



# Office of the Leader of the Opposition

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26 March, 2024

Honourable Philip Pierre  
Prime Minister of Saint Lucia  
Office of the Prime Minister  
5<sup>th</sup> Floor  
Graham Louisy Administrative Building  
Waterfront  
Castries

Dear Prime Minister,

**RE: AUTHORISED GUARANTEE OF \$80 MILLION FROM 1<sup>ST</sup> NATIONAL BANK SAINT LUCIA LIMITED TO NATIONAL LOTTERIES AUTHORITY (NLA)**

I write to officially re-iterate major concerns with respect to the approval by Parliament of the Guarantee provided to the National Lotteries Authority (NLA) to secure a loan in the amount of \$80 million from 1<sup>st</sup> National Bank Saint Lucia Limited to assist with the financing of a youth and sports infrastructure programme. While I welcome your administration's efforts to improve our national sporting infrastructure, the approach that has been adopted is at best, exceedingly questionable.

Over the past decade, Saint Lucia has grappled with the need to ensure that a greater level of financial responsibility in the management of its development agenda is attained. Within that time frame, we have witnessed the replacement of the Finance (Administration) Act with a broader and more holistic Public Finance Management Act in 2020. Notwithstanding the subsequent amendments made in 2022, which in my view threatened to dilute the essence of the public finance management objectives, I have been encouraged by your more recent efforts to pursue initiatives, arrangements and instruments that seek to continue the process of implementing reforms and strengthening public financial management in general. Moreover, the recently concluded 2023 Article IV Consultation underscored the need to strengthen government's plan with policies that focus on fiscal sustainability and resource allocation efficiency.

It is within this context however that the recent resolution approved by Parliament of the Guarantee to NLA, becomes a major point of contention and "flies in the face" of our collective efforts and commitments made. Indeed, this decision will serve to undermine some of the gains made and best practices instituted under the rubric of public financial management. This sentiment is predicated on the following considerations.

- The National Lotteries Authority is not given specific authority, nor does it have the requisite capacity to be engaged in construction activities. Furthermore, the NLA does not own the sporting infrastructural assets that will be upgraded under this initiative. Its operational structure is reflective of its role as a “mobiliser” and donor of funds.
- Consistent with the above, the NLA does not presently utilise a financial management system, inclusive of procurement processes and procedures, that is compatible with not only the provisions of the Public Finance Management Act, but those recognised and accepted by our major multilateral partners.
- The Minister of Finance may by affirmative resolution of Parliament grant a guarantee, the details of which must be specified as to the amount of the guarantee, the terms and conditions of the legal entity in whose name the guarantee is intended and the object and reasons for giving the guarantee. However, works commenced prior to the request for the guarantee being presented to the House for affirmation. The fact that some works have already commenced prior to the guarantee being secured further undermines any confidence in the application of acceptable financial management procedures under this programme.
- The capacity of the NLA to service this loan is not only highly questionable but is likely to adversely impact its primary role as funder of youth and sports development programmes. Indeed under such high risk circumstances, it is almost inevitable that the Government of Saint Lucia will assume responsibility for the repayment of the debt incurred.

Given these deficiencies, it was disconcerting to note that the resolution was approved on the very day that approval was granted for the Saint Lucia Sustainable Recovery Development Policy Financing initiative to be funded by the International Development Association. One of the major pillars of this initiative is the support of reforms towards fiscal sustainability and managing resources more efficiently. The support will include the development and implementation of new regulations for public financial management as well as rules for public procurement. The level of risk associated with such a Government Guarantee demanded a more robust framework for the management of such funds. I was therefore very surprised that more detailed conditionalities were not attached to the approval of the Guarantee, particularly with respect to the scope of works, attendant costs and the process for the procurement of goods, works and services. This would certainly have pre-empted any immediate concerns with respect to how the sports infrastructure upgrades would be facilitated through the NLA. Regrettably, an opportunity to tangibly demonstrate that commitment to more efficient management of public funds by placing specific conditions on the Guarantee to NLA was lost. The outcome of that lost opportunity is that whether by design or intentionally, our robust financial management and procurement procedures have been by passed.

On the basis of the foregoing, I urge you Honourable Prime Minister to utilise your good office to reaffirm our country’s commitment to the ideals of fiscal prudence and efficient and effective financial management of public funds, by requiring NLA, even at this late stage to:-



- Institute and make public, appropriate mechanisms, procedures and guidelines for the procurement of goods, works and services under the programme.
- Provide details on the programme to be undertaken, inclusive of:-
  - The scope and costs of the upgrades to be undertaken
  - The contractors, consultants and suppliers procured and the terms of the engagement
  - The time lines for completion of the programme

I anticipate that at the completion of the programme, audited statements and a Final Report would be submitted to Parliament accounting for the expenditures incurred. During the intervening period it would also be prudent for the appropriate Minister to provide Members with periodic progress updates on this initiative.

I wish to recommit my office to supporting your administration in ensuring that the rules, systems and processes for the mobilisation and allocation of public funds, the facilitation of public spending and the subsequent reporting and accounting of such expenditures is accorded the highest priority consideration and action. I therefore look forward to a favourable response to the sentiments expressed therein.

Yours sincerely,



Allen Chastanet  
Leader of the Opposition

- c.c. Chairman, Board of Directors, First National Bank  
 Chairman, Board of Directors, Saint Lucia Chamber of Commerce  
 Executive Director, Saint Lucia Chamber of Commerce  
 President, Saint Lucia Bankers' Association  
 Ms. Lilia Burunciuc, World Bank Country Director of Caribbean Countries  
 Mr. Alejandro Guerson, IMF Mission Chief for Saint Lucia