena that were booked before the crisis started. In addition, since the announcement of the outbreak in Dominica, some hotels and restaurants have suspended their business operations, as part of the bigger national agenda to alleviate the impact of Corona Virus on health care costs and loss of life. Invariably, this suspension of business will generate increased revenue losses for the businesses. Government spending on income support, business continuity and value chain stabilization will be crucial in securing the longer-term wellbeing of the people and even their survival.

Recovery from the global economic impact of COVID-19 will be slow and painful. While it is envisaged that regional and international organizations will show solidarity with small countries that are most affected by the outbreak; given the global scope of the crisis, we cannot depend

on supply of solidarity from other countries to take us successfully through the crisis. For instance, the Eastern Caribbean Central Bank (ECCB), has already approved grant funding of about \$4.0 Million, (about \$500,000.00 to each member government, including Dominica) to help in the fight against COVID 19. In the interest of transparency in the management of public funds, the Government of Dominica is required to let the people know how its allocation of that grant and other international financial support have or are being used.

The Role of Parliament

The Parliamentary Opposition believes front-loaded spending will help the economic stabilization effort by putting as much money as possible into the economy as quickly as possible. In normal times Government has traditionally used Supplementary Estimates of Appropriations as a means to outline additional expenses and capital expenditure required for a financial year that is about to end. However, COVID 19 has signaled to the global community that we are NOT living in normal times. In light of the global scale of the crisis the unfavorable impact projected for our economy, it would be imprudent, bordering on reckless for Government to approach a solution by way of disjointed, haphazard program of expenditures targeting the health sector. The sustainability of the economy, and the continued operations as a viable country is contingent on what is done for the other sectors.

In this Parliamentary Democracy of the Commonwealth of Dominica, Parliamentarians are duty bound to oversee the nation's COVID-19 response as a matter of urgent priority. We are required by the constitution and the operation of law to pass emergency legislation for the approval of adequate public funds to meet the needs of all the people, businesses, the institutions of government, and civil society organizations. We also have a sacred duty to promote transparency in the execution of the national responsibilities to deal with COVID-19. Only through this transparency will we secure and maintain the public's trust in the government's response to the pandemic.

THE REQUIRED RESPONSE

The country requires the necessary financing targeted to the critical areas of need:

1) The Health Care System

- A strong, well prepared, properly resourced health system for COVID-19, in terms of additional hospital capacity, availability of necessary medications, supplies, and equipment (including testing equipment, ventilators) and adequate provisions for the protection of health care workers;
- Emergency Insurance for all "Frontline Workers" including but not limited to those in healthcare, immigration, police, customs and ports to cater for payment of medicals for anyone contracting COVID-19 and support financing to immediate surviving family in the event any such worker dies from having contracted COVID-19;

- Accelerated completion of Marigot Hospital equipped with an acute isolation wing for COVID-19 suspected patients coming in at the Island’s main airport;
- Effective Coordination of the response between health authorities at all levels of government;
- Adequate epidemiological surveillance systems that are able to rapidly detect community-level outbreaks of COVID-19 and produce disaggregated data on differential impacts and rates of infection;
- Reliable protocols for monitoring and responding to the burden on the health system;
- Equitable access for all to prevention and health care resources as well as to specialized services when required;
- Gender-responsive approaches to all preparedness and response measures taken to mitigate COVID-19, with special attention to preventing gender-based violence.

2) Emergency Relief, Protecting Consumers and Economic Stimulation:

Employment Income and Business Continuity Support

- Paid sick leave for those who have contracted COVID-19 and their caregivers;
- Wage replacement or layoff protection grants equivalent to at least 90% of regular employment income or \$1,000.0 whichever is greater, for all employees displaced by COVID-19 for three months in the first instance;
- Monthly income support grant of up to \$1,500.00 for all self-employed persons who must suspend operations due to COVID-19 for the next 3 months;
- Direct supplementary income of up to \$2,000.00 for Hucksters unable to ply their trade, particularly those who travel overseas to sell produce.
- Direct supplementary income of up to \$800.00 monthly for workers in the retail, tourism and other sectors, cruise bus, taxis operators and public transportation providers affected by COVID-19 prevention and mitigation strategies, for three months in the first instance;
- Deferral of payment for rent, and utilities for three months in the first instance;
- Financial support in the form of grant funding of up to \$50,000 in the first instance for supply chain stabilization in small and medium enterprises;
- A government guarantee to ensure immediate settlement of all redundancy benefits due to displaced workers;
- Waiver of Penalties for non-filing of 2019 tax returns by March 31, 2020 and the extension of the filing deadline to June 30, 2020;
- A waiver of VAT on electricity to Domestic customers, hotels and guest houses for the period April to July 2020 in the first instance;
- Immediate generation of jobs for Dominican nationals in public works, farming, fishing and animal husbandry;

- Reduced landing taxes to LIAT and other airlines in the medium term to encourage domestic flights to restart the tourism sector post containment of Covid-19.

Suspend all Consumer and Small Business Credit Payments

- A moratorium on payment on principal and interest on Home Mortgages, business loans, personal and consumer loans and credit cards at commercial banks, credit union and other financial institutions for six months beginning April 2020. All credit durations will be pushed out for the same duration at the end of the loans. This will have the effect of curtailing non-performing loans and free up employment income in the near term to fuel consumer spending on necessities. It will also provide relief for affected or displaced workers in the near term.

Support for Vulnerable Groups

- Livelihood stabilization grants of at least \$1,000.00 monthly for vulnerable groups for three months in the first instance, including but not limited to:
 - Informal workers;
 - The homeless and those at risk of homelessness;
 - Single-parent households;
 - Domestic workers;
 - People living with disabilities;
 - Women and children in shelters and anyone at risk of domestic violence during social isolation;
 - Frontline health care workers
- Increase minimum old age pensions from \$300.00 to \$500.00 monthly.

Food Security

- As the global supply chain becomes further disrupted, greater emphasis must be placed on national food security in the medium to long term. Direct farming assistance to registered farmers on a crop growing basis and spread according to catchment areas where farming is most productive. XCD 10K in the first instance with extension certification for follow on support;

- Free planting material for vegetables, root crops and fruit trees to facilitate backyard gardening as a means of reducing household food bills, the national food import bill and reliance on the global supply chain for essential foods;
- Renovation and reopening of fisheries complexes in Roseau and around the island with the enhancement of storage and distribution of fish products;
- Business Development grants of up to \$50,000.00 for manufacturing operations in the processing of local root crops, vegetables, fruits, herbs, spices, fish and meats.

Telecommunications

- An upgrade of the Bandwidth in rural communities to ensure that education can be delivered through online platforms; and
- Waiver of VAT on broadband services for all registered educational institutions delivering online classrooms in Dominica.

3) Financing

The relief, recovery and economic stimulus plan carries an estimated cost of \$300 million and will be financed by funds from the Citizenship by Investment (CBI) program.

Specifically, all funds collected from the sale of Dominican citizenship through the so-called Housing component of the CBI in the last two financial years (2018/2019 and 2019/2020) less amounts used for the construction of public housing and other state projects, must be immediately deposited in the consolidated fund to finance first and foremost Dominica's COVID-19 response and other pressing needs on the agenda of revised national development priorities.

For more than a decade preceding the global outbreak of COVID-19, the citizens of Dominica have been subjected to a public sector governance structure which is inconsistent with international best practice. Accordingly, the wider public in general and the Parliamentary Opposition in particular have been unable to give credibility to the Annual Budgetary Address or the Budgetary Estimates and Appropriations.

In fact, during the 2019 Budget Debate in Parliament less than a year ago the Leader of the Opposition questioned the authenticity of the Revenue Estimates for 2018/2019. In his presentation, the Leader of the Opposition specifically demonstrated how an amount of \$1.2 Billion from the sale of Dominica's passports were unaccounted for. During an informal radio talk show, the Minister of Finance conceded that the said amounts were not adequately or accurately represented in the Parliamentary documents. However, the same Minister of Finance has resisted the implementation of a forensic audit to determine the whereabouts of the said \$1.2 Billion.

Against that background, the citizens of Dominica have become more resolute in their determination to find the missing \$1.2 Billion, and are equally resolute in their demand that the said amounts should be retrieved and reallocated to deal with the current COVID-19 crisis.

The Cabinet of Ministers is invited to review the foregoing recommendations, and agree to institute the appropriate legislative framework to give effect the measures proposed under headings:

- 1) The Health Care System;
- 2) Emergency Relief, Consumer Protection and Economic Stimulation;

The Cabinet of Ministers is further invited to institute legislation to reassign the said \$1.2 Billion, in accordance with the Constitution and Finance Administration Act, and allocate an appropriate amount (preliminary estimates of \$300.0 Million) for purpose of executing the measures identified as recommendations under (1) and (2) above.

Given the social disruption and economic devastation facing the nation from the expected ravages of the COVID-19 pandemic, there is no better time for the people's money to be placed in the people's treasury to take care of the people's urgent business.