



Office of
the Prime Minister

**Communication to Parliament Concerning the National Investment Funds Bill
2022**

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COMMONWEALTH OF THE BAHAMAS**

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Mr. Deputy Speaker:

I recently gave a National Address to update my fellow Bahamians on our nation's progress.

It's always good to reflect together on our challenges and opportunities, and with the 50th anniversary of our independence drawing nearer, our reflection takes on a special resonance.

We celebrate all that we have accomplished -- the enormous achievements of our people and country.

At the same time, we know that we are a nation that has not yet made the most of our extraordinary potential.

I believe Bahamians share with me a sense of urgency, a determination to move *now* – despite all of our problems and obstacles – to carry out the next phase of our national development, and to be ambitious about the kind of modern Bahamas we can build.

We need to move forward, so that we become stronger and more resilient.

We need to diversify our economy.

We need to modernize agriculture and invest in food security.

We need to build modern infrastructure, adapted to the realities of a changing climate.

And we need to transition our nation's energy grid to renewable energy.

We *can* grow more of what we eat.

We *can* build 21st century infrastructure.

We *can* generate more of our own energy.

And we *can* take control of our own destiny.

Consider this, Mr. Deputy Speaker:

Many – not all, of course, but many – of our problems come from outside of our borders.

We've always had hurricanes – but now they are more frequent and more intense because of the fossil fuel emissions of other countries.

The COVID virus and other transmissible diseases, illegal weapons, illegal drugs -- these are plagues which cross borders, requiring vigilance and resources to fight.

Disaster and political dysfunction in other countries leads to a flow of illegal migrants, too, and protecting our borders and sending them home requires yet more resources.

When Russia, a major energy producer, invades Ukraine, and geopolitical turbulence increases, the price of fuel goes up here, because the price of energy is set in a global market. In 2022, a war in Eastern Europe means higher prices at the pump in Nassau and Spanish Wells and Cat Island.

A global inflation crisis, caused by continued supply chain interruptions and volatile energy prices, is hitting every nation hard, but citizens of small island economies like ours, who import so much, have been especially hard hit.

We would like to think of the last few years as an aberration, a once-in-a-lifetime run of bad luck, from epic mismanagement of the government to Dorian to COVID and now this global inflation crisis.

We pray that is true, but even as we do so, we take seriously the lessons taught to us by the suffering and hardship of the last few years.

We need to become stronger – much stronger.

And we can't wait; we have to make progress *now*.

Mr. Deputy Speaker:

We inherited a very serious economic and fiscal crisis, and in the first year of our administration, we made great strides, despite the inflation crisis which slowed the recovery of nations across the world.

There can be no doubt that we are a stronger country, one year on.

Now we're ready to take the next steps forward.

Because let me be clear: we have no intention of letting the crises we face stop us from doing big things.

In our Blueprint for Change, we made a commitment to fundamental, transformative changes.

And that's what we're here to do.

Mr. Deputy Speaker:

Modernizing infrastructure, big investments in food security, transforming how we generate, store, and transmit energy – none of these things can be done cheaply.

They all require enormous levels of investment.

That means we need to do things smarter, better, than they've been done in the past.

The legislation we are tabling today, the National Investment Funds bill, will allow The Bahamas to maximize the nation's assets, investing and deploying our own capital to expand access to additional capital and opportunities.

Consider public-private partnerships: If we only finance projects with government revenues or borrowing, fiscal constraints will significantly limit how much and how ambitiously we can build. Partnering with the private sector greatly expands the number and scope of infrastructure projects we can take on, allowing us to move forward on more projects on more islands simultaneously.

Mobilizing private capital in partnership with Government is the most effective way to see significant advancement in expensive projects.

Instead of the public having to contribute or borrow every penny for roads, schools, hospitals, airports, and homes, we will invite the private sector to partner with us.

Instead of the public having to contribute or borrow every penny to expand renewable energy, or improve our defences against hurricanes, we will invite others to partner with us to strengthen our resilience.

These partnerships can provide enormous advantages, but it's crucial that they are managed and overseen in the country's best interests.

The National Investment Funds bill sets up for the first time in our country a clear regulatory framework for such arrangements.

We are doing so in line with the recommendations made by the IDB, which advised setting up investment funds and vehicles to deal with national investment revenue and expenditure in a way that is transparent and in line -- both from a structuring and governance point of view -- with international best practices.

This is an essential first step in taking a comprehensive approach to national investment.

The new framework brings together a number of different strands of government fiscal operations relating to investments, and puts them into properly structured entities that enable partnerships with the private sector.

Thus, such partnerships can be effectively and efficiently and transparently managed, in the national interest.

Mr. Deputy Speaker:

This Bill has two main objectives.

The first objective is to authorize the establishment of National Investment Funds, for the purpose of advancing the blue, green and orange economies of The Bahamas.

The second objective is to provide for the effective and transparent management of the natural resources of The Bahamas, along with private investments held by the Government of The Bahamas.

In order to achieve these objectives, funds created pursuant to this Bill are designed to ensure that investments and private shareholdings of the Government are managed professionally for the short, medium, and long-term benefit of citizens of The Bahamas.

The prescribed fund structure is also designed to ensure that revenues from the assets of The Bahamas will contribute to the economic certainty of the country.

Upon passage of this Bill, we will immediately proceed with the formation of The Bahamas Resilient Infrastructure Fund, fulfilling our commitment to create a fund to promote partnerships for the development -- and in many instances re-development -- of our Family Island infrastructure. The vision for the Bahamas Resilient Infrastructure Fund is much larger than our basic infrastructure needs; it will be a vehicle to promote private capital mobilization to advance the country, and our family of islands, like never before.

As part of the Bahamas Resilient Infrastructure Fund, we will create at a minimum the following sub-funds:

A Growth Fund for the Family Islands: An investment fund to promote the development of infrastructure to support local Family Island economies and to support sustainable tourism – including airport, port and maritime infrastructure, and the provision of key infrastructure services.

A Food Security Fund: An investment fund to promote the development of sustainable food production, to improve self-reliance and reduce exports. For example, one initial focus will be the aquaculture and fisheries segment, given its high potential in our archipelago.

A Renewable Energy Fund: An investment fund to promote the development of cleaner, more efficient energy projects.

Mr. Deputy Speaker:

This Bill reorganizes the way the Government handles revenue and investment, a landmark step as it takes a comprehensive approach to building and strengthening our country -- with the independent professional management and transparency expected from internationally recognized good governance.

We will also create national funds to leverage and maximize value in underutilized national assets. We will co-invest these underutilized assets with private investment and capital in order, for the first time as a matter of national policy, to participate in projects that maximize value, appreciate in value, and utilize the value created to reinvest in national infrastructure priorities.

This Bill is based on a global benchmark of how national funds are designed, and global principles of good governance.

Mr. Deputy Speaker:

We are proud that this National Investment Fund Bill is structured in line with ‘The Santiago Principles’.

These are a set of 24 global principles that assign best practices to the operation of national funds to ensure transparency, accountability, high ethical standards, and independence, especially in the auditing and public disclosure requirements of the funds, which include making that information easily available online to the public.

This will put The Bahamas among the top tier of world-class national funds, and demonstrate to Bahamians and to investment partners alike, that they can be confident in the integrity of this Fund and have confidence in doing business in The Bahamas and with the Government of The Bahamas.

Mr. Deputy Speaker:

This new framework for governance of the nation's assets and investments will allow our country to move forward on crucial national development goals.

We are confident that our innovative solutions to long-standing challenges will build progress across our islands.

We can't – we won't – let the turbulence of these times stand in the way of our national development.

Mr. Deputy Speaker:

This Bill takes our country an important step closer to fulfilling our enormous potential.

And so as I close, I say: Forward, Upward, Onward, Together.

May God Bless the people of The Bahamas!

END