



Government of Grenada

# 2016

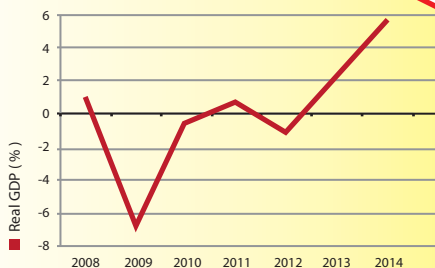
## BUDGET STATEMENT

Presented by  
**Dr. the Rt. Hon. Keith C. Mitchell**  
Prime Minister and  
Minister of Finance and Energy



*Theme:*  
“Moving Forward  
Together and  
Delivering  
Results”

Growth Chart 2008 – 2014





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To  
The House of Representatives  
November 25, 2015

*“Moving Forward Together and  
Delivering Results”*

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## **1.0      INTRODUCTION**

Mr. Speaker, I beg to move the following Motion standing in my name:

**“Whereas** it is necessary to provide for the State of Grenada for the year 2016 by means of an Appropriation Act;

**Be it resolved** that the Estimates of Expenditure for the year 2016 be approved.”

Mr. Speaker, as this is a Money Motion, I wish to signal to this honourable House that I have the consent of the Governor-General to proceed.

Before I proceed, I wish to acknowledge that our Nation has lost a cultural and sporting stalwart in the person of Kenneth “Teloti” Hood. We extend our profound condolences to his family and his many friends and admirers. He has left a positive legacy on the many lives he touched.

Mr. Speaker, 2015 has been a year of solid progress and very encouraging results.

In January, we witnessed the historic and unprecedented signing of the Social Protocol by our Social Partners.

In May, our Parliament enacted unprecedented Fiscal Responsibility legislation, a rarity in the Caribbean.

Several major projects commenced or were completed this year.

Earlier this month, Grenada concluded debt restructuring with external commercial creditors and the Paris Club.

In the sporting arena:

- Kirani James, Grenada’s premier athletics ambassador continues to make us proud

- Lewis Hamilton, whose grandfather is Grenadian was again crowned Formula I Champion.
- Damion Daniel secured his third regional Body Building championship
- Grenada swim team won the OECS Swimming Championship

Then came the revelation that Grenada has the sweetest honey in the world.

I congratulate Dr. Valma Jessamy and Jerry Edwin of Eden Apiaries on their outstanding achievement of the gold medal at the International Beekeepers Competition.

Mr. Speaker, as a Nation, we have made tremendous strides on our journey to fiscal and debt sustainability and economic recovery.

I express my profound gratitude to the Grenadian people for their sacrifices, prayers and support which have helped us to navigate this important period in our Nation's history.

It is a celebration of our unity and tenacity.

It is the story of us, as a People, coming together, making sacrifices and now beginning to see and receive the benefits of our collective efforts.

As I reflect on the road we have travelled together this past year, I am drawn to a portion of Scripture in Daniel 11:32 b, King James Version, which reads and I quote"

***"But the people that do know their God shall be strong and do exploits".***

End of quote.

Mr. Speaker, the theme chosen for the 2016 Budget is ***“Moving Forward Together and Delivering Results”***.

This theme speaks to the progress we are now making having come together and put Grenada first.

At the outset, I am pleased to confirm that this Budget has no new taxes.

I am also pleased to note that this Budget has several firsts:

Consistent with our approach to economic management and requirements under the Fiscal Responsibility law, we are accompanying this Statement with a presentation of our medium term fiscal framework. This is found in Annex I.

As an expression of our focus on results and our commitment to be more accountable to our Nation, you will observe in the Estimates of Revenue and Expenditure, performance information for each ministry and department.

Mr. Speaker, I now turn to international and regional developments.

## **2.0 INTERNATIONAL AND REGIONAL ECONOMIC DEVELOPMENTS**

### **2.1 Recent Performance of Global Economy**

According to the IMF’s World Economic Outlook of October 2015, global growth is projected to reach 3.1 percent, slightly lower than last year’s 3.4 percent.

The Outlook states and I quote:

***“In an environment of declining commodity prices, reduced capital flows to emerging markets and pressure on their currencies, and increasing financial market volatility, downside risks to the outlook have risen, particularly for emerging market and developing economies.”***

End of quote.

The strongest rebound remains in the United States. There has been modest recovery in the Euro area and a return to positive growth in Japan. Growth in China, the world's second largest economy, has decelerated and is projected at 6.8 percent. Growth in the United Kingdom is projected to be solid but at a slower pace.

In 2016, the global economy is projected to grow slightly faster at 3.6 percent.

**Table 1:**

**IMF PROJECTIONS OF GLOBAL GROWTH FOR SELECTED COUNTRIES**

	<b>2013</b>	<b>2014</b>	<b>2 0 1 5 (Proj.)</b>	<b>2016 (Proj.)</b>
<b>World Output</b>	<b>3.3</b>	<b>3.4</b>	<b>3.1</b>	<b>3.6</b>
<b>Advanced Economies</b>	<b>1.4</b>	<b>1.8</b>	<b>2.0</b>	<b>2.2</b>
United States	2.2	2.2	2.6	2.8
Euro Area	(0.4)	0.9	1.5	1.6
Japan	1.5	-0.1	0.6	1.0
United Kingdom	1.7	3.0	2.5	2.2
<b>Emerging and Developing Economies</b>	<b>6.6</b>	<b>4.6</b>	<b>4.0</b>	<b>4.5</b>
Russia	1.3	0.6	-3.8	-0.6
China	7.7	7.3	6.8	6.3
India	5.0	7.3	7.3	7.5
Brazil	2.5	0.1	-3.0	-1.0

SOURCE: IMF, World Economic Outlook, October 2015

## **2.2 Performance of the Eastern Caribbean Currency Union**

In respect of the Eastern Caribbean Currency Union, growth in 2015 is projected to be 1.9 per cent with Tourism leading the way.

Based on this projection, Grenada (5.1 percent) will again record one of the strongest growth performances in the ECCU.

More details on the performances of the global economy, CARICOM and the ECCU are available in Annex III of this Statement.

### **2.3 Update on the BAICO and CLICO Situation**

Mr. Speaker, our Government remains very concerned about the hardship being experienced by policyholders of BAICO and CLICO who are yet to recover their investments.

At this time, we are especially concerned about senior citizens whose pensions are not being paid at the time they are most in need.

Under the ECCU Policyholders Relief Programme and the preceding phases, just over EC\$108 million has been paid out. In Grenada, \$30 million have been paid to 1,800 policyholders.

We will continue to work with regional Governments on this issue and will complete Phase III and commence Phase IV as soon as more funds are available. In this regard, I have already raised this issue with the new Government of Trinidad and Tobago.

Furthermore, having passed the Plan of Arrangement Law, we expect an additional payout to BAICO policyholders in 2016.

Our Government supports the private initiative recently taken to establish the British American Insurance and CLICO Policyholders Association to pursue the recovery of the investments of policyholders.

In respect of CLICO, the Governments of the ECCU were forced to initiate litigation in Barbados to protect our policyholders against the Barbados-first or Barbados-only plan put forward by the Government of Barbados. To date, the Court is yet to rule on this matter.

As a Government, we will do all in our power to address this major issue.

### **3.0 DOMESTIC ECONOMIC DEVELOPMENTS**

#### **3.1 Economic Performance and Prospects**

Mr. Speaker, based on preliminary data, the Grenadian economy is projected to record real GDP growth rate (at market prices) of 5.1 percent, following a revised growth rate of 5.7 percent in 2014. This result is much faster than originally projected.

For the third consecutive year, Grenada's growth rate will exceed the ECCU average of 1.9 per cent.

The main drivers of this growth performance are Construction, Agriculture, Tourism and Education. After contracting in 2014, Construction has rebounded well.

In sum, growth is becoming more broad-based (more people are beginning to feel it), with positive projections for the majority of the sectors in 2015.

According to the preliminary results of the 2015 Labour Force Survey, the rate of unemployment in Grenada is now 30.4 percent slightly up from the 28.9 percent recorded in 2014. This slight increase is due to a higher labour participation rate as more persons particularly women are now seeking employment.

The International Labour Organisation (ILO) defines the Labour Force as the Employed and the Unemployed. However, to be a member of the Labour Force, a person must be actively seeking work.

During the period 2009-2012, many people became very discouraged and stopped looking for work. Since these persons were no longer economically active or members of the labour force, the labour force shrank.

Today, hope has returned and as the economy improves, more and more people are seeking work and finding work – a very good sign. Indeed, the number of persons employed has increased from 37,365 in 2013 to 41,046 in 2014 – an increase of 3,681 persons.



The phenomenon of more people working but slightly higher unemployment rates was seen in the USA during the period 2011 – 2013 before unemployment settled down at its current level of about 5 percent. Not unexpectedly, Grenada is now experiencing a similar phenomenon.

Inflation as measured by the Consumer Price Index fell by 1.3 percent for the first six months of this year. The main reason being the fall in oil prices which led to decreases in the price of Electricity, Water and Fuel.

More details are contained in the Preliminary Economic and Fiscal Review for 2015 which can be found in Annex II.

Grenada's recent growth performance compared with the ECCU can be seen in Annex III of this Statement.

For 2016, our economy is projected to grow, in real terms, by at least 3.0 per cent.

## **3.2 FISCAL PERFORMANCE**

Mr. Speaker, Government's fiscal position has significantly improved. This year, Grenada will achieve its first primary surplus (budget balance less interest payments) in over a decade.

By the end of this fiscal year, we expect the following fiscal results:

- Current revenues of \$550.4 million compared to target of \$545.4 million;
- Grants of \$72.1 million compared to target of \$214.1 million;
- Current expenditure of \$470.8 million compared to target of \$482.7 million;
- Capital expenditure of \$199.0 million compared to target of \$313.3 million

The area of the 2015 Budget which has not met our expectations is grants from the National Transformation Fund (NTF) under the Citizenship By Investment Programme (CBI).

We project to collect only \$12 million compared to the budgeted \$124.9 million, thereby curtailing capital expenditure.

Mr. Speaker, though disappointing, our Government has acted responsibly. In the past, successive Governments would have done more capital expenditure by running up unpaid claims and borrowing. However, that approach is now a thing of the past.

Furthermore, our Government was able to unlock \$50.4 million in grants from alternative sources which mitigated somewhat the impact of less NTF grants on capital budget implementation.

The grants from Petrocaribe appear in Annex VI.

Mr. Speaker, I should add that Grenada is the first country in the Caribbean to consistently publish CBI information on its Government website. We are doing so every quarter.

Capital expenditure is now projected to reach \$199.0 million, 36.5% lower than the budgeted capital expenditure of \$313.2 million.

On the basis of the foregoing results, we now project that the year-end primary balance (after grants) will be \$54.7 million or 2.0 per cent of GDP as compared to a deficit of \$27.6 million or 1.1 per cent of GDP recorded in 2014 and the primary surplus of \$31 million agreed to under our Homegrown Programme for 2015.

The Overall Balance will also show major improvements with the year-end deficit now projected at \$47.3 million (about 1.9 per cent of GDP) compared with a deficit of \$114.9 million (4.7 per cent of GDP) in 2014 and \$59.6 million (2.3 per cent of GDP) targeted under our Homegrown Programme.

For the second consecutive year, both the Customs and Excise Division and the Inland Revenue Division will exceed their targets.

Customs and Excise is projected to collect \$260.8 million compared to its target of \$237.8 million (above by \$23.0 million).

Inland Revenue is projected to collect \$258.4 million compared to its target of \$253.6 million (above by \$4.8 million).

Mr. Speaker, it very clear that Government is putting its fiscal house in order.

Lest we forget, the monthly shortfall peaked at \$18 million before we commenced the Homegrown Programme. For the first 10 months of this year, the average monthly shortfall was down to \$1 million.

Unpaid Claims which were \$110 million, on our arrival in office, has now been slashed. By year end, we project that Unpaid Claims over 60 days will be zero.

Fellow Grenadians, these results are your results.

It is imperative that we stay on course and move forward together to deliver even better results.

Mr. Speaker, much has been said, about Grenadians being overtaxed. As a courtesy, we have published a comparison of tax rates across the Eastern Caribbean Currency Union. This comparison appears in Annex IV. Furthermore, we have presented Tax Rates across the ECCU in Annex V.

You will observe that Grenada tax rates compare favourably with other members of the ECCU.

### **3.3 PUBLIC DEBT AND DEBT RESTRUCTURING**

#### *Public Debt*

At December 31, 2015, the total Public Sector Debt is projected to be \$2.7 billion broken down as follows:

Central Government debt – \$2,192.0 million (\$2.2 billion)

Government Guarantees – \$126.9 million (\$0.1 billion)

Other Public Sector Debt – \$378.4 million (\$0.4 billion)

Total Public Sector Debt – \$2.702 billion

Mr. Speaker, I must address an issue that is often misunderstood. The total debt stock includes Treasury Bills issued on Regional Government Securities Market and registered on the Eastern Caribbean Securities Exchange. These Bills are rolled over quarterly or annually. Every year, the details of these debts are presented in Appendix F of the Estimates.

The stock of Government Guarantees fell in the past year to \$126.9 million from \$128.9 million, a reduction of \$2.0 million.

The Public Debt to GDP ratio is expected to fall from 109.1% in 2014 to 103.6% in 2015 reflecting in part the effect of the restructuring on the commercial debt. At the completion of the Debt Restructuring (2017), the Debt/GDP ratio is projected to fall to 89.5 percent.

Mr. Speaker, there are some persons who continue to proclaim that this Government is not paying debts. This is blatant lie intended to make the previous Administration look good and the current Administration look bad.

This year alone, Grenada has already made debt payments of \$299.4 million.

It should be noted these payments include EC\$3.7 million to Taiwan. The previous Administration did not pay one cent to Taiwan during its time in office.

The public may recall that not only did the previous Administration fail to pay Taiwan. It could not negotiate a settlement. As a result, the assets of both the Airports Authority and the Ports Authority were under threat.

It was this Administration which resolved this longstanding problem.

Mr. Speaker, this is another clear manifestation of our Government delivering results.

Further details on the Public Debt can be found in Annex VII and Annex VIII.

### *Debt Restructuring*

Mr. Speaker, it may be recalled that in March 2013, our Government took the decision to pursue a comprehensive restructuring of the Public Debt.

Today, I am pleased to state that Grenada has now regularized its relations with most of its creditors.

Earlier this month, the formal agreement with external commercial creditors was completed. Last week, agreement was reached with the Paris Club.

As a consequence of the restructuring, the debt on a per capita basis has been reduced by \$3,200 for every citizen.

This is a major step to reduce Grenada's debt and places Grenada on a path to achieve a debt to GDP ratio of 60 percent by 2020.

For the international bonds, the first half of the haircut (25%) was implemented immediately. The creditors will await the final IMF review before providing the second haircut of 25%.

As I have often said to the Nation, debt restructuring is a vital part of our Homegrown Programme. Without it, the Programme would not be successful.

The restructuring improves Grenada's prospects for investment, growth and employment.

We also wish to acknowledge the Conference of Churches in Grenada and the Jubilee Campaign for their continual advocacy for debt relief for Grenada.

We also recognize the support of our Social Partners and the cooperation of all creditors.

Most of all, we thank the Grenadian people for their sacrifices.

The onus is on Government and all citizens to manage well after the Homegrown Programme is over. In this regard, the Fiscal Responsibility law will be very important.

For the international bonds, the first half of the haircut (25%) was implemented immediately inclusive of accrued interest. The creditors will await the final IMF review before providing the second haircut of 25%.

Mr. Speaker, before I continue, I want to make it clear that the final year of implementation of the Homegrown Programme is 2016. However, the sixth and final review of the IMF is likely to around June 2017.

The key terms of the new bonds are: tenure of 15 years which means they will mature in 2030; and an interest rate of 7% which will be paid semi-annually in May and November of each year.

In 2016, Government is projected to pay approximately EC\$37.9 million to service the restructured international bonds.

Mr. Speaker, there are some key points in this Agreement which I wish to share with our Nation.

1) Government's negotiation of a 50% principal reduction before accounting for the capitalization of accrued and past due interest represents a major accomplishment by historical standards for two reasons:

- a. **Only a minority of sovereign debt restructurings has achieved a principal reduction**, and never has a repeat bond restructuring by a middle income country achieved a 50% reduction.
- b. **Grenada's restructuring featured by far the largest creditor group (by controlling share – 76%) in the history of sovereign restructurings.** Because the creditor group held an outright majority of the bonds, the Government could not resolve this restructuring without compromise.

This contrasts with other sovereign restructuring experiences (such as that of St Kitts and Nevis) where the sovereign faced only a small opposition and could effectively force creditors to participate lest they become a holdout and not get paid.

- 2) The phasing of the debt reduction was insisted upon by creditors because of the collapse of the IMF programme under the previous Administration.

Mr. Speaker, the Nation must not forget that the misdeeds of the previous Administration. These include:

- Abandoning its IMF programme in 2011;
  - Lacking the courage to proceed with debt restructuring even after the Cabinet agreed to so to do (I have the Cabinet Conclusion);
  - Selling national assets left, right and centre to pay salaries;
  - Shutting down the Parliament for more than 7 months; and
  - Refusing to implement Integrity in Public Life legislation.
- 3) The bad governance by the previous Administration eroded Grenada's credibility for upfront relief. However, Grenada is over-performing under the current programme and on track for timely completion.

Mr. Speaker, before I continue, let me make this point.

There is no doubt that Grenadians are making enormous sacrifices.

However, it is no secret that some elements have been hoping, predicting and betting that not only will the Homegrown Programme fail but that Government will not have the discipline to complete the Programme.



Some of the “noise” of these elements is not about poor people but about their desperation for power. They have been hoping that Government will abandon the Programme and lose all the benefits for the people of Grenada.

I say to the Nation, we have come too far to turn back now.

Let us continue to move forward together.

Mr. Speaker, tell me, which Grenadian really wants to go back to the days of political infighting, indecisiveness, joblessness, hopelessness, mounting unpaid claims and plummeting investor confidence. Not one.

Mr. Speaker, I now wish to speak to the provision for sharing revenues from the Citizenship By Investment Programme.

However, having looked at the St. Kitts and Nevis programme, the bondholders feel that given the haircut provided to Grenada, if Grenada’s Programme generates significant revenues, it ought to receive a share of these revenues. This is not an unreasonable position.

That said, we have negotiated that the sharing of CBI revenues only occurs:

- i. if the Homegrown Programme supported by the IMF programme is completed and the second haircut is provided;
- ii. if more than US\$15 million (EC\$40 million) in revenue is realized into National Transformation Fund (CBI revenue for approved projects is not shared) in a given year; and
- iii. If the revenues have not exceeded a cumulative cap (ensures Grenada does not repay the creditors more than the original face value of the bond).

Mr. Speaker, I now wish to address the restructuring of Government's debts to the National Insurance Scheme (NIS).

Following initial discussions with the NIS, it was agreed that there will be no haircut on Government's debts to the NIS. I repeat no haircut.

Subsequently, Government and the NIS agreed that Government will repay all bonds over a period of 25 years at an interest rate of 3 percent. In the first ten years, Government will pay interest on these bonds. After the first ten years, Government will pay both principal and interest on these bonds.

Mr. Speaker, this agreement together with several reforms will ensure the viability of the NIS going forward such that pensioners and other beneficiaries will receive their benefits when they are due.

We wish to thank the labour unions and the NIS Board for their partnership in this regard. They understand, when the economy grows, NIS grows. When employment increases, NIS becomes stronger.

Mr. Speaker, the leadership of the Opposition has been making some wild and reckless allegations that Government is not paying contributions to the NIS.

Here are the facts:

On arrival in office in February 2013, Government's arrears of contributions to NIS were \$24.2 million. At the end of October 2015, these arrears had been reduced to \$20.1 million. In addition, Government has paid contributions to NIS every month for the past 33 months.

Furthermore, Government has entered into a payment plan with NIS to clear all arrears.

The bottom line is that this Government has paid \$68.8 million in cash to the NIS in the past 33 months.

*Does anyone recall, how much the previous Administration took from the NIS?*

The princely sum of \$162.1 million.

Some people, unless they are shameless, should never mention the NIS. Then again, they are so accustomed to telling untruths, that it has become part of their nature to do so.

I say no more.

That said, Mr. Speaker, I wish to reiterate the Government of Grenada's full commitment to the long term viability of the National Insurance Scheme.

I now turn to the Estimates of Revenue and Expenditure for 2016.

## **4.0 ESTIMATES OF REVENUE AND EXPENDITURE FOR 2016**

### **4.1 Budget and Financing Summary**

Mr. Speaker, the 2016 Estimates of Revenue and Expenditure provide for total expenditure (including principal repayments) of one billion, one hundred and twenty five million, six hundred and seven thousand, seven hundred and seventy dollars **(1,125,607,770)**.

The overall budget is summarized as follows:

- Recurrent Revenue: \$574.6 million
- Recurrent Expenditure: \$481.2 million
- Current Account Surplus: \$93.3 million
- Primary Surplus (after Grants): \$103.5 million
- Capital Expenditure: \$291.6 million
- Principal Repayments/Amortization: \$352.7 million
- Overall Surplus (after Grants): \$0.2 million

The seven largest allocations, by vote, are:

1. Debt - \$456.0 million (40.5% of total expenditure)
2. Ministry of Education and Human Resources - \$102.1 million (9.0% of total expenditure)
3. Ministry of Health - \$75.7 million (6.7% of total expenditure)
4. Ministry of Finance and Energy - \$72.1 million (6.4% of total expenditure)
5. Ministry of Works - \$55.5 million (4.9% of total expenditure)
6. Ministry of Youth and Sports - \$53.7million (4.7% of total expenditure)
7. Pensions and Gratuities - \$50.1 million (4.5% of total expenditure)

Recurrent Revenues for 2016 are projected at \$574.6 million, approximately 9.5 per cent more than expected collections in 2015.

Total capital expenditure for 2016 is projected at \$291.6 million. Of this amount \$78.2 million is projected to come from local sources, \$198.5 million from grants and the proceeds of the National Transformation Fund and \$15.0 million from external loan disbursements.

More details on the 2016 Budget allocations are available in Annex IX.

## **5.0 PROTECTING THE GAINS OF OUR HOMEGROWN PROGRAMME**

### **5.1 Fiscal Responsibility Legislation**

Mr. Speaker, as promised, our Government took the unprecedented step and introduced Fiscal Responsibility legislation to Parliament earlier this year.

The Fiscal Responsibility Law (FRL) will come into force on January 01, 2016. The new law introduces a rules-based fiscal policy framework for the management of Government's expenditure. The key objective of the FRL is to support the achievement and maintenance of a Debt/GDP ratio of 55%.

This FRL is part of the suite of legislation designed to protect the gains of our Homegrown Programme by strengthening the regulatory framework governing public expenditure. Its provisions reinforce the mandate in the new Public Finance Management (PFM) Act. The FRL also provides a set of rules for keeping fiscal operations firmly aligned with the Country's debt management objectives as articulated in the Public Debt Management (PDM) Act.

In order to bring the Debt/GDP ratio down to 55%, the FRL mandates that:

- The rate of growth of expenditure by the Central Government and covered public entities shall not exceed the growth rate of revenue.
- Expenditure on the wage bill shall not exceed the equivalent of nine percent of GDP.
- Salary negotiations must be concluded prior to the year in which adjustments are expected to take effect – thereby eliminating the need for back pay which could have the effect of disrupting fiscal operations.
- No multi-year commitments could be entered into during periods in which Parliament is dissolved.

The FRL establishes a Fiscal Responsibility Oversight Committee which will be responsible for monitoring compliance with the provisions of the Act and reporting annually to Parliament. The Committee will consist of 3 independent professionals nominated by the House Committee on the advice of the Director of Audit. Compliance with the FRL provisions will also be monitored through the statutory requirement for the submission of several reports to Cabinet and Parliament during the course of each financial year. These include: quarterly reports to Cabinet on the performance of the budget; a mid-year report to Parliament and a fiscal risk report on compliance with the FRL provisions which must accompany the annual budget.

## **5.2 Attrition Policy** (*Personnel Expenditure Control*)

Mr. Speaker, lest we forget, before the start of our Homegrown Programme, Government was spending 70 cents of every dollar collected on wages and salaries and pensions. Clearly, the wage bill, not the public debt, was the single largest Government expenditure.

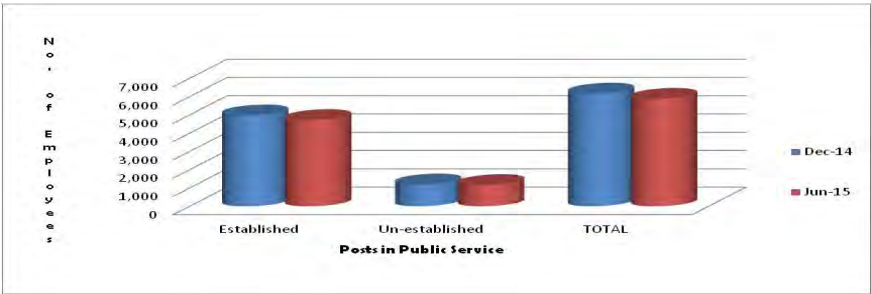
In dialogue with the trade unions representing public servants, Government agreed to wage restraint during the Homegrown Programme. In the dialogue with all Social Partners, Government also agreed not to proceed with the drastic and devastating measure of retrenchment of public officers.

Given the decision not to retrench workers, Government has had find ways to manage the public service wage bill. In this regard, Government approved the Attrition Policy which provides for no more than 3 persons to replace every 10 persons who retire from or exit the Public Service.

Compared to retrenchment, attrition is a gentler albeit slow way of naturally reducing our bloated Public Service. At the end of 2014, four hundred and twenty-five (425) vacant posts were abolished from the Public Service.

At the end of June 2015, the size of the Public Service was **5,879** compared to **6,166** at December 31, 2014, representing a decrease of 287.

**Figure 1.0: Size of the Public Service in 2014 and 2015**



In sum, there has been a **5.1%** decrease in the Established category and a **2.8%** reduction on the Un-established category, resulting in an overall decline of **4.7%** in the size of the Public Service.

The fall in the size of the Public Service is attributed to the application of the Attrition Policy, as well as the reclassification of persons engaged under Projects.

In 2015, the proportion of every dollar of revenue spent on wages and salaries and pensions has fallen from 70 cents to 48 cents.

For the sake of clarity, the following definitions are shared:

The *size of the Public Service* is the total number of persons employed under the Established and Un-Established categories of workers, including the Disciplined Forces (Police and Prison). Persons employed under Projects are not included in the manpower figures as they are now accounted for under their respective **Projects** under capital expenditure and are not included in the manpower figures since they are only engaged for the life of the project.

It should be noted that an exception was made to the Attrition Policy to regularize 205 temporary teachers. Permission was also granted for Ministry of Health to fill 24 vacancies, 16 of which were Nurses. More positions will be filled as the Ministry of Health continues its recruitment of medical and nursing staff rather than clerical and administrative staff.

### **5.3 Waste Reduction** (Non-personnel Expenditure)

Mr. Speaker, Government has set a target of reducing non-personnel expenditure by 20 per cent over 2012 spending.



For the first ten months of 2015, we achieved a reduction of 13 percent or saved \$1.379 million broken down as follows:

Mobile telecommunications 23%; Fuel (13% reduction across Government but 34% reduction in the Ministry of Finance); Water 1%; Overtime 2%; and International Travel 59%.

After intensive negotiations, an agreement was signed with Digicel for the provision of fixed line and internet communications. This agreement will be implemented in 2016 and is expected to save Government at \$3 million per year.

With the support of the Caribbean Development Bank and other partners, audits of major government buildings will soon be done, as a precursor, to their solarisation and the retrofitting of air condition units.

#### **5.4 Improving Tax Administration**

Consistent with Government's commitment to make the Inland Revenue Division a modern tax service, the Large and Medium Taxpayers Unit was recently established.

We anticipate this Unit will make it easier for taxpayers to do business with the Inland Revenue and will also lead to improved revenue collection.

A Small and Micro Taxpayers Unit will be established in 2016.

The Tax Administration Bill which has been circulated for consultation will soon be brought to Parliament for enactment.

## **5.5 Stronger Oversight of Statutory Bodies**

Mr. Speaker, this year for the first time, the Minister of Finance issued a Letter of Expectations to all statutory bodies inclusive of reporting guidelines for performance management and accountability. Subsequently, all statutory bodies were given guidelines for compensation. As a consequence, reporting and oversight are improving.

The monitoring of these new arrangements will be strengthened next year.

A financial summary of all statutory bodies is provided in Annex X.

## **6.0 INVESTING IN OUR PEOPLE AND PROTECTING OUR VULNERABLE**

### **6.1 EDUCATION AND HUMAN RESOURCE DEVELOPMENT**

Mr. Speaker, our Government is committed to helping our citizens become productive and competitive in the global economy.

The integration of ICT in the delivery of various education services has elevated the quality of education offered to our Nation's children.

At the primary level, there has been a significant improvement in performances in the Minimum Competency Tests (MCTs) in Mathematics and Language Arts, and in the Caribbean Primary Exit Assessment (CPEA) in the component of Mathematics.

As per Government's stated commitment, 205 Teachers have now received their letters of permanent appointment, as a first step in the regularization process for teachers who have been temporarily employed for many years.

We are continuing to deliver on our promise of more scholarships. For the academic year 2015/2016, a total of **193 Scholarships** have been awarded. These scholarships are aligned to the National Priority Training Needs and include the following sectors: Health, Education, Agriculture, ICT, and Tourism. The total value of these scholarships is \$37.8 million.

Furthermore, we recently secured funds to the tune of US\$200,000 from one of our investors to ensure that our young people who are pursuing higher education can meet the gap between their scholarships and personal funds. In the last three months alone, dozens of young people have received assistance from this Fund.

This year, as part of Government's continuous improvement of facilities for our students and teachers, several schools were refurbished or upgraded:

- ✓ St. David's Catholic Secondary School
- ✓ Expansion of T A Marryshow Community College
- ✓ Expansion of Grenada Boys Secondary School
- ✓ Expansion of Mac Donald College

In the case of GBSS and Mac Donald College, they now have additional facilities for technical and vocational education. These new facilities will serve not just their students but persons in the private sector who wish to improve their earning capacity.

Without a doubt, our Government is delivering.

For 2016, the allocation for Education is \$102.1 million.

## **6.2 YOUTH AND SPORTS DEVELOPMENT**

Mr. Speaker our Government knows full well if we lose our youth, our Country has no future.

Consequently, we make no apology for our major investment in youth through the New Imani Programme.

That said, we will continue to take on board any suggestion that can improve the Programme and enhance the Nation's return on this significant investment.

In direct support of job creation, Government will continue to promote youth entrepreneurship. An allocation of \$200,000 has been provided for the Youth Entrepreneurs Fund.

Government is also desirous of partnering with the Junior Achievement Programme to support the development of the most promising businesses after the students exit the Programme.

Thanks to the generosity of the People's Republic of China, Grenada will soon take delivery of our state of the art Athletics and Football Stadium.

Next year will be exciting as Grenada hosts several major tournaments including Intercol, Windward Island Secondary School Games, CARIFTA and FIFA under 17 women.

Through a public private partnership between the National Lotteries Authority and Canadian Bank Note, we will soon see the lighting of the National Cricket Stadium. This development will pave the way for us to enjoy national and international cricket at night.

The lighting of the Fond Playing Field is nearing completion and is funded by FIFA.

Other facilities being lit are the La Sagesse and Beausejour Playing Fields.

In addition, Government has allocated \$4 million to light other facilities.

Mr. Speaker, it is our hope that the lightning of facilities will not just provide opportunities for entertainment and family activities but will also encourage more active and healthy lifestyles.

Several other sporting facilities, such as Cuthbert Peters Park, will be upgraded and the Vendomme Basketball Court will finally be built.

This Budget provides \$53.7 million for youth and sport development, of which \$31.4 million is for administration and delivery of the New Imani Programme.

### **6.3 HEALTH CARE**

Mr. Speaker, health affects all of us and it behooves all of us to come together to address the issues of our health system.

Many of these issues are not unique to Grenada. Only last week, the OECS Heads of Government agreed to adopt a regional approach to lower costs for the provision of certain services.

Despite many challenges, health care is improving.

Has anyone forgotten the millions of dollars that were owed to the OECS Pharmaceutical Service during the reign of the previous Administration, as a consequence of which basic medicines were unavailable?

Today, these same people can be seen prancing around and making the most noise about the state of health care.

Since February 2013, millions of dollars of outstanding bills have been paid and basic medication is in more regular supply. In addition, there have been significant donations, for which we are thankful, through the Donations Desk of the Ministry of Health.

Several strategic actions have been taken this year including:

- Completion of the National Strategic Plan for Health 2016-2025;
- Development and implementation of Policies and Procedures for system-wide quality improvement;
- Approval of the National Primary Health Care Policy; and
- Enactment of the Food Safety law.

Preparatory works continues for the introduction of National Health Insurance.

I now wish to highlight some of the improvements of our health infrastructure.

Work continued on Phase II of the General Hospital with grant funding from the Bolivarian Republic of Venezuela. Already more than \$4 million have been spent with the following results:

- **The Eye Ward** has been refurbished and was commissioned last month;
- The **Steel Structure** has been adjusted to four levels and will accommodate Accidents and Emergencies; Laboratory; Imaging Unit and Out-patient clinics.
- The **Children's Ward** has also been repaired.

- The **Isolation Unit** (4 rooms within Private Ward) has been retrofitted to accommodate infectious disease patients.

The services in the **Operating Theatres and Intensive Care Unit** have been boosted by the installation of Cardiology equipment and this service is now being provided at the General Hospital in collaboration with St. George's University.

A new Chiller has been purchased and installed at the General Hospital to store fruits and vegetables and reduce wastage.

The **Gynaecology Ward** is now 75% completed. The refurbishment works of almost \$300,000 is funded by the National Lottery Authority.

The **Doctors' Quarters** through assistance from "Friends of the Hospital" (FOTH) was remodeled; furnished and WI-FI internet and TV access upgraded.

Repairs have been effected at the Mt. Gay Hospital and the Richmond Home for the Elderly.

At Princess Alice Hospital, the X-ray building has been completed by the Benjamin Foundation and Government. The X-Ray machine was donated by GRENLEC and Government. Furthermore, the Incinerator has been repaired with support from GRENLEC and Government and is now fully operational.

Very importantly, the medical team at Princess Alice can now access laboratory results online thereby facilitating faster diagnostic services and timely treatment.

Mr. Speaker, Grenada will receive approximately \$5 million in grant funding from DFID through PAHO to retrofit four health facilities. These are: Princess Alice Hospital, Princess Royal Hospital, Central Medical Stores and Woburn Medical Station.

It is envisaged that construction of the Gouyave Health Centre will commence in 2016 with funding from the European Union.

Mr. Speaker, much has been said recently about the number of doctors and nurses at our health facilities. In this regard, the misunderstanding of the Attrition Policy is unfortunate.

Here are the facts:

- A total of forty-three (43) new nurses and nine doctors (House officers) have been recruited this year.
- Seventeen (17) specialist doctors have been contracted from Cuba to complement the current staff.
- Three (3) Medical laboratory Technicians and three X-ray technicians will soon be returning from studies.
- Five (5) scholarships have been provided to doctors to pursue specialized training in areas including Obstetrics/ Gynaecology, Pediatrics, and Pathology in Cuba and China.

This Budget provides for the hiring of more nurses and doctors next year.

In fact, Mr. Speaker, bearing in mind the cries of dozens of qualified but unemployed nurses around this Nation, Cabinet has taken the decision to allow for the Minister to bring legislation to Parliament to address their license to practice in the shortest time. Nurses will soon be able to obtain a provisional license for practice through the ministry, while they await their regional certification.

Mr. Speaker, we acknowledge that the situation with the Dialysis Unit at the Hospital is of grave concern. Yes, we know that the previous Administration dismantled the Unit for petty, political reasons, but the onus now falls on us to do something about it.



We cannot keep blaming the previous administration or the private sector. As a Government that has been in office more than two and a half years, we should have already solved that problem. We dropped the ball, and we have to take full responsibility for that.

I recently met with the top officials from the Ministry of Health and we have come up with an immediate plan to solve the problem so that we can save lives.

In meeting with Prime Minister Rowley of Trinidad and Tobago in October, we discussed several areas of partnership, of which healthcare was key. Our two line Ministers will soon meet and chart the way forward. For now, we will do all we can to restore the functionality of the Dialysis Unit in the shortest possible time, so that patients can get the requisite care.

Finally, the Ministry of Religious Affairs has launched a Chaplaincy Programme at the General Hospital aimed at providing prayer and counselling support not just for patients but also to nurses and doctors.

Mr. Speaker, the foregoing results bear testimony of the caring and hard work of this Government.

I also express gratitude to all persons and organisations (home and abroad) that are contributing to improvements of our health care.

The total allocation for Health is \$75.7 million; almost \$12 million more than budgeted in 2015.

## **6.4 HOUSING AND SOCIAL CARE**

Mr. Speaker, the need for housing is huge and heavy on the minds of all parliamentary representatives.

As a consequence, earlier this year, Government launched a \$2 million Soft Loan Housing Programme to help families with their repair and expansion needs. The sum of \$4 million has been provided for this Programme next year.

In our dialogue with the labour unions, we have also heard the need for more and better housing for public servants.

In September of this year, our Government through the Grenada Development Bank, launched a \$6 million special mortgage programme primarily targeted at public servants. The Bank is offering 100% financing to public servants. Already, the Bank has approved 25 loans to the tune of approximately \$5 million. In addition, there are approximately 59 loans in the pipeline with a total value of \$11.6 million.

Mindful of this dire need, our Government has authorized the Bank to expand this special programme. With the attractive terms on offer, GDB's programme is assisting persons who cannot secure mortgage financing from the commercial banks.

The Bank will also adopt a more flexible policy for longstanding public servants who are on contract or do not yet have a permanent appointment.

Following the distribution of homes to 350 families in Soubise, Frequente and Mt. Gay, the second phase of the Chinese Housing Programme will commence. This Phase will provide homes for 650 families and will be constructed in Beausejour and Frequente in St. George's, Black Bay in St. John's, Diamond, St. Mark's, St. Patrick's and Dumfries in Carriacou.

For 2016, the allocation of the Grenada Home Improvement Programme has been almost doubled to \$6 million.

Mr. Speaker, Government again reiterates its commitment to ensure the vulnerable and poor are protected and supported during the Homegrown Programme.

The sum of \$1 million is budgeted for Uniform and Transportation Allowance as vital support to help our vulnerable children to regularly attend school.

As a caring Government, we continue to do our best to meet various needs including educational and medical. In this regard, an allocation of \$1.25 million has been provided for the Needy Assistance Programme.

After some implementation challenges, the new Management Information System will soon be ready for roll out leading to better targeting of the most vulnerable children, families and senior citizens. Government intends to spend \$13.8 million under the flagship safety net programme called “Support for Education, Empowerment and Development “(SEED).

Approximately \$2 million have been set aside for the Roving Caregivers and Geriatric Programme.

At long last, the Bacolet Juvenile Rehabilitation Centre has been completed and will be officially opened early next year. Its operation will facilitate the implementation of the Juvenile Justice Act. The sum of \$1 million has been allocated for the Centre’s operations.

The total allocation for Housing and Social Development is \$36.1 million, of which capital expenditure is \$28.6 million.

## **7.0 CREATING JOBS**

### **7.1 Improving the Investment Climate**

Mr. Speaker, Grenada's fall in the Doing Business Ranking is unfortunate and unacceptable. The ranking and a summary of the key findings are shown in Annex XI.

Several efforts were made to improve the investment climate over the past year including the revision of Tax Incentives and drafting of Bankruptcy and Insolvency legislation. Unfortunately, they were not completed in time to impact the rankings.

Our Government accepts responsibility for this shortcoming and will do better going forward.

I now wish to highlight two incentives which the business community can expect in 2016. First, the period for the carry forward of losses will be increased from three years to six years. Second, Government is providing a tax deductible for training including support for youth development programmes.

The new incentives which will be rolled out in 2016 will cut the red tape.

### **7.2 AGRICULTURE AND FISHERIES**

Agriculture and Fisheries are vital for food and nutrition security as well as the economic well-being of our Nation. To this end, a National Agriculture Plan has been developed in collaboration with CARICOM Secretariat and financed by the European Union.

The Zero Hunger Programme will continue building on successes in 2015 which included the first Cassava Festival.

Mr. Speaker, our Government is very sympathetic to the plight of farmers who lost crops and income as a result of the recent heavy rains.

As a consequence, we have allocated the sum of \$1 million in an Emergency Relief Fund to help affected farmers and in the event of similar losses during 2016.

This Fund does not replace the need for crop insurance which we will continue to pursue with regional and international partners.

The revamped Marketing and National Importing Board increased its purchases from farmers by 58% and paid out more than \$5 million to farmers.

Mr. Speaker, the scourge of praedial larceny is real. However, we are beginning to see results of the Praedial Larceny Control Programme. To date, more than 6,000 farmers have been registered and almost 4,600 ID cards issued. The Task force is now sharing this database with the hotel industry and other buyers of agricultural produce.

We are encouraging the Task Force to do random checks on vendors and importers to ensure the trafficking of illegal agricultural produce is minimized.

The Farm Labour Programme will resume in early 2016. The sum of \$500,000 has been allocated.

Government will continue to support the development of high demand crops such as soursop. In this regard, the sum of \$500,000 has been earmarked.

Mr. Speaker, the plague of Sargassum seaweed in the Caribbean has adversely impacted the livelihoods of our fishermen. In collaboration

with regional partners, efforts are now underway to develop early warning systems, mitigation plans and to explore commercial options (agricultural and medical) for the Sargassum seaweed. In fact, I just returned from the OECS Heads meeting where the decision was taken to implement a Maritime Research Strategy that will incorporate comprehensive work on the Sargassum seaweed.

Greater attention will be given to improving fish quality control and post-harvest technology to enhance returns from the industry and maintain Grenada's fish export status to the European Union. This effort will include more stringent measures for licensing.

We are also working to enhance our fish export product and secure more airlift for our cargo and fish exports through an equipment upgrade at the Airport.

Government will continue to strengthen Marine Protected Areas to enhance the management of critical marine species and improve marine biodiversity.

The Caribbean Regional Fisheries Co-management Project funded by Japan will help farmers improve their productivity and income. This Project is being piloted on the east coast in Grenville and is expected to be replicated in other fishing areas.

The total allocation for Fisheries is \$20.4 million.

The total allocation for Agriculture and Fisheries is \$42.2 million and includes \$32.9 million in capital expenditure.

### **7.3 TOURISM AND CULTURE**

Mr. Speaker, there is no doubt about the economic impact of Tourism on Grenada's economy.

For the first nine months of this year, total arrivals grew by 4.1 percent, including an 8 percent increase in stayover-arrivals.

The economic assessment (by the Tourism Authority and the Ministry of Finance) of the Test Match played in Grenada last April revealed a spend of nearly \$16.3 million with 1,805 visitors.

Mr. Speaker, our Government understands that marketing of Grenada is critical.

I am pleased to note that as a result of our improving fiscal situation, every effort will be made to ensure timely disbursements of the full \$12 million in 2016.

In collaboration with the OECS Commission, joint marketing was undertaken for our yachting products and services in Canada and North America.

Mindful of the urgent need to improve our tourism product, the following steps were taken during this year:

- Installation of signage by the GTA throughout the Country
- Completion of Bathway vending facilities
- Enhancement of existing trails and the development of new ones

Unfortunately, the commercialization of our sites did not proceed as quickly as planned but having completed additional technical work, we will soon invite expressions of interest for the following sites:

- Fort George
- Fort Frederick
- Annandale Waterfalls
- Grand Etang National Park and others

These sites will neither be sold nor privatized. Instead, they will be leased under contract to capable firms and individuals.

In this regard, I wish to announce that Government has decided to relocate the Headquarters of the Royal Grenada Police Force. An alternative site has been identified and efforts are underway to mobilise funds to build an appropriate facility on this site.

In respect of airlift, Delta Airlines commenced flights out of Atlanta as well as an additional flight out of New York, thereby contributing to the increased arrivals from the USA.

JetBlue also commenced operations to Grenada in June with two flights out of New York. JetBlue has increased its service to three flights per week and plans to add a fourth flight in January 2016.

Next year, we also expect to see the commencement of a weekly service out of Panama.

The allocation for airlift in 2016 is \$8 million.

Mr. Speaker, upgrades were completed at the Maurice Bishop International Airport including an Airport Operations Centre, a Passenger Security System and Border Management System. The VIP Lounge was refurbished and an Airport Executive Lounge was established.

Mr. Speaker, things are looking up.

As part of our fiscal responsibility, Government will proceed with the amalgamation of the Spicemas Corporation and the Grenada Cultural Foundation in 2016. We expect earlier planning, marketing and timely execution of Spice Mas and our major cultural festivals.



Government intends to develop the Simon Cultural Centre into a full multi-purpose centre for the development and showcasing of Culture and the Performing Arts. To this end, the preparatory works will commence in 2016 with support from the National Lotteries Authority.

The Botanical Gardens will be renamed Sir Eric Matthew Gairy Botanical Gardens in honour of our Country's first Prime Minister.

The total allocation for Tourism and Culture is \$27.4 million.

## **7.4 Energy Development**

The National Energy Policy is being reviewed and will be revised next year.

During this year, Government circulated drafts of a new Electricity Supply Bill and a Public Utilities Regulatory Commission Bill. Furthermore, model licenses and most regulations have now been drafted. These laws are essential enabling legislation for electricity reforms and will be implemented next year.

Recently Government has partnered with GRENLEC to pilot electric vehicles in Grenada.

An initiative for solar street lights is also being pursued.

The initial 3-G study on Grenada's geothermal energy potential has been completed with support from New Zealand and additional baseline work is being done by Japan. Already, a roadmap for geothermal development has been developed and shared with key development partners.

In 2016, there will be several pilot projects for solarisation of Government buildings and retrofitting of air-conditioned units.

In terms of exploration of oil and gas potential, cooperation will intensify with Trinidad and Tobago.

## **7.5 Carriacou and Petite Martinique**

The sister islands of Carriacou and Petite Martinique continue to get their fair share of development.

This year, the Lauriston Airport was upgraded and made safer.

Several roads were rehabilitated and two desalination plants including one in Petite Martinique were constructed.

In 2016, key projects include:

1. Road Works - \$2.0 million
2. Agriculture Programme - \$1.0 million
3. Sports and Culture Support Programme - \$1.0 million
4. Asphalt and Concrete Works - \$450,000
5. Petit Martinique Playing Field- \$400,000

The total allocation for Carriacou and Petit Martinique is \$13.4 million of which \$4.4 million is earmarked for capital expenditure.

## **7.6 Information Communications Technologies (ICT)**

Government has been improving the efficiency, reliability and security of its Data Centre which hosts servers and applications for many ministries.

Ninety five (95%) of the hosted physical servers have been migrated to an in-house cluster of virtual machines, reducing the number of physical servers from 18 to a cluster of just 6, while reducing their power consumption by over 60%.

Extensive work has been undertaken to harden the security of all hosted servers to guard against the threat of cyber-attacks which are on the rise.

A disaster recovery plan is being implemented to ensure that all Government data are backed up at a secondary location, such that Government can return to work quickly, in the event of a natural disaster, with no loss of data.

Beginning in January, in addition to the paying and filing VAT and Property Tax online, taxpayers will be able to file and pay Income Tax electronically.

Also beginning in January, the Police will be using a completely computerized system for managing vehicle licensing. Plans are also underway to allow vehicle owners to pay their vehicle license fees online. This new system will greatly reduce the long lines and wait times involved in paying vehicle license fees each year.

Under the Caribbean Regional Communication Infrastructure Programme (CARCIP), a public private partnership for the design and construction of a broadband network is expected to be completed within the next 18 months.

Government has now formalized an agreement with MGRM after one year of onsite information gathering and assessment of the ICT needs of Government by that Company. Under the agreement MGRM will implement the e-governance Portal and e-Governance Platform components of the Master Governance framework as Grenada intensifies its drive to use as ICT for economic transformation.

Some of the priorities include paperless initiatives for Cabinet and Parliament and more online services for citizens.

## **7.7 Trade and Export Development**

The value of our Food Import Bill for the first nine months of this year was \$145.2 million, a decrease of 6.0 percent over the same period last year.

Mr. Speaker, Food imports accounts for twenty percent of Total Imports. This is unacceptable. Consequently, Government will be working with the Grenada Poultry Association among others to reduce this Bill to no more than 10% of Total Imports over the next five years.

There will be a Buy Local Week, which will culminate with the Made in Grenada Festival coinciding with our Independence celebrations.

In collaboration with the Marketing and National Importing Board, the Manufacturers and Agro Processors, Trade Missions will be undertaken to New York and Trinidad to promote our products in those markets.

One of the key challenges facing our manufacturers is their inability to meet the standards in the export market. Government through the Grenada Bureau of Standards will continue to support export businesses and businesses with export potential. The sum of \$250,000 has been allocated for the Bureau of Standards for this purpose.

In addition, \$145,000 is provided for the implementation of the National Export Strategy.

Government will also support the export thrust of the Marketing and National Importing Board.

## **7.8 Support for Small Business Development**

Mr. Speaker, as part of Government's support for job creation, \$1.3 million was disbursed, by the end of October 2015, under the Small Business Development Fund. It is estimated that this support has led to the creation of 278 jobs.

The average loan size was \$12,000 and the main areas supported were Retail, Fishing, Agriculture, and Catering. A summary of approved loans can be seen in Annex XII.

By the end of December 2015, the Fund is projected to disburse \$1.65 million resulting in 325 jobs.

The 2016 Budget provides an allocation of \$4 million. When disbursed the likely impact is the creation of 650 jobs.

The Grenada Industrial Development Corporation anticipates that it will provide business advisory services to at least 25 small and medium size enterprises in 2016.

## **7.9 MAJOR GOVERNMENT PROJECTS**

Mr. Speaker, this Budget provides \$291.6 million for Government's capital programme in 2016.

I now present some of the major projects.

### ***Grenada Houses of Parliament***

The next Phase of this Project (actual construction) is expected to commence in January. An initial allocation of \$10.1 million has been made. Based on information received subsequent to the meeting of the Standing Committee on Finance, this sum will be increased by an additional \$3.4 million.

The total cost of the Project is about \$29 million and will be financed by United Arab Emirates, Mexico and the Government of Grenada.

Completion is expected in 2017.

### ***Road Rehabilitation and Maintenance Programmes***

Mr. Speaker, we have begun to address the sorry state of our Nation's roads.

This Budget provides \$5.5 million for Asphalt Works.

A provision of \$7 million has been made for Road Maintenance Programmes, including Debushing. I wish to note that on the advice of the Social Partners, the Debushing Programme will now include planting of flowers to further beautify our landscape.

For 2016, another \$5 million has been provided for Concrete Works such as roads, drainage and retaining walls.

These Programmes will again provide several short term employment opportunities.

### ***Special Projects***

Special Projects continues to be a very effective programme to address needs in communities.

In 2015, hundreds of projects have been implemented throughout Grenada, Carriacou and Petite Martinique, at a cost of \$4.2 million Eastern Caribbean dollars. This translated into one thousand one hundred (**1100**) jobs being created at the community level.

This year, the allocation is \$7 million.

### ***Construction and Refurbishment of Government Buildings***

Many Government buildings are in a dilapidated condition while Government rents various facilities. This makes no financial sense. Consequently, Government will commence a systematic programme of repairing key Government buildings. This will mean increased capital expenditure but will reduce recurrent expenditure over time. The sum of \$5 million is budgeted.

### ***Basic Needs Trust Fund (BNTF) Programme***

Mr. Speaker, the BNTF Programme is another example of this Government delivering results.

Under Education, the following sub-projects will be implemented:

- Paraclete Government
- Bonaire Government
- Mt. Moritz Anglican

- St. Dominic's Preschool
- Victoria Resource and Day Care Centre
- St. Theresa/Vincennes Preschool
- Gouyave Day Care Centre
- Telescope Resource Centre
- Mirabeau Upgrade
- Skills Training for rural folks
- Technical training for single parents
- Training in craft production and small engine repairs (Marquis)
- Skills Training for Inmates

Under Water and Sanitation, the following sub-projects will be undertaken:

- Davey Fishermen's Locker Facility (St. Patrick's)
- Loretto Toilet Facility
- Water Tanks for ten schools in St. Patrick's
- Grand Roy Toilet Upgrade
- Wharf Lane in Grenville
- Clozier Water Treatment Phase II

Under Community Access and Drainage, the following sub-projects will be done:

- True Blue Road Avenue Road (Telescope)
- Chantimelle Retaining Wall
- Laura/La Pastora Road

Contracts have been or will soon be awarded for most of these Projects as they must be completed by the end of 2016.

This Programme is projected to spend \$7.8 million, all of which are grants.

A list of BNTF's achievements and plans can be found in Annex XIII.

## ***Market Access and Rural Enterprise Development Project (MAREP)***

For 2016, the following farm access roads and bridges will be done:

- Rosehill/Chambord
- La Poterie/Conference
- Pearl's Bridge
- Ahoma
- Fountain, St. Mark's
- Lower St. John Road (Gut), St. Andrew's
- Mt. D'or/Grand Bay (Carriacou)
- Grand Bras (La Kabacay) Bridge

Other areas will include approval of 15 projects under the Rural Investment Fund.

A total of \$3.1 million is projected to be spent next year.

Approximately 689 jobs are projected, of which 377 will be permanent.

A listing of MAREP's achievements and plans are available in Annex XIV.

### ***Agricultural Feeder Roads Phase II***

Most of these roads have now been completed and the remaining roads will be completed early next year.

Government is pleased to announce that confirmation for funding a Phase III has been received from the Kuwait Fund for Arab Economic Development and the OPEC Fund for International Development. We expect work to start in 2016. The cost of Phase III is likely to be more than \$60 million.



## ***Regional Disaster and Vulnerability Reduction Programme***

Significant progress has been made towards the goal of building resilience to the impact of climate change and reducing vulnerability to natural disasters.

The following projects have commenced:

- Sendall's Tunnel Rockfall
- Landslip at St. John's River (River Road)
- Landslip at Constantine Main Road
- Landslip at Market Square (St. John's)
- Construction of Water Tanks for NAWASA

In addition, contracts have been awarded for:

- Community Infrastructure at La Sagesse and Beausejour
- Cadrona Home for the Aged
- St. Patrick's Anglican School

Finally, tenders have already been received for the following projects which will commence early next year:

- Construction of Hubble Bridge followed by the Lance Bridge; and
- Holy Cross R.C School in Munich

### **OFID/GOG School Rehabilitation Project**

Work on the Woburn Methodist and St. Mary's R.C School in La Fillette will be completed next year.

### **St. Patrick's Roads Project**

This Project will start next year.

At least \$2.25 million will be spent.

## **7.10 PUBLIC PRIVATE PARTNERSHIPS**

Mr. Speaker, there are several development projects for which Government is pursuing Public Private Partnerships.

### ***Grenada Aviation Academy***

This Project is on track with the commitment and support by three (3) major institutions of higher education namely:

- Vaughn College of Aeronautics and Technology (Queens New York)
- The University of the West Indies (St. Augustine Campus)
- Dublin Institute of Technology (DIT)

In May of this year, the above institutions signed a letter of intent with Government to construct and establish the Aviation Academy.

The financing of this Project will come through the Citizenship By Investment Programme.

This Project will be executed in four phases and is carded to commence the first quarter of 2016.

### ***Renewable Energy and Energy Efficient Solutions for Public Buildings***

The initial phase will be done with the Caribbean Development Bank.

### ***Commercialisation of Tourism Attraction Sites***

Invitations for expressions of interest will soon be issued.

## **7.11 MAJOR PRIVATE SECTOR PROJECTS**

Mr. Speaker, investor confidence is on the rise. Over the past year, the Grenada Industrial Development Corporation has seen growing interest from local and foreign investors.

In 2016, the following are some of the major projects which will continue or commence:

- **The Point at Petite Calivigny Resort** is a three stage development in which phase one will consist of four villas and twelve townhouses. The construction and finishes will

be of a five star standard and will commence construction in the first quarter of 2016. Total cost for phase one is estimated at US\$16m. Phases 2 and 3 will be US\$18m and US\$21m respectively. The Project will, during the construction of phase one, provide an estimated 100 jobs.

- **Laluna Beach Resort & Villas Phase II** involves the investment of \$64 million to construct additional villas, art studio, among other amenities. Employment during construction is expected to be over 100 persons while 45 persons are expected to be permanently employed once the project becomes operational.
- **The Sanctuary (in Carriacou)** will invest \$40 million for the construction of 10 additional suites.
- **Clear Harbor Call Centre:** employment which was at 403 at the end of 2013 is now 612. Another round of recruitment will commence by the end of this year resulting in a further increase in employment for 2016.
- **Sandals Marketing Centre** which opened this year with 60 persons has increased to 153, and plans to hire additional 50-60 persons next year.
- **Le Pointe** involves the establishment of a 5-star boutique hotel and villa resort, encompassing 63 villas, to yield 114 room keys. The project will be constructed on 30 acres of freehold lands at Hope, St. Andrew and will be developed in two phases. It is expected that the first phase will yield a total of 23 room keys which is expected to be completed within 18 months of the start of construction.

- **Grenfresh** \$12 million is expected to be invested to establish a fruit-based product manufacturing plant at La Sagesse, St. David's. The project is expected to create employment for 15 persons.
- **West Indies Hospitality** involves the acquisition and rehabilitation of the Mt. Edgecome Estate into a luxury retreat plantation house at Victoria, St. Mark. Employment is expected to be created for 15 persons.
- **Solamente Villas** which is being implemented involves the reconfiguration of an existing villa into a 10 bedroom luxury Boutique Villa and Retreat Centre at Lance Aux-Epines, St. George's. The estimated project cost is \$23.6 million and will employ about 20 persons.
- **Coyaba Beach Resort** involves the refurbishment and upgrading of the current facility. The estimated investment cost is \$27.5 million over the period 2016-2025, and the employment is projected at 25 persons.
- **Turbulence Grenada Ltd.** involves the expansion of its current operations at the Clarks Court Bay Marina. Permanent employment is expected to be created for an additional 6 persons, and scores of others will be employed during the construction phase.
- **La Heliconia and Day Spa** involves the expansion and refurbishment of an accommodation facility located at Point Saline, St. George's. The expansion involves the construction of 6 additional rooms to complement its 8 existing rooms. Project cost is estimated at \$1.7 million.

- **Grenada Marine** involves the expansion and renovation of its current boat yard facility.
- **Carriacou Development Marina** which is currently being constructed and involves the development of \$13.9 million marina and dry dock facility at Tyrell Bay, Carriacou. Ten persons are currently employed.
- **Joyau des Caraïbes (Silver Sands Resort Development)** which involves the construction of a luxury resort hotel located on the site of the former Silver Sands Hotel on Grand Anse Beach, will continue to be constructed in 2016. It is estimated that over 175 persons will be employed throughout the construction phase.
- **Mount Cinnamon Expansion** involves an additional 39 rooms. Already 25 persons are employed in construction and an additional 50 will be employed next year. Over the next 12-18 months, the occupancy of this property will be doubled and 25 persons will have permanent employment.
- **The Rivera Hotel** is now being designed and will create a further 100 jobs during construction. During this design phase, the investors have agreed to construct a new Camerhogne Park nearby, and upgrade the vendors market and the basketball and tennis courts. Additional employment is expected to be created for approximately 260 Grenadians when the hotel becomes operational.
- **Grenada Resort Complex:** The developer and his team will soon submit an Environmental Impact Assessment and design documents to Physical Planning for a construction

permit. As a first stage, an interpretive centre will be built. The developer will select a contractor for this initial phase within the next 2 months. The next phase will likely include the flagship hotel, casino, residential apartments and villas, and associated amenities.

- **Urbaniza Grenada** has engaged one of the world's top master planners to commission a master plan for the Carenage. The Company plans to purchase at least three buildings on the Carenage and renovate them for business opportunities. The Company will complete all studies, including the EIA for the freezone and finalize negotiations with the existing port to start operations of the free zone at the existing port. It is expected that at least 50 to 75 jobs will be created in construction and another 50 when operations commence.

These private investments will lead to at least an additional 1,000 jobs.

## **8.0 IMPROVING GOVERNANCE**

### **8.1 Constitution Reform**

This Budget provides \$1.5 million to support a referendum in the first half of 2016.

The matters of determination by referendum include:

- Name of State;
- Election and Tenure of the Governor General
- Term of Office of Prime Minister
- Appointment of a Leader of the Opposition

- Fixed Date of Elections
- Rights and Freedoms
- Establishment of an Elections and Boundaries Commission.

Everyone is encouraged to join in this national undertaking.

## **8.2 Integrity in Public Life**

In June 2015, the Heads of Integrity Commissions and Anti-Corruption Bodies in the Commonwealth Caribbean held its first regional Conference. During the Conference, which was sponsored by the Commonwealth Secretariat and hosted by Grenada, the Commonwealth Caribbean Association of Integrity Commissions and Anti-Corruption Bodies (CCAICACB) was established. Grenada holds the positions of Chairman, Secretary and Treasurer on the CCAICACB Executive.

One of the top priorities for the Association in 2016 is the establishment of Model Integrity Legislation for all member states, in accordance with the United Nations Convention Against Corruption (UNCAC), as mandated by the Commonwealth Heads of Government Meetings.

As part of the Commission's legal function to "carry out programmes of public education intended to foster an understanding of the standard of integrity", a Poster Competition on Anti-Corruption will be launched for Secondary Schools, during the first quarter of 2016. One of the events for this programme would involve presentations on anti-corruption in the various secondary schools.

### **8.3 Committee of Social Partners**

Mr. Speaker, our Government is committed to inclusive governance as demonstrated by the dialogue within the Committee of Social Partners.

Some of the major initiatives of the Committee to date include:

1. Support and Monitoring of Homegrown Programme
2. Signing of Social Protocol;
3. Initiation of National Plan 2030; and
4. Proposal to organize a Week of Remembrance (October 19-25).

The Committee also has taken a keen interest the matter of improved health care and the Imani Programme.

I wish to applaud all the Social Partners for their unwavering commitment to meaningful dialogue and nation building.

Our efforts are highly regarded regionally and internationally.

### **8.4 National Sustainable Development Plan 2030**

The Plan will build on the Growth and Poverty Reduction Strategy 2014 – 2018 and several recently developed such as those in Agriculture, Tourism and Health.

The benefits of such Plan should include clear direction and faster development for all citizens.

This Plan will be approved by the Steering Committee before being presented to Cabinet for endorsement. Following Cabinet endorsement, the Plan will be tabled in Parliament.

This Plan is expected to be completed in 2016.



## 8.5 Financial Sector Regulation

Sustained economic growth and employment requires a strong and vibrant financial sector.

As part of ECCU-wide action to promote financial stability and the resolution of troubled banks, the following Bills were enacted:

1. Banking; and
2. Eastern Caribbean Asset Management Corporation.

Amendments were also made to the ECCB Agreement.

Throughout 2015, GARFIN continued to develop its regulatory and supervisory procedures for monitoring of the non-bank financial sector and ensuring its safety and soundness.

The credit union sector continued to play an important role in the local economy with total assets crossing \$500 million for the first time and membership now over 50,000.

All credit unions in Grenada have now been subject to an onsite, risk-based examination by GARFIN and follow up action is being taken where necessary. Formal training was undertaken with some 76 teacher guides from 71 schools throughout Grenada and Carriacou involved in the schools savings unions.

Supervision of pension plans by GARFIN has also gained momentum with some 42 plans formally registered. Training has been conducted with pension plan trustees.

Work continued apace in 2015 on the new, uniform Insurance Act for the ECCU region. This Act will create standardized legislation which will significantly increase the regulatory reach and powers of

the insurance regulators. It will also facilitate the proposed single, regulatory authority for the ECCU region to be called the Eastern Caribbean Financial Services Regulatory Commission.

This new Commission which is expected to become a reality by 2017, will not only create economies of scale but will also bring greater uniformity and coordination to insurance supervision.

Ultimately, it is proposed that supervision of the whole non-bank financial sector throughout the ECCU be brought under the auspices of the single regional regulator. A series of local and regional consultations will commence shortly to sensitize all constituents about the new Commission.

The Government of Grenada is committed to tackling international tax avoidance and evasion through Mutual Assistance modalities. To this end, at the 8<sup>th</sup> meeting of the Global Forum on Transparency and Exchange of information for Tax purposes, held in Barbados, in October 2015, Government signed a Multilateral Competent Authority Agreement (MCAA) on Automatic Exchange of Financial Account Information.

The MCAA agreement is one of the main pillars in the implementation of the automatic exchange of information between jurisdictions using the Common Reporting Standards as developed by the Organization of Economic Co-operation and Development. This would allow the Inland Revenue Division to better detect and mitigate tax avoidance and evasion schemes. Grenada is expected to fully implement this process by September 2018.

Grenada is considered a Substantially Concluded IGA jurisdiction for FATCA purposes and should have implemented Foreign Account Tax Compliance Act in September 2015. However, due to delays on the part of the U.S State Department, Grenada has yet officially signed the

Inter-Governmental Agreement, a prerequisite for implementation. The United States have now confirmed that an extension for implementation of FATCA was granted and implementation is now expected by September 30, 2016. Consequently, our local Financial Institutions will not be subject to the 30% withholding requirement as mandated under the FATCA legislation. The Government remains committed to partnering with the financial institutions during the implementation process.

## **8.6 Foreign Affairs**

Grenada is focused on a proactive foreign policy that raises Grenada's international profile, forges strategic partnerships and brings benefits to citizens, home and abroad.

In 2015, some of the major achievements of the Ministry of Foreign Affairs are:

- Finalized visa waiver agreements with People's Republic of China,
- Finalized the Schengen Visa Waiver Agreement
- Finalized Visa Waiver Agreement with Chile
- Signed bilateral cooperation agreement with the People's Republic of China in the amount of US\$20 million for the continuation of the Housing Project
- Scholarships secured from several Governments
- EC\$1.3 million in grants and equipment negotiated with the Government of Turkey:
- Signed Technical Cooperation Agreement with Colombia in the following areas:
  - Heritage management and preservation for the town of St. George
  - Poverty alleviation with the Ministry of Social Development
  - Drug interdiction for the RGPF
  - Cassava production

In respect of forging strategic partnerships, the priorities for 2016 will be:

- Mobilising resources for the Technical Assistance and Scholarship Funds
- Effective promotion of friendly relations with traditional and new cooperation partners particularly in Asia and the Middle East
- Deepening of the mechanisms to support the Regional Integration process (the Caribbean Community (CARICOM) and Organization of Eastern Caribbean States (OECS))
- Closer engagement with the BRICS countries and will also continue to develop closer ties of friendship, cooperation, trade and investment with countries in Africa and Asia-Pacific.
- Promotion of technical and economic cooperation with the European Union and individual countries in Europe.
- Pursuit of Memoranda of Understanding for Bilateral Political Consultation, Protection of Investments, Avoidance of Double Taxation, and Anti-corruption with various members of the international community.

## **8.7 Labour and Industrial Relations**

Government remains committed to promoting an atmosphere of harmonious industrial relations, health and safety in the workplace and opportunities for decent work including self-employment.

This year, Government is pleased to note that over seventy five percent of industrial disputes referred to the Ministry of Labour were settled without the loss of working days through strike and industrial action.

For the first ten months of the year, the Ministry of Labour generated \$1.3 million dollars in revenue.

The Ministry of Labour together with the umbrella organisations for labour and employers have completed a Work Place Policy on HIV/AIDS, which is geared to protect workers from stigma and discrimination and to provide support and counseling for the working population living with HIV and AIDS. Public education and awareness programme on the policy has already commenced in the Public Service and is expected to be rolled out to the private sector in 2016.

The Ministry continues to implement the *ILO Decent work programme* which promotes opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity. The programme is consistent with the priorities of the Government and includes labour market reforms, policy development and the promotion of harmonious relations, tripartism and fair labour practice.

The Draft Revised Labour Code is now before the Labour Advisory Board for consideration. This Code is expected to be tabled in Parliament in 2016. The revised Labour Code makes provision for persons with disabilities to be provided with reasonable accommodation to become productive employees. Fathers will receive the same leave entitlement had the mother been alive, in case of the unfortunate death of the mother at child birth.

To address the shortfall of skills in our Country, a Work Permit Policy has been finalised which will provide transparent guidelines for the recruitment of foreign nationals in line with the ILO Convention. However, priority will be given to Grenadians where the skills are available.

Government will continue to identify job opportunities under the seasonal agricultural programmes in Canada, and for the cruise ship employment programme. Discussions have started with the Grenada Mission in Miami to pursue similar opportunities in the United States.

In 2016, the Ministry will finalise the legislation on Occupational Safety and Health and develop a policy with assistance from the ILO.

Finally, Grenada will ratify the ILO Conventions on Domestic Workers, Repatriation of Seafarers and Workers Representatives.

## **8.8 Public Sector Modernisation**

In 2015, the Department of Public Administration's (DPA) mandate to create a leaner Government led to:

- A deliberate focus on Manpower Control through the implementation of the Attrition Policy. This led a 2.5 % reduction in the size of the Public Service with continued gains expected over the next three years. A review of the effects of Attrition will also guide continued implementation.
- The implementation of the developed outsourcing and contract management frameworks will further strengthen manpower control efforts and efficiency gains in service delivery. For 2015, 74 officers were successfully transitioned into new arrangements for the provision of critical social services – bringing the services closer to end users.
- This number is augmented by other service areas being delivered in a contract for service mode for greater accountability for results.
- Attention was given to developing and implementing a Contract Management toolkit to strengthen and uniform contract management practices Public Service wide.
- Development of HR Infrastructure to support the successful engagement of agency workers in the Public Service

To support Government's thrust to become more accountable, DPA gave deliberate attention to:

- Strengthening the Public Service Strategic agenda by supporting Ministries and Departments in developing their 3 year Corporate Plans to help build the New Economy.

Towards the engendering of a High Performing Public Service, DPA focused on:

- Implementation of the Government Employee Assistance Programme - Thus far, officers have been accessing services and efforts are underway to officially launch the Programme in the coming months. In 2016, efforts will be made to strengthen the programme so that it will have a broader reach and offer a wider variety of support services.
- Development of a Public Service Charter - completed preparatory work towards the development of a Public Service Charter. National consultations through a series of focus group discussions were held. In 2016, the DPA will work on developing the Public Service Charter taking into consideration the recommendations and suggestions from the consultations.
- Facilitating the commencement of a programme of technical assistance under the Commonwealth Secretariat to automate high impact services and leverage ICT in Education.
- Improved Management of Study Leave programme, resulting in a more equitable treatment of workers pursuing studies.
- Attention was also given to strengthening the administration of Overtime Payment and Responsibility Allowances
- Under the DPA's management, close to 200 public officers benefited from short-term training programmes sponsored by bi-lateral and multilateral cooperation. Approximately 100 public officers amassed skills in job-related technical courses.

Government also supported national human resource capacity building for over 100 self-employed and private sector entities.

- In support of the Government's succession agenda at the middle management level, three (3) senior public officers have now entered the credible Caribbean Leadership Development Programme, bringing the total to five, resulting in enhanced leadership capacity in the Public Service.

In 2016, the DPA will give priority to modernisation initiatives that support the Homegrown Programme and helps build the New Economy. These include:

- Pension Reform
- Establishment of a Public Service Training Centre
- Leadership Development Programme for Middle Managers
- Orientation Programme for Public Officers
- Training and Development Policy for all categories of workers
- Succession management and Leadership Development
- Strengthening the HRM function at the central and line levels

## **8.9 National Security**

The Royal Grenada Police Force (RGPF) has focused on strengthening internal mechanisms and maintaining a vigilant security force. Significant progress has been made in improving general response to reports and implementing measures to reduce crime. This has resulted in an increase in confiscation of illicit drugs and dangerous weapons and improvement in crime detection.

Strengthening Community policing was also prioritized as the RGPF is cognizant of the role the public plays, specifically at the community level, in solving crime.



The RGPF expresses its profound gratitude for the support of the public and its strategic partners as this relationship is a central pillar of crime prevention and suppression.

Grenada continues to benefit from the support of regional and international agencies through capacity building initiatives. In 2015, a total of one hundred and thirty (133) officers were afforded the opportunity to participate in regional and international training. This represents a twenty-two percent increase in the number of officers exposed to these training opportunities over 2014 figures. In 2016 these figures are expected to increase.

In 2016, focus will be on strengthening the Organizational Structure of the Royal Grenada Police Force, management and hazard resilience to ensure that its statutory obligation of preventing and detecting crime is maintained and public confidence in the Institution of law is preserved. The sustainability of activities to address crime and disorder to ensure public safety will also be prioritized; this encompasses community focused policing, suppressing transnational criminality and enhancing border security.

A new modern Immigration Border Management Control system will be implemented for the enhancement of regional integration with respect to hassle-free travel using e-gates. This new system will also improve security mechanism against transnational criminality, terrorism and human Trafficking.

## **8.10 Prison Reform**

In 2015, a recorded reduction in the prison population from 525 in 2014 to 425 occurred. At present, the population is 470 and HMP will continue in its efforts to maintain the population under 500. Additionally, the refocusing of the mandate from safe custody of inmates to rehabilitation, has also contributed significantly to this

reduction. Inmates are now exposed to a number of programmes that will equip them with the necessary skills to becoming better law abiding citizens on their release to society. The implementation of the Outreach programmes continues to bear fruit as time progresses.

In the area of Human Resource Development there was a sixty percent (60%) increase in the number of officers exposed to local and regional training opportunities.

The combination of the rehabilitation programmes and building human resource capacity has led to a significant reduction and almost disappearance of violence within the facility. The Commissioner and his team are applauded for their efforts and hard work.

## **8.11 Environmental Management**

Grenada as a Small Island Developing state is one of the most vulnerable countries in the world to the adverse impacts of climate change. Extreme events such as hurricanes are becoming more intense. Two major droughts occurred in the past years with substantial adverse effects on water resources and the agriculture sector. Projections indicate a strong likelihood of reduced annual rainfall as well as rising sea level. We see coastal erosion in many areas of our beautiful island – which will be further exacerbated given the projected sea level rise and intensified, more frequent storms due to climate change. We have to make our Country, our economy, our ecosystems more resilient against these impacts of climate change – and we have already started to do so, with support from our development partners, in particular the World Bank, the EU and the German Government.

Globally, our emissions level can be considered negligible, withal, we have submitted a new climate action plan to the United Nations Framework Convention on Climate Change (UNFCCC) ahead of

the Paris COP meeting -where a new agreement will be adopted - outlining our Intended Nationally Determined Contribution (INDC), emphasising our commitment towards emissions reduction.

We are working hard to receive even more support to make our projects climate-proof. With the support of the German Government, we are including climate change as a key development factor in the National Sustainable Development Plan 2030, and it will be introduced in the planning of all ministries. For the first time ever, all budget-relevant government projects had to undergo a climate screening to ensure that our investments are safe also for the long-term climate challenges. The necessity for this has become obvious in the analysis of the results, which has shown that almost 50% of our capital expenditure might be negatively impacted by climate change – therefore, it is imperative that we secure additional funding to protect and ensure that these projects are climate-proof and will have benefits even 20 years from today.

We are convinced that such additional funding is available from development partners and new funding mechanism like the Green Climate Fund, and we are implementing the actions mentioned above to indicate to these partners that we are doing homework, that we try with our own resources as far as possible to tackle climate change, that we lay the base for their additional funding.

A World Bank report published two weeks ago titled ‘SHOCK WAVES – Managing the impact of Climate Change on Poverty’ stressed that the major vulnerabilities are in areas which are key sectors for Grenada: agriculture, health and water. And these are the areas where we have already started, again supported by the German Government and other development partners such as the World Bank, CDB, and the UNDP to provide the base for future investments by the development partners:

- The CDB, GIZ and the 5Cs are providing support to the Government of Grenada to strengthen its readiness capacity to access climate financing. Preparation of project for submission to the Green climate fund has already commenced.
- The Ministry of Agriculture has started a climate-smart agriculture project, from which not only all relevant officers in the sector will benefit in terms of capacity building, but also a number of community projects are being implemented, including the establishment of a hands-on training institute for climate smart agriculture.
- Grenada's marine and coastal areas and their ecosystems like mangroves, beaches and reef are our main economic asset – and at the same time key defenses against the impacts of climate change. Cognizant of this fact, the Government has pledged to protect 20% or more of its marine resource by 2020, at the CCI summit in 2013. , The Government has also developed a Coastal Zone Management Policy as part of a sustainable, climate-resilient development approach. A first pilot project was initiated, from which a community in the Telescope area benefits in terms of mangrove protection and livelihood and income opportunities.
- The Health sector has made its new sector policy climate proof and already started the implementation of the plan, through the link of epidemiological and meteorological data. Grenada will be amongst the first countries in the world to do establish this link, which supports climate-sensitive surveillance – and hence better preparation for outbreaks of diseases which might be affected e.g. by droughts or severe rainfall and flooding events.
- The Government has started the first community rainwater-harvesting project in Grenada – to supply not only individual houses, but a whole community with rainwater, professionally managed by NAWASA.

The key achievements for 2015 are:

- Completed the Intended National Determined Contributions (INDC) Report and the following targets were approved by Cabinet: 30% reduction of 2010 GHG emissions by 2015; and 40% reduction of 2010 GHG emissions by 2030.
- Revised and published the Final Report of the National Adaptation Strategy and Action Plan.
- Completed a Vulnerability and Capacity Assessment (VCA) and a National Adaptation Strategy and Action Plan to address Climate Change in the Water Sector for Grenada.
- Development of a Coastal Zone Management Policy – this was submitted for approval by the Cabinet.
- Approved 29 Community projects by the National Climate Change Committee to be funded by the Community Climate Change Adaptation Fund of which 10 are already being implemented.
- Continue the mainstreaming of climate considerations in the budgeting process and training in climate finance.
- Increased public education awareness through innovative projects, e.g. Climate Change Walk, Climate Change Cruise and the launching of Climate Change Football Cup on Carriacou. Six primary schools on Carriacou benefitted from this programme by developing and implementation of environmental projects.
- Established pilot coral nursery sites for Grand Anse and Carriacou.
- Observed international days of environmental significance such as World Environment Day, Coastal Cleanup at 20 beaches.

In 2016, steps will be taken to support resource mobilization and enhance the legislative and policy framework for optimal environmental management.

## **8.12 Information**

The Government Information Service (GIS) is now the leader of local content. It not only provides the platform for the efficient dissemination of Government information through online and traditional avenues but covers a range of domestic events.

In 2015, there was a significant increase in the number of live broadcasts, which provided ordinary citizens the opportunity to express their views on national issues and obtain feedback from their constituency representatives.

The launch of new programmes in 2016 will highlight public issues of interest and the work of the Government. The issues will be captured into new editions from the fast paced newscast “The National Report” and the in-depth feature programme “*State of Affairs*” as well as other special programmes. GIS will initiate the installation of a new server that will realise a significant reduction in the recurrent expenditure at GIS, notwithstanding, expansion of Government’s dissemination strategy into new social media platforms.

Finally, it will provide more predictability on its programming to facilitate its growing viewership.

## **8.13 Justice Reform**

Government will continue its efforts to reduce and ultimately eliminate the backlog of matters within the courts system. This began with the implementation of the Judicial Reform and Institutional Strengthening (JURIST) Project in 2015 and will continue with enhancement of the Court Reporting Unit.

The provision of Court facilities in an environment more conducive to facilitating improved access to justice has been a welcome and major accomplishment in 2015.

The Court Connected Mediation Programme will continue to play a meaningful role in providing an inexpensive and timely method of dispute resolution. From January to October 2015, one hundred and ninety three (193) matters were mediated; eight-two of those matters have been settled.

## 8.14 Legislative Agenda

In 2015, twelve (12) New Bills, twenty three (23) Amendments and forty two (42) Statutory Rules and Orders were enacted.

In 2016, Government's legislative agenda will include the following Bills:

- Constitutional Amendments (already drafted)
- Gaming (including Video Lottery Terminals)
- Possessory Title (already drafted)
- Tax Administration (already drafted and circulated for comments)
- Bankruptcy and Insolvency (already drafted and circulated for comments)
- Electricity Supply (already drafted and circulated for comments)
- Public Utilities Regulatory Commission (already drafted and circulated)
- Revised Labour Code (discussions underway)
- Public Service Bill (drafted)
- Small Business

Mr. Speaker, I wish to thank the Attorney General and the Drafting Unit for another year of hard work.

I also wish to thank Hon. Gregory Bowen and Senator the Hon. Simon Stiell, Leaders of Government Business in Parliament and all Parliamentarians for their attention and support during another demanding year of legislation.

## **9.0 ACKNOWLEDGEMENTS**

Mr. Speaker, on behalf of the Government and People of Grenada, I wish to place on record our appreciation of the following Governments and Organisations for their financial, economic and technical assistance during the past year:

The Government of the People's Republic of China

The Government of the Bolivarian Republic of Venezuela

The Government of the Republic of Trinidad & Tobago

The European Union

The Government of the Republic of Cuba

The Government of the Federal Republic of Germany

The Government of New Zealand

The Government of the United Arab Emirates

The Government of Canada and the Canadian International Development Agency

The Government of the United States of America and the United States Agency for International Development

The Government of the United Kingdom and the Department for International Development

The Government of Japan

The Government of India

The Government of the Federative Republic of Brazil

The Government of the Kingdom of Morocco

The Government of the Republic of Turkey

The Government of the Republic of Kazakhstan



The Government of the Republic of Korea

The Government of the Russian Federation

The Government of the Republic of France

The Government of the Republic of Chile

The Government of the Argentine Republic

The Government of Costa Rica

The Caribbean Development Bank

The Eastern Caribbean Central Bank (ECCB)

The World Bank Group

The Kuwaiti Fund for Arab Economic Development

The OPEC Fund for International Development (OFID)

The International Monetary Fund

The Organisation of Eastern Caribbean States (OECS)

The CARICOM Secretariat

The Caribbean Regional Technical Assistance Centre (CARTAC)

The United Nations Development Programme

The Caribbean Tourism Organisation (CTO)

The United Nations Population Fund  
UN Women

The United Nations Children's Fund

United Nations Educational Scientific and Cultural Organization  
(UNESCO)

United Nations Economic Commission For Latin America And The Caribbean (UNECLAC)

The Commonwealth Secretariat

The Organisation of American States (OAS)

The Food and Agriculture Organisation (FAO) of the United Nations

The International Renewable Energy Agency (IRENA)

The Inter-American Institute for Co-operation on Agriculture

The Caribbean Disaster Emergency Agency (CDEMA)

The Association of Caribbean States

The Community of Latin American and Caribbean States (CELAC)

The Caribbean Export Development Agency

The Caribbean Regional Negotiating Machinery (CRNM)

The Caribbean Financial Action Task Force (CFATF)

The Caribbean Anti-Money Laundering Programme (CALP)

Mr. Speaker, I acknowledge and applaud the sacrifices of all citizens.

I recognize the ongoing contributions of the Committee of Social Partners and the Homegrown Programme Monitoring Committee.

I express my deepest appreciation of my Cabinet Colleagues for their ongoing sacrifices.

I take this opportunity to express my commendations to the Permanent Secretary, Deputy Permanent Secretaries, Accountant General and staff, Chief Budget Officer and members of the Budget Unit, Head of Policy, members of the Policy Unit and Macroeconomic Adviser, Head of Debt Management and members of the Debt Unit,

Head of Corporate Communications, management team and staff of the Ministry of Finance as well as the Manager and staff of the Government Printery.

I thank the Attorney General and his staff, the Secretary to the Cabinet, Permanent Secretaries, Heads of Non-Ministerial Departments, Press Secretary and other public officers who have contributed to the preparation and delivery of this Budget.

I also thank the Clerk of Parliament and staff for their assistance in the preparations for today's Presentation.

Finally, Mr. Speaker, I wish to thank you for permitting the use of technology to support my presentation today.

## **10.0 CONCLUSION**

Mr. Speaker, thirty three months ago, a great cloud of hopelessness hung over this Nation.

That cloud is gone.

Today, bright rays of hope are in view.

The seeds sown by our shared sacrifice are now beginning to yield a wonderful harvest – fiscal turnaround, sustained economic growth, rising employment and increasing opportunities.

This Presentation and the accompanying pictures are powerful stories of our resilience, recovery and results.

### **Your hard-working Government is delivering.**

When we spoke earlier about over three and a half thousand new jobs being created – we were not just reporting an impressive number; we were speaking about real people whose lives have been impacted positively.

We are keenly aware that still more people await delivery.

But ‘We will deliver’ is not a mere idle slogan for the construction worker in Paradise, who four years ago, because the job sites had gone idle, was in trouble with his mortgage. He has since found work; he is back on schedule with his mortgage; he does not fear losing his house anymore.

For the temporary teacher who has been in the system the last 5 years but is only just able to access a loan to build a house because she is now regularized;

For the over 100 workers who are employed at the Silver Sands Resort Project, or the hundreds of trained young people at Clear Harbour or Sandals Sales and Marketing Center, and the many others from River Sallee in the North to Grand Anse Valley in the South, who are looking for work and finding work;

**Your hard-working Government is delivering.**

For the public servants whose paychecks are now on time;

For the small contractors who are finally getting paid; and the many suppliers who are finally receiving payments for services provided to the previous Government,

**Your hard-working Government is delivering.**

For the doctors at the General Hospital who, after a hard-day’s work serving our people, can now relax in more comfortable quarters;

For the long-suffering unemployed nurse, who has finally found a way to practice her profession;

For the current or future patient who can now rest assured knowing that Government is working overtime to ensure that basic medications are provided and in regular supply;

## **Your hard-working Government is delivering.**

Unlike others, we talk less and do more.

Indeed, Mr. Speaker, it is better to have a heart with fewer words, than many words without a heart.

For the brilliant young people from Resource, Union or Maran, who are now studying in Morocco, or China, or Cuba, and for whom those opportunities would not have been possible otherwise;

For little Harry in Dudmar, St. David, who now can attend school regularly because of the Transportation and Uniform allowance that he has received;

## **Your hard-working Government is delivering.**

For the relocated residents of Soubise who are no longer compelled to feel vulnerable and exposed to rising sea levels;

## **Your hard-working Government is delivering.**

For the scores of small business people, who because of that hand-up through the expanded small business assistance programme, do not have to accept hand-outs anymore;

And for all these people and more, those are not just the much-needed pay checks.

They have had their dignity restored.

Three thousand youth now have skills, greater self-esteem and hope. They have had the trajectory of their lives changed through their participation in the Imani programme. They understand, that as difficult as today is; these are far better times than yesterday.

But most importantly, they can hope for a better tomorrow.

**In this period of growth, our strongest currency is hope.**

And that's why we can say today – that hope lives and more help is on the way.

**Your hard-working Government is delivering.**

As a Nation, we have faced great odds but made great strides.

And we are fortified by the words of the Holy Scriptures found in Romans 8: 37, and I quote: “**despite all these things, overwhelming victory is ours through Christ, who loved us.**” End of quote.

And so, we are marching on, determined to better the lives of everyone.

Our faith has sustained us, and hope lives!

May God bless the people of Grenada, Carriacou and Petite Martinique.

## **ANNEX 1**



## **GOVERNMENT OF GRENADA**

## **BUDGET FRAMEWORK PAPER**

**2016 – 2018**

**Ministry of Finance and Energy**

**November 25, 2015**

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## **LIST OF ABBREVIATIONS & ACRONYMS**

CARICOM	Caribbean Community
CBI	Citizenship by Investment
CDB	Caribbean Development Bank
COA	Chart of Accounts
CPI	Consumer Price Index
ECCB	Eastern Caribbean Central Bank
ECCU	Eastern Caribbean Currency Union
FRL	Fiscal Responsibility Legislation
GDP	Gross Domestic Product
HGSAP	Home Grown Structural Adjustment Programme
ICT	Information and Communication Technology
IMF	International Monetary Fund
IRD	Inland Revenue Department
MNIB	Marketing and National Importing Board
MTEFS	Medium Term Economic and Financial Strategy
NDP	National Development Plan
NTF	National Transformation Fund
OFID	OPEC Fund for International Development
PFM	Public Financial Management
SOE	State Owned Enterprise
SB	Statutory Board
VAT	Value Added Tax

## **BUDGET FRAMEWORK PAPER 2016 - 2018**

### **I. Purpose**

- 1.1 This document is being submitted in fulfilment of the legal requirement in Clause 12(2) of the Public Financial Management (PFM) Act No. 17 of 2015 which stipulates that “the Minister of Finance shall prepare a medium-term fiscal framework based on estimates for the fiscal year and for two consecutive years thereafter, which take into account the economic and development policies that are consistent with the achievement of Government’s macroeconomic objectives”.
- 1.2 The objective is to document for the information and guidance of the Parliament the medium term implications of the proposed 2016 fiscal programme. In keeping with the requirements of the PFM, this document provides:
  - a. A summary assessment of recent economic performance including a summary of 2015 fiscal performance compared with the 2015 budget and medium term fiscal programme agreed with the IMF.
  - b. A summary of the macroeconomic and fiscal forecasts for the period 2016-2018.
  - c. A summary of fiscal policy and the statement of the medium term fiscal policy objectives.
  - d. Summary of fiscal risks.

### **II. Recent Economic Performance**

- 2.1 Currently at its mid-term stage, the Home Grown Structural Adjustment Programme has been pivotal in correcting the fiscal imbalances that resulted from the cumulative effects of the shocks that were experienced in the aftermath of the 2004/05 natural disasters and the protracted global economic crisis that began in 2008/09. The main objectives of the programme are to boost growth and job creation, to resolve the fiscal crisis and debt overhang and to ensure the continued stability of the financial sector.
- 2.2 Real growth, which averaged negative 1.3 percent over the period 2008-2012, rebounded strongly in 2013 and 2014 with rates of 2.4 and 5.7 per cent respectively. Based on performance as at the end of the third quarter, real growth in 2015 is projected at 5.1 per cent. Real growth is projected at 2.8 per cent in 2016, 2.1 per cent in 2017 and 3.2 per cent in 2018.

**Table 1: Real Gross Domestic Product (at market prices) 2014 -2018**


	Actual 2014	Preliminary 2015	2016	Projections 2017	2018
Agriculture, Livestock and Forestry	53.8	49.4	13.5	13.7	18.2
Fishing	4.2	-7.9	2.0	1.3	1.5
Mining & Quarrying	-19.8	6.2	8.0	6.0	4.0
Manufacturing	1.6	0.7	0.5	0.5	0.5
Electricity & Water	0.5	2.7	1.2	1.1	1.3
Construction	-11.7	6.2	8.0	6.0	4.0
Wholesale & Retail Trade	4.0	1.1	2.0	2.0	2.0
Hotels & Restaurants	30.4	4.8	1.8	3.0	3.8
Transport and Storage	8.1	4.8	4.5	4.2	3.8
Communications	3.3	1.0	1.0	1.0	1.0
Financial Intermediation	-2.3	0.1	0.3	0.4	0.4
Real Estate, Renting and Business Activities	1.8	1.4	1.1	1.1	1.1
Public Administration	0.1	-3.0	-1.0	-1.0	-1.0
Education	4.5	1.9	0.8	0.4	0.4
Health and Social Work	-0.1	2.3	0.2	0.2	0.2
Other Community, Social & Personal Services	2.3	0.5	0.5	0.5	0.5
Activities of Private Households as Employers	0.9	0.9	0.9	0.9	0.9
Real Gross Value added (not GDP)	4.8	4.5	2.6	2.7	3.2
<b>Real Gross Domestic Product</b>	<b>5.7</b>	<b>5.2</b>	<b>2.8</b>	<b>2.1</b>	<b>3.2</b>
<b>Other key indicators</b>					
Nominal GDP (% Change)	8.2	5.8	4.0	4.2	5.3
Nominal GDP (ECS Millions)	2461.9	2609.2	2708.6	2821.3	2970.2
GDP Deflator	2.40	0.6	1.1	2.0	2.0
Consumer Price Index	-0.98	-0.7	1.0	2.1	2.1
Oil price (\$US/barrel)	96.25	51.8	50.4	54.6	57.9

\*Percent growth unless indicated

Source: Ministry of Finance estimates

- 2.3 The initial results of the adjustments undertaken have been positive. The fiscal account has outperformed expectations as all quantitative indicators agreed with the IMF have been comfortably met. Based on end-October results, Table 2 below compares the performance of the projected fiscal 2015 outturns with the adjustment targets agreed with the IMF.

**Table 2**  
**Summary of Provisional Fiscal Outturns 2015**

In millions of Eastern Caribbean Dollars			Variance (%)	as % of GDP	
	2015			2015	
	Provisional Estimates	Program target		Provisional Estimates	Program Target
TOTAL REVENUE AND GRANTS	622.4	581.5	7.0	23.9	22.3
CURRENT REVENUE	550.4	504.4	9.1	21.1	19.3
Tax revenue	494.9	466.5	6.1	19.0	17.9
Taxes on Income	106.0	84.7	25.2	4.1	3.2
Taxes on Property	22.2	25.6	-14.6	0.9	1.0
Taxes on Domestic Goods & Consumption	201.9	207.2	-2.6	7.7	7.9
Taxes on International Trade & Transactions	164.8	149.0	10.6	6.3	5.7
Non - Tax Revenue	55.4	37.9	46.3	2.1	1.5
Grants	72.1	77.1	-6.5	2.8	3.0
TOTAL EXPENDITURE & NET LENDING	669.8	641.1	4.5	25.7	24.6
CURRENT EXPENDITURE	470.8	464.6	1.3	18.0	17.8
Personal Emoluments,Wages & Allowances	215.2	226.6	-5.0	8.2	8.7
Goods and Services	66.0	73.7	-10.5	2.5	2.8
Interest Payments*	102.0	90.6	12.6	3.9	3.5
Transfers	87.6	73.7	18.9	3.4	2.8
Net Lending	0.00	0.0	-	0.0	0.0
Capital Expenditure	199.0	176.5	12.8	7.6	6.8
Current Account Balance	79.6	39.8	100.0	3.1	1.5
Overall Balance (after Grants)	-47.3	-59.6	-20.6	-1.8	-2.3
Primary Balance (after Grants)	54.7	31.0	76.4	2.1	1.2

## 2.4 The results show that:

- The primary balance for 2015 is projected at \$54.7 million or 2.1 per cent of GDP as compared with the programme target of \$31 million (1.2 per cent of GDP) – the first primary surplus to be achieved in a decade.
- The overall deficit (after grants) is also on a downward trend and well aligned with programme targets. The projection for 2015 is \$47.3 million (1.8 per cent of GDP) as compared with the target of \$59.6 million (2.3 per cent of GDP).
- The projected tax outcomes are all in line with the adjustment programme targets and tax revenue fully covers recurrent expenditure requirements. Maintenance of this performance should contribute to an improved cash position and reduced reliance on short term financing from the domestic market.
- Tax revenue recovered from a historic low of 16.7 per cent of GDP in 2013 to 19 per cent in 2014 and is projected to remain at that level in 2015.
- Total expenditure is projected at \$669.8 million (25.7 per cent of GDP) as compared to the adjustment programme target of \$641.1 million (24.6 per cent of GDP).
- Based on the debt restructuring arrangements that have already been finalized, the total public sector debt stock at the end of 2015 is expected to decline to 103.6 per cent of GDP - moving from 109 per cent of GDP in 2014. The

Central Government debt stock is expected to fall to 84 per cent of GDP by the end of 2015.

- g. Given the design of the external commercial bond restructuring package, no major impact on debt servicing cost is anticipated in the short term. The post-restructuring debt service payment in 2015 is estimated at \$102 million (approximately 3.5 per cent of GDP).
- h. Grant funding continues to be the principal source of capital expenditure financing.

2.5 Structural reforms to support growth and safeguard Government finances are continuing. So far, the agenda focuses on four (4) key components – fiscal stability, growth and business climate enhancement, public sector modernization and the re-engineering of social protection systems. In addition, technical work has recently started on the strengthening of management systems for the Public Sector Investment Programme (PSIP). Going forward, this will be a particularly important component of the structural reform package given the potential for improved efficiency in this area to support the growth agenda and contain fiscal risks.

2.6 Notwithstanding these positive developments, economic and fiscal challenges remain. The economic recovery needs to be consolidated, both the unemployment and the poverty levels are still unacceptable and achievement of the fiscal and debt reduction targets is subject to several downside risks including externally generated growth shocks and weather-related events.

### III. Medium Term Macroeconomic Outlook

- 3.1 **Real Sector:** Over the 3 year period 2016-2018, real economic growth is projected to average 2.8 per cent. This average could increase if physical activity is commenced on certain private sector pipeline projects that have already been approved by the GIDC.
- 3.8 Table 3 below provides a summary of the key elements of the macroeconomic framework which informs the design of the medium term fiscal programme.

**Table 3 Macroeconomic Assumptions**

	Actual	Projections	Forecast		
	2014	2015	2016	2017	2018
<b>Nominal GDP (\$m)</b>	<b>2,462</b>	<b>2,609</b>	<b>2,722</b>	<b>2,835</b>	<b>2,985</b>
<b>Nominal GDP Growth (%)</b>	8.2	6.0	4.3	4.2	5.3
GDP deflator	2.4	0.8	1.6	2.0	2.0
<b>Real GDP (%)</b>	5.7	5.1	2.8	2.1	3.2
CPI (%)	-0.98	-0.4	2.0	2.1	2.1
Population	109,374	110,030	110,690	111,355	112,023
<b>Nominal GDP per capita (\$)</b>	0.02	0.02	0.02	0.03	0.03
Foreign Direct Investment (\$m)	107.8	137.0	178.3	181.9	190.7
Unemployment	28.9	30.4	28.0	27.2	26.1

Source: Ministry of Finance, Central Statistical Office


- 3.2 Growth will be supported by ongoing foreign direct investments in resort and marina development, continuation of productivity improvements and export marketing penetration in the agriculture and agro-processing sectors and moderate but steady expansion of the private education sector. The tourism sector should benefit from the continuing recovery of household incomes in the leading US source market, continuing improvements in cruise ship arrivals and capacity expansion as a result of increased room stock and airlift.
- 3.3 In the construction sector, a strong rebound is projected with ongoing private sector developments being complemented by the implementation of public sector investments including the completion of the Parliament building, the Disaster Vulnerability Reduction Project, road development works and airport runway rehabilitation.
- 3.4 Growth in the manufacturing sector should be supported by new export initiatives and increases in domestic demand. As confidence in the economy improves, domestic demand is expected to strengthen and unemployment is expected to continue to decline from the 2014 reported level of 28.9 per cent in 2014.
- 3.5 A slow but steady recovery is expected in the financial sector as commercial bank balance sheet challenges are resolved and domestic demand for credit responds to the positive economic outlook. Together, these developments should support growth in the transport and communications, wholesale and retail and other service sectors.
- 3.6 On balance, the ongoing decline in global fuel prices is expected to have a favourable net effect on medium term prospects. The external account should benefit from the continuing recovery of the tourism sector and the reduced costs of housing, water, electricity, gas, and other fuels (2.8 per cent) and transport (4.0 per cent) which are attributable to the lower international oil prices. Both household incomes and productivity levels should benefit from the resultant cost savings. These benefits should outweigh the impact of price competitiveness challenges to domestic exports, especially fish exports, which should regain external market share over the medium term as supply side challenges are resolved.

#### **IV. Medium Term Fiscal Projections**

- 4.1 The assumptions informing the medium term fiscal projections are set out in Table 4 below.

TABLE 4 - ASSUMPTIONS FOR the MEDIUM TERM FISCAL FORECAST				
CATEGORIES	2015	2016	2017	2018
REVENUE				
	For all categories of taxes on income it is assumed that the trend established as at the end of October will be maintained	All categories of taxes are assumed to grow in line with projected GDP		
Taxes on Income				
Taxes on Property	All taxes on property were held at the budgeted figure			
Taxes on Domestic Goods & Services	For all categories of taxes on domestic goods & services except annual stamp tax, it is assumed that the trend established as at the end of October will be maintained. Annual stamp tax were held at the budgeted figure.	All categories of taxes are assumed to grow in line with projected GDP. Annual stamp tax was adjusted in 2016 for the policy change.		
Taxes on International Trade & Transactions	For all categories of taxes on international trade & transactions except petrol tax, it is assumed that the trend established as at the end of October will be maintained. Petrol tax were held at the budgeted figure adjusted by inflows from the policy changes implemented between March and September.	All categories of taxes are assumed to grow in line with projected GDP.		
Non - Tax Revenue	Seasonality adjusted projections are used to estimate all non tax revenue except for CBI. Revenues from CBI were conservatively estimated at actual collections.	All categories of taxes are assumed to grow in line with projected GDP.		
RECURRENT EXPENDITURE				
	For all categories of expenditure, it is assumed that the trend established as at the end of October will be maintained	For all categories of primary expenditure the Fiscal rules were used i.e. each expenditure line is estimated to grow by 2% annual adjusted by the previous year inflation rate.		
Personal Emoluments, Wages & Allowances				
Goods and Services	Goods and services were held at the budgeted figure adjusted for payment to debt advisors	For all categories of primary expenditure the Fiscal rules were used i.e. each expenditure line is estimated to grow by 2% annually adjusted by the previous year's inflation rate.		
Interest Payments	Interest payments reflects the post restructuring scenario including the 25% haircut due at the end of the IMF			
Transfers & Subsidies	All transfers & subsidies were held at the budgeted figure	rules were used i.e. each expenditure line is estimated to grow by 2% annual adjusted by the previous year inflation rate.		
Grants				
Budgetary Grants	Budgetary grants are equal to the expected inflow from the EU			
Capital Grants	No additional inflows beyond October 2015	assumed that capital grants will be fully covered by		
Capital Expenditure and Net Lending				
Grant-financed	Based on grants already received from BNTF, UNDP and CBI	Based on projections of expected inflows from confirmed sources		
Non-grant financed	Assumes that capital expenditure for the remainder of 2015 will be adjusted downwards in line with expectations for reduced flows from CBI and Petrocaribe	3.6 per cent of GDP	4.5 per cent of GDP	4.5 per cent of GDP

4.2 The recommended medium term fiscal framework is summarized in Table 5 below.

Table 5								
Grenada Fiscal Projections 2015 - 2018								
<i>In millions of Eastern Caribbean Dollars</i>								
	2015		2016		2017		2018	
	Provisional Estimates	as a % of GDP	Provisional Estimates	as a % of GDP	Provisional Estimates	as a % of GDP	Provisional Estimates	as a % of GDP
TOTAL REVENUE AND GRANTS	622.4	23.9	773.1	28.4	661.6	23.3	700.2	23.5
CURRENT REVENUE	550.4	21.1	574.6	21.1	603.1	21.3	637.5	21.4
Tax revenue	494.9	19.0	526.2	19.3	548.1	19.3	577.0	19.3
Taxes on Income	106.0	4.1	93.9	3.5	97.8	3.5	103.0	3.5
Taxes on Property	22.2	0.9	22.0	0.8	22.9	0.8	24.1	0.8
Taxes on Domestic Goods & Consumption	201.9	7.7	229.6	8.4	239.2	8.4	251.8	8.4
of which: VAT	193.1	7.4	208.6	7.7	217.2	7.7	228.7	7.7
Taxes on International Trade & Transactions	164.8	6.3	180.6	6.6	188.1	6.6	198.1	6.6
Non - Tax Revenue	55.4	2.1	48.3	1.8	55.0	1.9	60.5	2.0
Grants	72.1	2.8	198.5	7.3	58.5	2.1	62.6	2.1
TOTAL EXPENDITURE & NET LENDING	669.8	25.7	772.9	28.4	670.2	23.6	689.3	23.1
CURRENT EXPENDITURE	470.8	18.0	481.2	17.7	493.1	17.4	500.6	16.8
Personal Emoluments, Wages & Allowances	215.2	8.2	223.3	8.2	232.3	8.2	241.9	8.1
Goods and Services	66.0	2.5	66.7	2.4	69.4	2.4	72.2	2.4
Interest Payments*	102.0	3.9	103.3	3.8	96.2	3.4	91.2	3.1
Transfers	87.6	3.4	88.0	3.2	95.3	3.4	95.3	3.2
Net Lending	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Expenditure	199.0	7.6	291.6	10.7	177.1	6.2	188.7	6.3
Current Balance (before Grants)	79.6	3.1	93.3	3.4	109.9	3.9	136.9	4.6
Overall Balance (after Grants)	-47.3	-1.8	0.2	0.0	-8.7	-0.3	10.8	0.4
Primary Balance (after Grants)	54.7	2.1	103.5	3.8	87.5	3.1	102.0	3.4

- 4.3 The tax revenue projections are based on the assumption that, following a 2015 real growth rate of 5.1 per cent, the economy will grow by 2.8 per cent in 2016, 2.1 per cent in 2017 and 3.2 per cent in 2018.
- 4.4 The value added tax (VAT) is expected to account for 40 per cent of total tax revenue with trade taxes accounting for 34 per cent and income taxes accounting for 17 per cent.
- 4.5 Under the current structure, it is projected that a tax effort tax of about 19 per cent could be consistently maintained over the medium term and that, with the support of appropriate management systems, this level of tax revenue could adequately cover recurrent expenditure requirements.
- 4.6 The achievement of these tax revenue targets will be supported by the ongoing reorganization of the Inland Revenue Department and the passage of a new Tax Administration Bill which is currently on the legislative agenda.
- 4.7 The projections for non tax revenue beyond 2016 reflect some conservatism about the pace at which the Citizenship by Investment programme will generate revenues. An important consideration here is that this approach minimizes the extent of dependence of core budget activities on the CBI funding, thereby allowing any excess resources generated by the programme to be allocated to investment programming and contingency planning.



- 4.8 The primary expenditure projections are based on the application of the expenditure rules set out in the Fiscal Responsibility Act which specifies that:
- Primary expenditure will grow at a maximum of 2 per cent a year adjusted by the previous year's inflation rate. In the case of the capital programme, the application of this rule is restricted to non-grant primary expenditure.
  - The annual wage bill will not exceed nine per cent of GDP.
  - The achievement of a primary balance of 3.5 per cent of GDP is the major target of medium term fiscal policy.
- 4.9 Beyond 2016, capital expenditure is held at the equivalent of 6.2 per cent of GDP, of which funding from non-grant sources (revenue and/or loans) will not exceed the equivalent of 4.2 per cent of GDP in 2017 and 4.3 per cent in 2018 – reflecting consistency with the focus of the Medium Term Debt Management Strategy on containing the debt build up.
- 4.10 The fiscal forecast assumes that all domestic budgetary arrears (over 60 days) will be cleared by the end of 2015 as planned and takes account of the recently concluded debt restructuring arrangements with the external commercial bondholders, Paris Club creditors and the National Insurance Scheme (NIS). No assumptions are made regarding the outcome of proposed bilateral debt restructuring negotiations with non-Paris Club bilateral creditors.

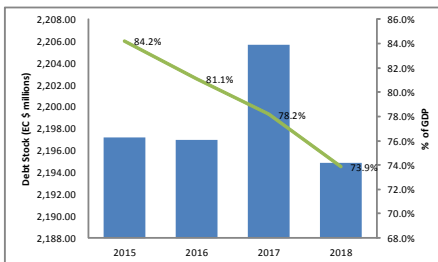
## **V. Medium Term Fiscal Policy Objectives**

- 5.1 Debt reduction will continue to be the focus of fiscal policy in 2016 and throughout the medium term. Specifically, fiscal policy will seek to achieve and maintain a debt/GDP ratio of less than 60 per cent. Operationally, the medium term fiscal strategy is designed around a set of measures that seek to maintain a primary surplus of 3.5 per cent of GDP until the debt stock reaches the equivalent of 55 per cent of GDP.
- 5.2 In this context, the major objective of the 2016 fiscal programme will be to maintain the downward trajectory of the debt stock. On the basis of the recommended medium term fiscal framework, it is estimated that the total debt stock of Central Government could reach 82 per cent of GDP by the end of 2016. Fiscal operations will be guided by the provisions of the Fiscal Responsibility Act, the Public Debt Management Act (PDM) and the Public Financial Management Act (PFM) and, in this context, the revenue and expenditure targets will be as set out in Table 4 below.
- 5.3 Table 6 below summarizes the implications of the recommended medium term fiscal framework for the Central Government debt path. These projections incorporate the results of the commercial bond and Paris Club restructuring negotiations. No assumptions are made about the outcome of negotiations on the remainder of the bilateral debt stock. It is assumed that the second haircut on the commercial bond restructuring agreement will be implemented in 2017 following the end of the IMF programme. The results show that the debt stock could maintain the planned downward trajectory – reaching to 71.6 per cent of GDP by 2018.

Could maintain the planned downward trajectory – reaching to 73.9 per cent of GDP by 2018.

Table 6 - Evolution of Central Government Debt Stock 2015-2018

	2015	2016	2017	2018
Primary	54.70	103.50	87.50	102.00
Interest	102.0	103.3	96.2	91.2
Overall	-47.32	0.21	-8.70	10.78
Sale of Assets	0.00	0.00	0.00	0.00
Scheduled Disbursements	140.7	125.5	80.2	30.3
Principal	260.53	352.72	292.00	327.78
<b>FINANCING BALANCE</b>	<b>-167.11</b>	<b>-227.03</b>	<b>-220.46</b>	<b>-286.71</b>
<b>GDP</b>	<b>2,609.2</b>	<b>2,708.6</b>	<b>2,821.3</b>	<b>2,970.2</b>
Total Debt Stock	2197.2	2197.0	2205.7	2194.9
<b>Debt/GDP (%)</b>	<b>84.2%</b>	<b>81.1%</b>	<b>78.2%</b>	<b>73.9%</b>



## VI. Risk Assessment

- 6.1 Notwithstanding the optimistic forecast for the medium term, downside risks remain. In real terms, the level of output is just marginally above the 2008 level with levels in some sectors still lagging pre-crisis levels. Grenada remains highly vulnerable to the effect of natural disasters and other external shocks. While ongoing fiscal reforms should contribute to mitigating the impact of these shocks, their incidence can seriously erode gains previously made as well as retard economic prospects.
- 6.2 In the agriculture sector, in the absence of proactive risk mitigation measures, supply chain disruptions could undermine the progress of the export market penetration thrust.
- 6.3 Declining global fuel prices will have mixed effects on the country's risk matrix. In the private sector, both firms and households will continue to benefit from resulting increases in productivity and disposable incomes. However, as has been the experience over the last 2 fiscal periods, the flow of Petrocaribe grant funding will be adversely affected by the depressed oil price environment.

**ANNEX II**  
**ECONOMIC AND FISCAL REVIEW 2015**  
**(Preliminary)**  
**Prepared by:**  
**Macroeconomic Policy and Research Unit**  
**November 2015**

**INTERNATIONAL AND REGIONAL DEVELOPMENTS**

Global economic growth will remain moderate for 2015 and is projected at 3.1 per cent which is marginally below the 3.4 per cent growth that was recorded in 2014. Much of this growth has been driven by the advanced economies, while performance in the emerging and developing countries continues to slow. According to the IMF World Economic Outlook (WEO) report of October 2015, *“In an environment of declining commodity prices, reduced capital flows to emerging markets and pressure on their currencies, and increasing financial market volatility, downside risks to the outlook have risen, particularly for emerging market and developing economies.”* The growth projection for 2016 is slightly higher at 3.6 per cent.

Growth is expected to increase modestly in 2015 and into 2016 across most advanced economies. The strongest rebound remains in the United States, while the modest recovery in the euro area and a return to positive growth in Japan, supported by declining oil prices, accommodative monetary policy, and in some cases, currency depreciation all help to explain these developments. Growth in the United Kingdom is projected to be solid but at a slower pace.

**Table 1: IMF PROJECTIONS OF GLOBAL GROWTH FOR SELECTED COUNTRIES**

	<b>2013</b>	<b>2014</b>	<b>2015 (Proj.)</b>	<b>2016 (Proj.)</b>
<b>World Output</b>	<b>3.3</b>	<b>3.4</b>	<b>3.1</b>	<b>3.6</b>
<b>Advanced Economies</b>	<b>1.4</b>	<b>1.8</b>	<b>2.0</b>	<b>2.2</b>
United States	2.2	2.2	2.6	2.8
Euro Area	(0.4)	0.9	1.5	1.6
Japan	1.5	-0.1	0.6	1.0
United Kingdom	1.7	3.0	2.5	2.2

<b>Emerging and Developing Economies</b>	<b>6.6</b>	<b>4.6</b>	<b>4.0</b>	<b>4.5</b>
Russia	1.3	0.6	-3.8	-0.6
China	7.7	7.3	6.8	6.3
India	5.0	7.3	7.3	7.5
Brazil	2.5	0.1	-3.0	-1.0

SOURCE: IMF, World Economic Outlook, October 2014

Growth in the United States was weaker than expected and will only rise from 2.2 per cent in 2014 to 2.6 per cent in 2015, due mainly to harsher winter weather and port closures, as well as much lower capital spending in the oil sector. Employment growth is projected to be stronger with a further decline in the unemployment rate.

China's growth is projected at 6.8 per cent in 2015 as the policy shift in that country is to more domestic oriented long-term growth enhancing measures, transitioning the economy to a more sustainable path.

In the Euro Area, prospects are uneven across countries and the moderate recovery is expected to continue into 2015 – 16. This is supported by lower oil prices, accommodative monetary policy, and the euro depreciation. Growth is projected to average 1.5 per cent in 2015 and 1.6 per cent in 2016. In the United Kingdom steady but lower than 2014 growth is projected, supported by lower oil prices and higher wage growth.

Overall, growth in emerging market and developing economies is projected to decrease further in 2015 to 4.0 per cent as a result of country-specific conditions and market corrections to possible boom legacies experienced in earlier years. The forecast for 2016 is 4.5 per cent.

### **Recent Economic Performance of CARICOM and the ECCU**

The oil importing economies in the CARICOM region are poised to benefit tremendously from the moderate recovery of the advanced economies, especially the United States, and the sharp drop in oil prices.

Among the commodity exporting economies, Guyana, Belize and Suriname are expected to continue growing at a more rapid pace than the service-based economies. These economies are projected to record average growth of 2.4 per cent in 2015 and 3.2 per cent in 2016. Among

them, Guyana is projected to record the highest growth at 3.8 per cent in 2015, followed by Suriname at 2.7 per cent, Belize at 2.0 per cent. Trinidad and Tobago's growth rate is projected at 1.2 per cent.

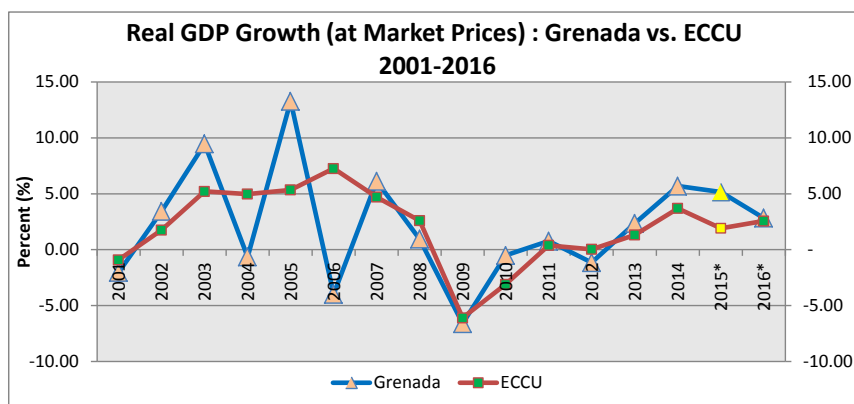
In contrast, the tourism-based economies are projected to grow at 2.0 per cent on average for 2015. The economic recovery in Barbados is underway in 2015, returning to positive growth only marginally at 0.8 per cent. The Bahamas, Jamaica and ECCU are also projected to experience stronger growth in 2015 averaging 2.3 per cent, 1.7 per cent and 2.0 per cent respectively.

The Eastern Caribbean Central Bank (ECCB) projects that the economic recovery within the Eastern Caribbean Currency Union (ECCU) is likely to be sustained throughout the remainder of 2015. For 2015, average growth in the currency union is projected at 1.9 per cent following the 2.9 per cent achieved in 2014. Activity in the tourism industry is projected to increase, boosted by additional airlift and intensified marketing efforts. Agriculture is also projected to increase and, together with tourism, is expected to impact positively on other sectors such as wholesale and retail trade; transport, storage and communications and real estate, renting and business activity. Growth in the construction and manufacturing sectors is expected to remain relatively flat.

However, over the medium term, higher cost levels and resulting loss of competitiveness from US dollar appreciation could depress further the economic prospects for the region, as more tourists are lost to less expensive destinations.

## **PERFORMANCE OF THE DOMESTIC ECONOMY**

Based on preliminary data, a real GDP growth rate at market prices of 5.1 per cent is projected for 2015, following a revised growth rate of 5.7 per cent in 2014. At this rate, the Grenadian economy is expected to exceed the average rate of the ECCU countries for the third consecutive year. Continued strong performances in agriculture and tourism are the main drivers of this growth, accompanied by a fairly strong recovery of the construction sector and moderate expansion in private education. Growth is becoming more broad-based, with positive projections for sectors accounting for more than 80 per cent of total output.



Source: ECCB, CSO, Ministry of Finance

\*Projected

## Agriculture and Fishing

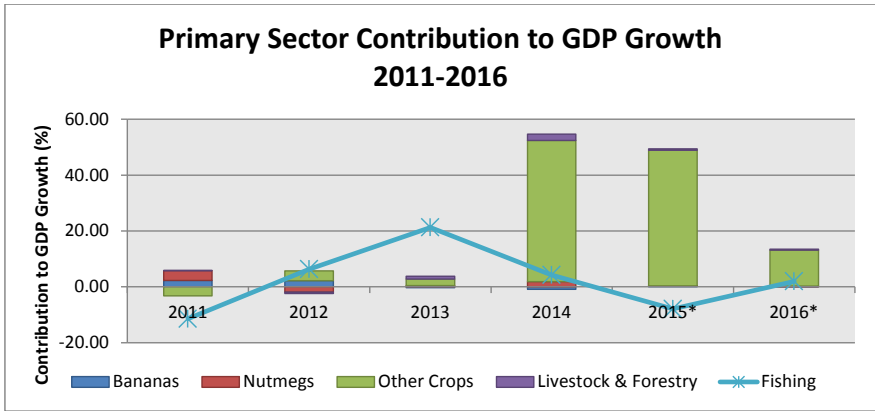
Available indicators suggest that the agriculture sector has been playing a major role as a macroeconomic shock absorber during the adjustment period. Agricultural production accounted for roughly 5 per cent of GDP in 2014 with growth in the sector vastly exceeding expectations at 53.8 per cent in that year. Continued strong performance is expected in 2015 and, on the basis of indicators for the first three quarters, a growth rate of 49.4 per cent is projected. Growth in Agriculture is being buoyed mainly by increased production of Other Crops<sup>1</sup> as a result of renewed efforts by the Marketing and National Importing Board (MNIB) in the promotion of Grenadian produce on the domestic and international markets.

MNIB's continued success in penetrating export markets has proven to be an important incentive to farmers who have responded enthusiastically. In the first three quarters of 2015, MNIB purchases of other crops exceeded purchases made in the comparable 2014 period by 58.5 per cent. In an effort to ensure that the quality of produce meets international standards, MNIB is also providing technical support to the farming community, thus increasing prospects for continued export market access and long term growth in the sector.

Additionally, the cocoa industry is showing signs of recovery from a 12 per cent decline in 2014. Data for the first nine months of 2015 show an increase of 7.5 per cent over the same period in

<sup>1</sup> Other Crops are all produce excluding Banana and Nutmegs (Grenada's historical export crops). Other Crops include fruits, vegetables, ground provisions, cocoa, mace and other spices.

2014. The industry is projected to register a 4.1 per cent growth rate in 2015. Production of nutmeg and mace, however, is expected to decline in 2015 with data showing negative growth of 2.4 per cent and 20.3 per cent respectively compared to the first 3 quarters in 2014. This decline in spice production should be more than offset by the strong performances in other crops. Overall, growth in agriculture is expected to maintain its buoyancy with a projected expansion of 13.5 per cent in 2016.



Source: ECCB, CSO, Ministry of Finance

\*Projected

The Fishing industry is expected to decline by 7.9 per cent in 2015 following growth of 4.2 per cent recorded in 2014. Data as at the end of September 2015 show a 9.0 per cent decline in fish production in relation to the same period in the previous year. Productivity levels were adversely affected by the influx of the sargassum seaweed which affected fishermen’s ability to operate normally. On the demand side, export operations encountered price competitiveness pressures on the major markets as a result of the appreciation of the US dollar which resulted in price advantages for some of the country’s major competitors. As a result of both supply and demand side challenges, fish exports also declined by 22.2 per cent in the period under review relative to the same period in 2014.

## **Tourism**

Growth in the Tourism sector in 2014 was robust at 30.4 per cent, significantly above the projection for that year. This strong performance was mainly attributed to the continued recovery of the US economy and household incomes as well as the first full year of operations of a new resort on the island. Performance in 2015 is expected to continue on the same upward trajectory, albeit at a slower rate. The sector performed fairly better in the first nine months of 2015 when compared to the same period in 2014 as evidenced by a 4.1 per cent expansion in total Visitor Arrivals. Stay-Over arrivals increased by 7.9 per cent from 100,784 to approximately 107,839 visitors for the January to September period. This growth is partly the result of increased capacity from the addition of two new airlines commencing service to Grenada in June 2015. Additionally, the Grenada Tourism Authority continues with its aggressive marketing campaign, especially in the targeting of niche markets. Cruise Ship arrivals also increased marginally for the first nine months of the year, from 155,199 in 2014 to 158,537 in 2015, an expansion of 2.2 per cent. The hosting of the English cricket test match in April also contributed to the sector's strong performance in the first half of the year. It is estimated that this event attracted 1,805 visitors over a two week period with event-related visitor expenditure estimated at \$16.3 million.

Notwithstanding these positive developments, the sector has not yet fully recovered from the effects of the global economic crisis. Visitor stay-over arrivals are still marginally below pre-crisis levels averaging 123,167 visitors over the last two (2) years compared to 126,429 visitors over the 2007/2008 period. The sector also has to position itself to deal with new competitive pressures that could result from the opening up of the Cuban market.





Source: ECCB, CSO, Ministry of Finance

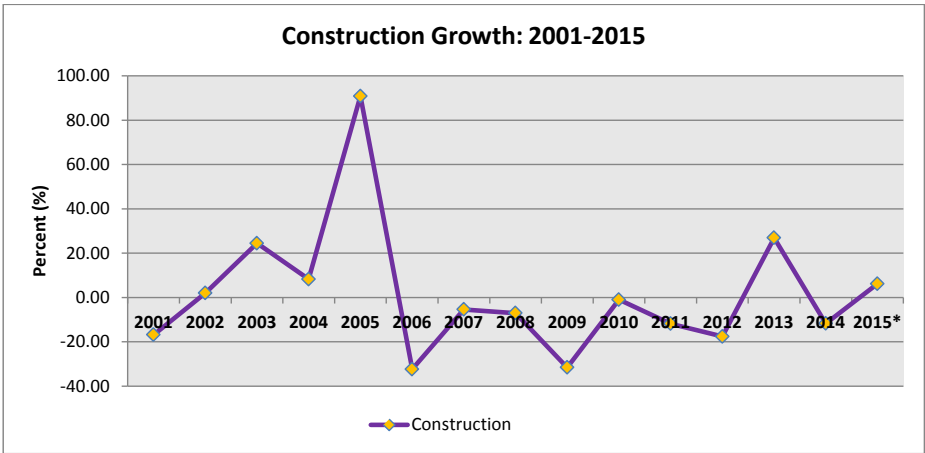
\*Projected

In 2015 and continuing into the medium term, the sector is expected to benefit from the start-up of operations by a new boatyard and marina facility which recently installed one of the largest boat lifts in the region, capable of lifting vessels up 242 tons. Phase I of this project is now complete with boat lifting services currently being offered. Phase II and Phase III are expected to be completed by 2017. The sector is also expected to be positively impacted by increased airlift, a planned upgrade of visitor attraction sites, the on-going expansion of room stock and the 2017 scheduled completion of a major resort development which started construction in 2015. Overall, the Tourism sector is projected to expand by 4.8 per cent in 2015.

## Construction

Preliminary data points to a relatively strong recovery of the construction sector in 2015 after experiencing a contraction of 11.6 per cent in 2014. For the first nine months of 2015, imports of construction materials, the main indicator for performance in the sector; increased by 21.5 per cent over the same period in the previous year. Notably in the private sector, construction continues on a major resort development and a marina complex. Various public sector projects are also ongoing, including several in the area of infrastructure development. Conversely, issuance of building permits fell by 34.1 per cent in the first nine month of 2015. Despite the decline in this secondary indicator, the sector is expected to register positive growth of 6.2 per

cent in 2015 and continue along this trajectory in 2016 as more private and public sector projects come on stream.



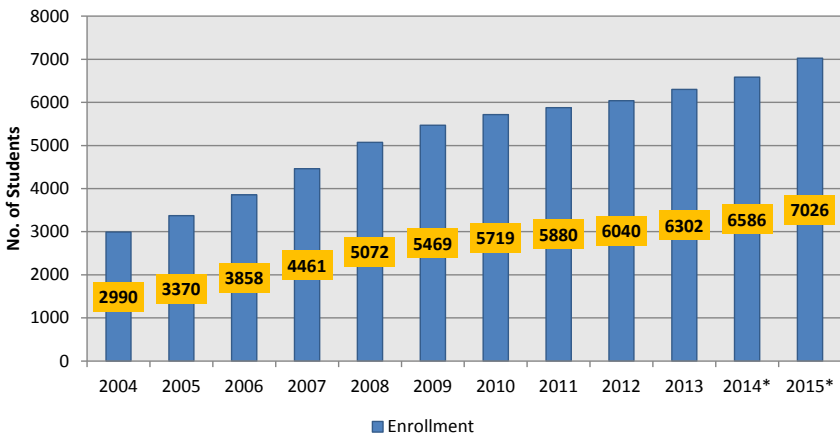
Source: ECCB, CSO, Ministry of Finance

\*Projection

**Education**

The Education sector accounted for 19.7 per cent of GDP in 2014 of which private education was 15.6 per cent. Growth in 2014 was moderate at 4.5 per cent with positive growth continuing in 2015 at approximately 1.9 per cent. Student enrollment increased from 6,586 in 2014 to 7,026 as at March 2015, that is, positive growth of 6.7 percent. Private Education continues to be a major contributor to GDP with spillover effects in other sectors such as Tourism, Real Estate and Wholesale & Retail Trade.

### St. George's University Enrollment (2004-2015)

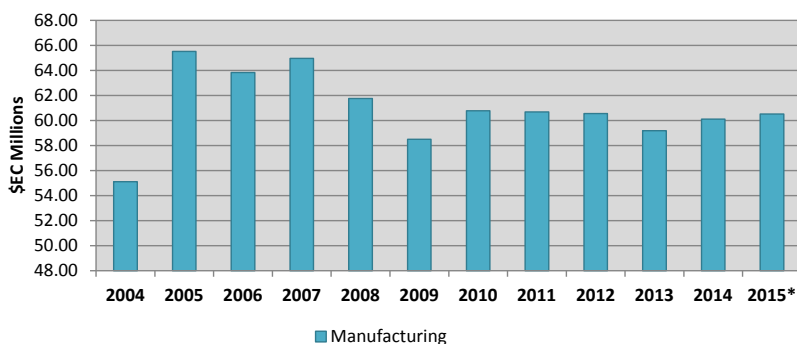


### Industrial Production

Performance in the manufacturing sector remains subdued with a marginal expansion of 0.7 per cent projected for 2015 after recording growth of 1.6 per cent in the previous year. In terms of the subcomponents of the sector, data as at September 2015 shows a 9.0 per cent decline in the production of Grain Mill and Bakery Products, reportedly due to some issues with the production of flour. This decline, added to a 2.4 per cent drop in the production of animal feed, did not overwhelm expansion in other subsectors during the same period. Beverages and tobacco rose by 9.2 per cent while Chemicals & Paints increased by 4.3 per cent. Growth in the other smaller subsectors was 5.7 per cent for the period under review.

There was also a 4.6 per cent reduction in industrial consumption of electricity for the first nine months of 2015 compared to the same period in 2014 which also indicates a slowing down of growth in manufacturing in 2015.

## Manufacturing Sector: 2004-2015



Source: ECCB, CSO, Ministry of Finance

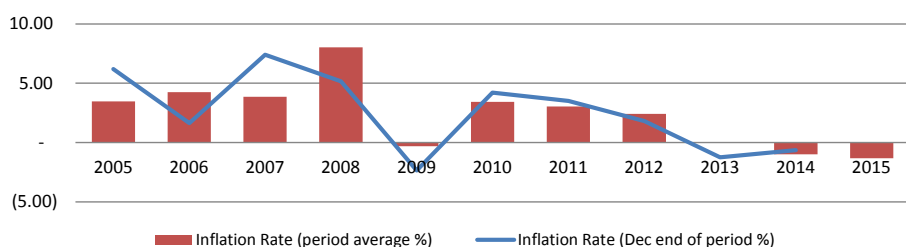
\*Projection

## CONSUMER PRICE INDEX AND INFLATION

Prices remained subdued in the first three quarters of 2015. The average consumer price index (CPI) from January to September fell by 1.3 per cent as compared to the same period last year. The decline in prices was mainly driven by the pass-through effect of depressed global fuel prices on key components of the basket of goods on which the CPI is calculated. The appreciation of the US dollar has also exerted some downward pressure on the price of imports.

There were reductions in the sub-indices for housing, water, electricity, gas, and other fuels (2.8 per cent) and transport (4.0 per cent) attributable to the lower international oil prices. There was also a fall in the sub-indices clothing and footwear (1.6 per cent) and communications (0.3 per cent). Together, these items account for more than 60.0 per cent of the typical consumer basket. Growth in the sub-indices education (3.1 per cent), health (3.0 per cent), alcoholic beverages, tobacco and narcotics (1.1 per cent) and food and non-alcoholic beverages (1.3 per cent) helped to temper the overall decline in the CPI.

## Consumer Price Index 2005 - Sept 2015

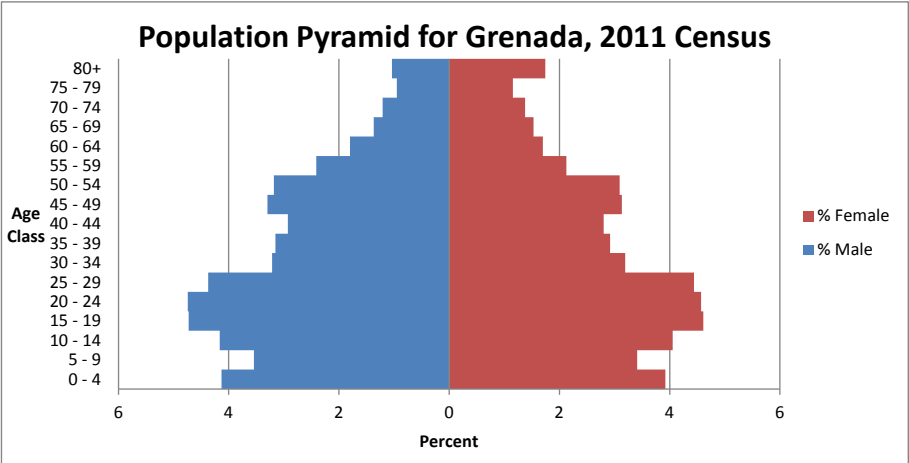


Source: CSO

## POPULATION AND EMPLOYMENT

According to the 2011 Population and Housing Census, the total population of Grenada Carriacou and Petite Martinique was 106,669 of which 50.5 per cent were males and 49.5 per cent were females. Primary education (36.9 per cent) remained the highest educational level attainment amongst the population followed by upper secondary (19.7 per cent) and then post secondary (9.5 per cent).

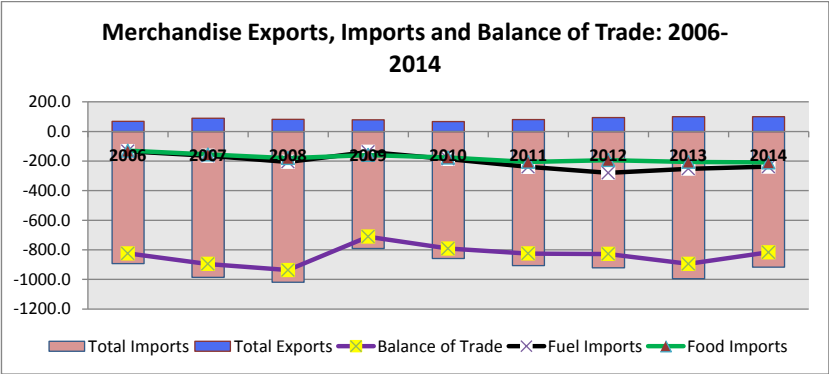
Over the years Grenada has undergone a demographic transition to lower fertility and lower mortality. According to World Bank data, fertility fell from 3.8 per cent in 1990, to 2.2 per cent in 2013 with an annual population growth of 0.4 per cent in 2013. Grenada has a youthful population and, with the declining fertility rates, the country has a genuine opportunity to reap a 'demographic dividend' helping to spur on economic growth. As fertility rates fall and the children born early into the transition enter into the labor force, there will be more resources available for new business creation or expanding existing ones, building infrastructure and making productive investments. Going forward, Government human development policies should focus on maximizing the benefits of this dividend by improving access to quality education and jobs as well as investing in the health of its young people. However, significant challenges remain in recognizing such a demographic dividend because of high unemployment (45.3% among youths ages 15 – 24), under-employment, irregular-employment, as well as resource limitation for spending on health and education. Failure to achieve such a dividend would mean a larger retiring population in the future with a smaller working age population to support them.



Source: CSO

**EXTERNAL ACCOUNT<sup>2</sup>**

The gap between exports and imports has been steadily widening since 2009 with the rate of growth of imports outpacing that of exports. However, the trade balance closed slightly in 2014 by approximately 9 per cent, a much welcomed improvement from previous years.

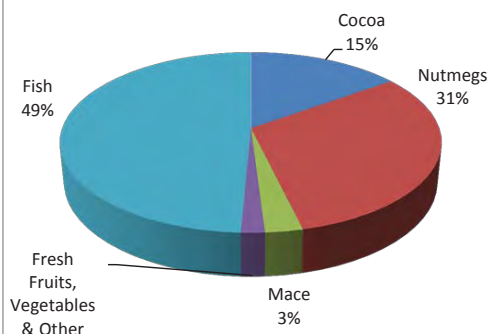


Source: ECCB, CSO

**Exports**

<sup>2</sup> This section relies only on available trade statistics since the official balance of payments statistics are not yet available.

**Agricultural Exports: 2014**

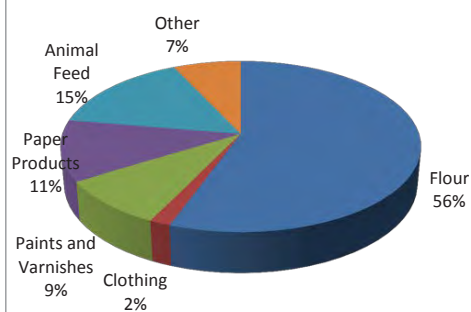


The value of total exports continued on an upward trajectory, increasing slightly to \$99.8m in 2014 from \$99.4m in 2013. However, this trend is not expected to persist in 2015 as indicated by trade data for the first nine months of that year.

Over the first 3 quarters of 2015, there was a 13.7 per cent decline in the value of exports per cent compared to same period in 2014. This reduction in export levels was caused predominantly by a decline in

agriculture exports of 15.1 per cent. Notably, receipts for fish exports dropped 20.1 per cent for January to September of 2015 compared to the same period in 2014, from \$23.1m to \$18.4m. Both supply and demand side factors are responsible for this decline as there was a drop in fish production in the period as well as a decrease in the price of fish on the world market. The value of nutmegs and cocoa exported also decreased by 17.9 and 6.9 per cent respectively. Positive changes were however noted in fresh fruits and vegetables which increased by 17.4 per cent while mace and other agriculture exports also had positive growth.

**Manufactured Exports: 2014**



Manufactured exports grew by 5.1 per cent in the first nine month of 2015 compared to the same period in 2014. Growth in flour exports (4.2 per cent), animal feed (14.3 per cent) and other products was able to overwhelm the decline in the value of clothing, paints, paper products and other manufactured exports. Overall, positive growth is expected for manufactured exports in 2015.

Source: ECCB, CSO

## Imports

The value of overall imports in 2015 was \$916.8m, a decrease from the previous year's value of \$994.9m. However, preliminary data for January to September 2015 shows an increase in imports for that period of 4.9 per cent compared to the same period in 2014, an indication of an improvement in consumer demand. Fuel imports remain fairly high, comprising 25.9 per cent of total imports in 2014, or \$237.8 million. The value of fuel imports increased marginally in the first three quarters of 2015 by 3.2 per cent compared to the same period in 2014. Imports of manufactured goods, chemical products and other products also increased in the period under review whereas, food imports, which was 22.8 per cent of the import bill in 2014, decreased by 5.9 per cent.

**Comparison of Imports in 2014 and 2015 (\$EC Millions)**

Category of Imports	2014	2014	2015	2014/2015
	Jan-Dec	Jan-Sept	Jan-Sept	Jan-Sept
				% Change
Food & Live Animals	209.40	154.29	145.18	-5.9
Mineral Fuels & Related Materials	237.85	187.52	193.59	3.2
Chemicals & Related Products	66.39	49.60	61.95	24.9
Manufactured Goods	119.04	88.37	97.64	10.5
Machinery & Transport Equipment	146.86	113.48	116.38	2.6
Miscellaneous Manufactured Articles	90.54	67.24	72.12	7.3
Other	46.72	34.34	41.88	22.0
<b>Total</b>	<b>916.8</b>	<b>694.8</b>	<b>728.7</b>	<b>4.9</b>

Source: ECCB, CSO

The net effect of these developments is expected to be some marginal weakening of the trade balance in 2015. However, the continuing improvement in the tourism sector is expected to offset the effect of this decline in the trade balance and the overall result should be a marginally improved current account balance. The reduction in capital grant inflows should be offset by the exceptional financing flows associated with the debt restructuring operations and the proceeds of the policy based loans from the World Bank and the Caribbean Development Bank.



## MONETARY AND FINANCIAL SECTOR DEVELOPMENTS

Developments in the banking system continued to be characterized by excess liquidity and declining credit flows while the level of non-performing loans remained elevated. In this environment, the focus of the commercial banking system was on rationalization of their operations and the mitigation of asset quality risks to the balance sheets of individual banks.

Reflecting deleveraging operations by the private and public sectors, loan deposit ratios remained below the Central Bank's recommended threshold of 85.0 per cent and continued to trend downwards – moving from 72.0 per cent in June 2014 to 64.0 per cent in June 2015. Other indicators reflecting this trend of rising liquidity over the same period were:

- i. The ratio of net liquid assets to total deposits which moved from 31.0 to 38.8 per cent;
- ii. The ratio of liquid assets to total assets which moved from 30.0 to 36.7 per cent and
- iii. The ratio of liquid assets to total deposits which moved from 33.0 to 40.4 per cent.

Alongside the liquidity challenges, a major ongoing focus of monetary policy is on asset quality and the containment of associated systemic risks. This concern is driven in part by the level of non-performing loans (NPLs) which currently exceeds the central bank's 5.0 per cent prudential threshold. These concerns are currently relevant to all member countries of the Eastern Caribbean Currency Union (ECCU) and, in this context; a regional asset quality review was completed during 2015, the results of which are being used as inputs into the design of a regional strategy to be coordinated by the Eastern Caribbean Central Bank (ECCB).

Monetary liabilities (M2) increased by 4 per cent over the period June 2014 to June 2015. This increase was mainly associated with changes in the money supply (M1) as the level of quasi money remained relatively flat. A 19.0 per cent growth in the money supply (M1) was driven by a 22.0 per cent increase in private sector demand deposits, its largest sub-component. The flatness of quasi money growth levels was largely influenced by trends in private sector savings deposits which grew by only 0.5 per cent over the period June 2014 to June 2015 and contracted by 0.9 per cent during the first half of 2015, a period in which the Central Bank implemented a 1 per cent reduction in the mandatory interest rate on savings deposits. Among the other components of quasi money, private sector time deposits contracted by 6.5 per cent over the June

2014-2015 and by 1.1 per cent over the January-June period while private sector foreign currency deposits increased by 12.5 and 22.3 per cent respectively.

Net foreign assets expanded significantly - moving by 63.0 per cent from \$434.8 million in June 2014 to \$710.0 million in June 2015 and by 14.7 per cent in the January to June period. Commercial bank transactions were largely responsible for this significant increase which partly reflects the lack of financial market investment opportunities in the domestic market. Over the one year period ending June 2015, commercial banks increased their net foreign asset holdings by 277.4 per cent with fairly significant growth being recorded in asset holdings both within and outside of the currency union. Also contributing to the increase in net foreign assets was the 21.6 per cent increase in Grenada's imputed share of the Central Bank's reserves which was as a result of a 19.5 per cent increase in assets and a 15.4 per cent decrease in liabilities.

Net domestic assets contracted by 12.4 per cent over the June 2014-June 2015 period, largely reflecting subdued credit market conditions. All categories of private sector credit declined over the period reflecting reductions in outstanding loans to both households (2.6 per cent) and businesses (7.0 per cent). Over the January-June 2015 period, this decline was marginally offset by a slight uptick in business credit which grew by 1.4 per cent.

Net credit to General Government declined by 72.5 per cent over the June 2014-June 2015 period and by 19.0 per cent during the first half of 2015. Credit to Central Government declined by 42.9 per cent over the June 2014-June 2015 period while deposits increased by 53.5 per cent, largely reflecting the impact of inflows associated with the adjustment program and the strengthening of Central Government's cash position which resulted from fiscal consolidation operations.

Total disbursed outstanding loans decreased by 5.0 per cent over the June 2014-2015 period with declines being recorded in all sectors except fisheries, construction and professional and other services. Over the January-June 2015 period, the value of outstanding loans increased by 1.5 per cent growth rate with positive growth rates being registered by construction and land development (13.2 per cent) and transport (2.2 per cent). The distribution of credit among sectors remained broadly unchanged over both periods with households accounting for 65.0 per cent of loans, tourism accounting for 8.2 per cent, professional and other services accounting for 7.5 per cent and the distributive trades accounting for 6.1 per cent. The foreign-owned banks account for 76.0 per cent of outstanding loans in the system.


## **FISCAL REVIEW 2015**

### **Overview**

During 2015, the fiscal account continued to respond positively to the measures being implemented under the IMF supported Home Grown Structural Adjustment Programme. All the quantitative targets that were agreed with the IMF were comfortably exceeded, several revenue enhancement measures were implemented during the year and Parliament approved a package of legislation which is designed to improve the efficiency of public financial management operations and consolidate the gains of the adjustment initiatives.

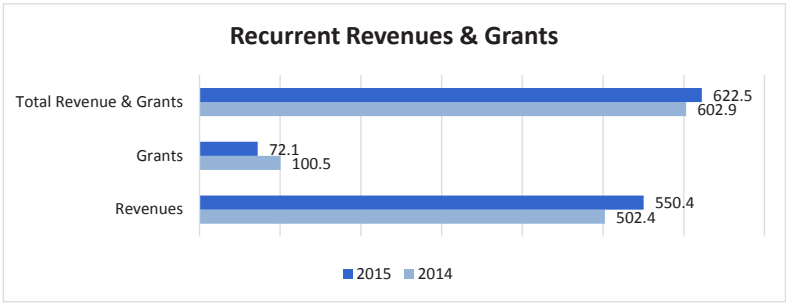
The Government's fiscal position continues to improve with consecutive primary surpluses being recorded in the first three (3) quarters of the year. On the basis of the third quarter fiscal results, it is estimated that the year-end primary balance (after grants) will be \$54.7 million or 2.1 per cent of GDP as compared to a deficit of \$28.4m or 1.2 per cent of GDP recorded in 2014 and the primary surplus of \$31 million agreed to under the IMF financed Extended Credit Facility. The overall balance also showed major improvements with the year-end deficit now projected at \$47.3 million (about 1.8 per cent of GDP) as compared with the deficit of \$59.6 million (2.3 per cent of GDP) to which the Government was committed under the arrangement with the IMF. The 2015 provisional fiscal results are compared with the IMF targets in the table below.

**Table 1**  
**Summary of Provisional Fiscal Outturns 2015**

In millions of Eastern Caribbean Dollars			Variance (%)	as % of GDP	
	2015			2015	
	Provisional Estimates	Program target		Provisional Estimates	Program Target
TOTAL REVENUE AND GRANTS	622.4	581.5	7.0	23.9	22.3
CURRENT REVENUE	550.4	504.4	9.1	21.1	19.3
Tax revenue	494.9	466.5	6.1	19.0	17.9
Taxes on Income	106.0	84.7	25.2	4.1	3.2
Taxes on Property	22.2	25.6	-14.6	0.9	1.0
Taxes on Domestic Goods & Consumption	201.9	207.2	-2.6	7.7	7.9
Taxes on International Trade & Transactions	164.8	149.0	10.6	6.3	5.7
Non - Tax Revenue	55.4	37.9	46.3	2.1	1.5
Grants	72.1	77.1	-6.5	2.8	3.0
TOTAL EXPENDITURE & NET LENDING	669.8	641.1	4.5	25.7	24.6
CURRENT EXPENDITURE	470.8	464.6	1.3	18.0	17.8
Personal Emoluments,Wages & Allowances	215.2	226.6	-5.0	8.2	8.7
Goods and Services	66.0	73.7	-10.5	2.5	2.8
Interest Payments*	102.0	90.6	12.6	3.9	3.5
Transfers	87.6	73.7	18.9	3.4	2.8
Net Lending	0.00	0.0	-	0.0	0.0
Capital Expenditure	199.0	176.5	12.8	7.6	6.8
Current Account Balance	79.6	39.8	100.0	3.1	1.5
Overall Balance (after Grants)	-47.3	-59.6	-20.6	-1.8	-2.3
Primary Balance (after Grants)	54.7	31.0	76.4	2.1	1.2

## Revenues and Grants

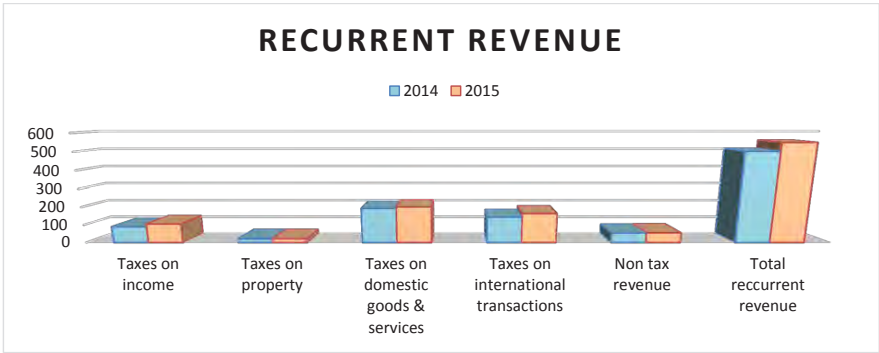
Revenues and Grants are projected at \$622.4 million or 23.9 per cent of GDP at the end of 2015 compared to the \$602.9 million or 24.5 per cent of GDP in 2014.



**Current Revenues**

Current revenue for 2015 is estimated to be \$550.4 million or 21.1 per cent of GDP, \$48.1million more than the amount collected in 2014. The performance of current revenue resulted from continued adjustment efforts with strong tax performance across all categories supported by the stronger than expected recovery in output and employment. The revenue enhancement measures implemented during the year were the adjustment to the environmental levy and an increase of the petrol tax by \$2.50 per gallon which was phased in over the period March to September.

Taxes on income, property, domestic goods and services and international transactions are expected to grow by 17.9 per cent, 3.7 per cent, 4.4 per cent and 14.8 per cent respectively. Non tax revenues are expected to amount to \$55.4 million at the end of 2015 or \$1.2 million more than the amount collected in 2014.



**Grants**

Principally on account of weaker than expected inflows from both the National Transformation Fund (NTF) and Petrocaribe, grant inflows are projected at \$72.1 million at the end of 2015 which is \$28.4 million less than the amount received in 2014 and \$5.0 million less than the IMF programme target. The full effect of this shortfall was partly mitigated by the receipt of a \$40.5 million Venezuelan Government grant.

### **Total Expenditure**

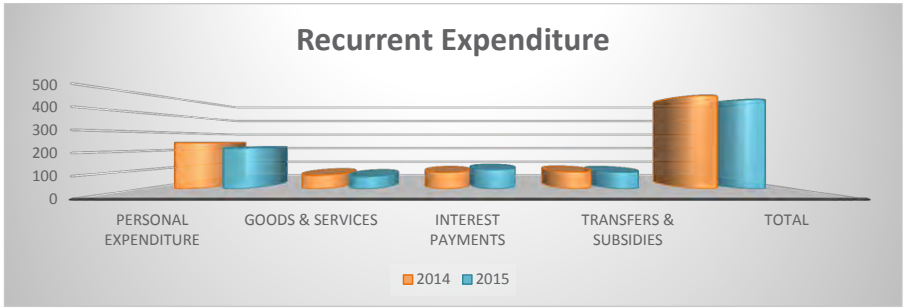
Continued efforts are being made to contain the Government's total expenditure at levels consistent with the debt reduction objective. Total expenditure is projected at \$669.8 million as compared with the agreed programme target of \$641.1 million.

### **Current Expenditure**

Current expenditure is projected at \$470.8 million as compared with the programme target of \$464.6 million and the original budgetary allocation of \$482.7 million. Relative to 2014 expenditure levels, personnel expenditure, goods and services and transfers and subsidies are expected to decrease by 11.2 per cent, 8.6 per cent and 2.6 per cent respectively while interest payments are expected to increase by 17.5 per cent.

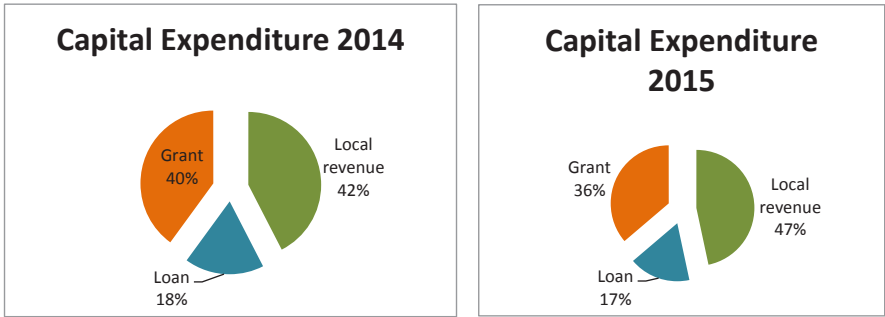
Personal emoluments, NIS payments and pensions account for a large share of recurrent spending. Through the implementation of the attrition programme, Government is seeking to correct historical imbalances in the structure of the expenditure account by reducing the share of wages in the total expenditure – thus facilitating the reallocation of resources to public sector investment. Expenditure on wages and salaries is projected at \$215.2 million or 8.2 per cent of GDP as compared with the programme target of \$226.6 million and the budgetary allocation of \$221.5 million.

Expenditure on interest payments is projected to increase from the \$86.8 million expended in 2014 to \$102.0 million in 2015.



### Capital Expenditure

By the end of 2015, capital expenditure is projected to reach \$199.0 or 7.6 per cent of GDP which is 12.2 per cent less than the \$226.7 million spent in 2014. Weaker than expected receipts from both the Petrocaribe grant window and the NTF were the main contributors to this slowdown in capital expenditure. Grant financing accounts for 36.0 per cent of total capital expenditure, loan 17 per cent and local revenue 47 per cent.



### Total debt

After completion of the 2015 debt restructuring programme, the total public sector debt stock at the end of 2015 is expected to decline to 103.6 per cent of GDP moving from 107.0 per cent of GDP in 2014. The Central Government debt stock is expected to fall to 84 per cent of GDP.

### PROSPECTS FOR 2016

**Near term outlook:** Over the near term, the recovery is expected to maintain its momentum real economic growth projected to average 2.8 per cent over the 2016-2018 period.

Growth will be supported by ongoing foreign direct investments in resort and marina development, continuation of productivity improvements and export marketing penetration in the agriculture and agro-processing sectors and moderate but steady expansion of the private education sector. The tourism sector should benefit from the continuing recovery of household incomes in the leading US source market, continuing improvements in cruise ship arrivals and capacity expansion as a result of increased room stock and airlift.

The rebound in the construction sector is projected to continue with ongoing private sector developments being complemented by the implementation of planned public sector investments for which financing arrangements are in place. These investments include: the construction of the Parliament building (with Mexican Government financing), the Disaster Vulnerability Reduction Project (World Bank), road development works and airport runway rehabilitation.

Growth in the manufacturing sector should be supported by the continuing decline of fuel costs, new export initiatives and increases in domestic demand. As confidence in the economy improves, domestic demand is expected to strengthen and unemployment is expected to continue to decline from the 2014 reported level of 28.9 per cent in 2014.

A slow but steady recovery is expected in the financial sector as commercial bank balance sheet issues are resolved and domestic demand for credit responds to the positive economic outlook. Together, these developments should support growth in the transport and communications, real estate and other service sectors.

The positive outlook for the real sector should support continuing efforts to achieve the targeted primary surplus of 3.5 per cent of GDP and maintain the thrust towards debt sustainability.

**Risks:** Apart from the standard weather-related shocks, the outlook could be negatively impacted by a number of downside risks including:

- A slowdown in the global economy resulting from spillover effects of a protracted downturn in the Chinese economy on household incomes in the major tourism source markets.
- The inability to mobilize financing for the FDI pipeline projects.
- In the agriculture sector, in the absence of proactive risk mitigation measures, supply chain disruptions could undermine the progress of the export market thrust.



- Declining global fuel prices will have mixed effects on the risk matrix. In the private sector, both firms and households will continue to benefit from resulting increases in productivity and disposable incomes. However, the fiscal account could be negatively impacted by further reductions in the flow of Petrocaribe financing. Conversely, a sharp reversal of current price trends could erode the productivity and other gains associated with the low price environment.

## ANNEX III

### RECENT ECONOMIC PERFORMANCE AND FORECAST FOR THE ECCU

#### REAL GROWTH RATE OF GROSS DOMESTIC PRODUCT (AT MARKET PRICES)

Country	2011	2012	2013	2014	2015*	2016**
ECCU	0.39	0.03	1.32	3.69	1.74	2.47
Anguilla	5.30	(6.13)	(0.69)	6.40	3.21	2.45
Antigua	(1.79)	4.02	(0.35)	4.82	1.66	2.53
Dominica	(0.06)	(1.25)	0.59	3.96	(2.71)	5.18
<b>Grenada</b>	<b>0.76</b>	<b>(1.16)</b>	<b>2.35</b>	<b>5.68</b>	<b>5.15</b>	<b>2.83</b>
Montserrat	5.46	3.50	2.50	2.42	(1.11)	3.46
St Kitts & Nevis	1.70	(1.23)	5.82	6.90	5.23	4.73
St Lucia	0.70	(1.06)	0.14	0.46	1.32	1.02
St Vincent and the Grenadines	(0.42)	1.38	1.67	0.66	1.03	2.05

\* Estimated

\*\* Projected

Source: ECCB/Ministry of Finance

ANNEX IV

COMPARISON OF INCOME TAX IN OECS

Country	Income Tax threshold	Tax Rates
<b>OECS</b>		
Antigua & Barbuda	\$0 - \$36,000 \$36,000 - \$180,000 Over \$180,000	0% 10% 25%
Dominica	\$0-\$25,000 \$25,001-\$40,000 \$40,001 - \$70,000 Over \$70,000	0% 15% 25% 35%
<b>Grenada</b>	<b>\$0 - \$36,000</b> <b>\$36,001 - \$60,000</b> <b>Over \$60,000</b>	<b>0%</b> <b>15%</b> <b>30%</b>
Montserrat	\$0 - \$15,000 \$15,000 - \$20,000 \$20,000 - \$25,000 \$25,000 - \$30,000 \$30,000 - \$150,000 Over \$150,000	0% 5% 15% 25% 30% 40%
St Kitts & Nevis	-	-
St Lucia	\$0 - \$18,000 \$18,000 - \$28,000 \$28,001 - \$38,000 \$38,001 - \$40,000 Over \$40,000	0% 10% 15% 20% 30%
St Vincent & the Grenadines	\$0 - \$11,000 \$11,000 - \$16,000 \$16,001 - \$26,000 \$26,001 - \$46,000 Over \$46,000	0% 10% 20% + \$500 30% + \$1,500 32.5% + \$7,500

Income tax threshold quoted in EC\$ unless otherwise stated

# ANNEX V

## TAX RATES IN ECCU

Country	GDP per Capita <sup>1</sup>	Maximum PIT Rate	Personal Exemptions, Deductions Allowances	Personal Income Tax (% of GDP) <sup>2</sup>	Maximum CIT Rate	Cooperate Income Tax (% of GDP) <sup>3</sup>	Maximum VAT Rate	Value Added Tax (% of GDP) <sup>4</sup>
Anguilla	12,200	None	N/A	N/A	None	N/A	None	N/A
Antigua and Barbuda	21,800	25 percent	\$36,000 per annum	1.1 percent	25 percent	1.2 percent	15 percent	6.2 percent
Dominica	10,699	35 percent	\$25,000 per annum	2.3 percent	28 percent	2.0 percent	15 percent	8.7 percent
Grenada	11,944	30 percent	\$36,000 per annum	1.2 percent	30 percent	1.8 percent	20 percent	6.4 percent
Montserrat	8,500	30 percent	\$15,000 per annum	7.6 percent	30 percent	1.6 percent	None	N/A
St. Kitts and Nevis	22,669	None	N/A	N/A	33 percent	1.8 percent	17 percent	6.6 percent
St. Lucia	10,392	30 percent	\$18,000 per annum	2.4 percent	30 percent	2.1 percent	15 percent	8.2 percent
St. Vincent and the Grenadines	10,620	40 percent	\$11,000 per annum	3.5 percent	40 percent	1.9 percent	15 percent	6.8 percent
Average (excluding Grenada)	13,840	32 percent	\$21,000 per annum	3.4 percent	31 percent	1.8 percent	15.4 percent	7.3 percent
<sup>1</sup> GDP per Capita (PPP) 2014 US Dollar except Anguilla (2008) and Montserrat (2006)								
<sup>2</sup> Personal Income Tax (% of GDP) average for the period 2010 - 2014								
<sup>3</sup> Cooperate Income Tax(% of GDP) average for the period 2010 - 2014								
<sup>4</sup> Value Added Tax(% of GDP) average for the period 2010 - 2014 except SLU (2012 -2014) and SKN (2011-2014)								

# ANNEX VI

## USE OF PETROCARIBE FUNDS IN 2015 AND PROPOSED USE IN 2016

<b>Project/Programme Name</b>	<b>2015</b>	<b>2016e</b>
Human Resource Development	625,670	650,000
Scholarship Programme	820,426	800,000
Roving Care Givers	479,163	-
Multiple Projects for the Elderly	550,000	-
Bacolet Juvenile Centre	437,214	-
Special Projects	2,000,000	3,500,000
Needy Assistance Programme	1,984,743	625,000
Support for Education, Employment and Development	-	3,703,039
Rehabilitation of TAMCC Arts & General Science Building	280,392	-
School Feeding Programme	2,522,189	3,100,000
<b>Total</b>	<b>9,699,797</b>	<b>12,378,039</b>

## ANNEX VII

### SUMMARY OF PUBLIC SECTOR DEBT IN MILLIONS OF EC\$

	<b>*2014 Revised</b>	<b>2015      Estimated</b>
<b>Central Government</b>	<b>2,192.86</b>	<b>2,197.16</b>
<b>Total Domestic</b>	<b>580.06</b>	<b>609.52</b>
Treasury Bills	338.42	335.77
Bonds	158.26	161.55
<b>Of which:</b>		
<b>** National Insurance Scheme EC\$ Bond inclusive of interest arrears</b>	<b>97.63</b>	<b>100.93</b>
Loans	22.83	18.93
Others	60.55	93.28
<b>Total External</b>	<b>1,612.80</b>	<b>1,587.64</b>
Bonds including arrears on EC\$2025 bonds	782.66	683.26
Loans	830.14	904.38
<b>Government Guaranteed</b>	<b>128.93</b>	<b>126.77</b>
Loans & Bonds	128.93	126.77
Other Public Sector***	362.11	378.41
<b>Total Public Sector Debt</b>	<b>2,683.90</b>	<b>2,702.34</b>

#### Notes

\*2014 revised data updated to include interest arrears

\*\*The NIS EC\$ 2025 bond has been reclassified as a domestic bond post restructuring

\*\*\* Other public sector includes Petro Caribe only

## ANNEX VIII

### SUMMARY OF FISCAL AND DEBT INDICATORS 2009 – 2015

	2009	2010	2011	2012	2013	2014	2015*
<b>Fiscal Summary</b>							
	\$	\$	\$	\$	\$	\$	\$
Revenue & Grants	443.6	451.7	430.6	426.1	468.9	602.9	622.4
Current Revenue	401.8	414.9	425.7	425.3	437.6	502.3	550.4
Grants	41.8	36.8	4.9	0.8	31.3	100.5	72.1
Total Expenditure	533.7	516.5	552.3	565.6	616.4	718.1	669.8
Current Expenditure	416.6	408.5	420.8	458.1	462.1	491.4	470.8
Capital Expenditure	117.1	107.9	131.5	108.4	154.3	226.7	199.0
Primary Balance before grants	(86.5)	(58.4)	(74.9)	(67.5)	(108.2)	(128.9)	(17.4)
Primary Balance after grants	(57.3)	(7.8)	(14.8)	(45.9)	(77.0)	(28.4)	54.7
Overall Balance after grants	(102.6)	(50.8)	(66.4)	(119.6)	(147.6)	(115.2)	(47.3)
<b>Debt Indicators</b>							
Debt Stock (Central Government)	1,736.1	1,781.1	1,866.8	1,925.0	2,055.9	2,121.5	2,197.2
Contingent Liabilities	126.0	133.1	156.2	149.4	139.1	128.9	126.8
Other Public Sector Debt	156.9	156.9	204.8	260.6	287.5	362.1	378.4
Public Debt Stock	2,018.9	2,071.1	2,227.7	2,335.0	2,482.5	2,612.5	2,702.3
Debt / GDP (Central Government)	83%	86%	89%	89%	90%	86%	84%
Public Debt / GDP	96.9%	99.5%	106.0%	108.1%	109.1%	106.1%	103.6%
Nominal GDP	2,082.5	2,081.7	2,102.4	2,159.7	2,274.6	2,461.9	2,609.2

\* estimated

Source: ECCB, MOF Grenada

# ANNEX IX

## SUMMARY OF RECURRENT AND CAPITAL EXPENDITURE 2016

<b>VOTE</b>	<b>Recurrent Expenditure</b>	<b>Capital Expenditure</b>	<b>Total</b>
01 Governor General	1,547,562	10,704	1,558,266
02 Parliament	1,388,416	10,000	1,398,416
03 Supreme Court	3,061,455	23,000	3,084,455
04 Magistracy	2,049,456	-	2,049,456
05 Audit	1,198,241	-	1,198,241
06 Public Service Commission	755,867	-	755,867
07 Director of Public Prosecutions	695,922	-	695,922
08 Parliamentary Elections Office	776,573	1,275,000	2,051,573
09 Ministry of Legal Affairs	2,375,900	1,486,500	3,862,400
10 Office of the Prime Minister	1,847,645	12,397,086	14,244,731
11 Prisons	7,769,291	100,000	7,869,291
12 Police	45,333,820	1,561,423	46,895,243
14 Labour	792,178	20,000	812,178
15 Ministry of Tourism, Civil Aviation and Culture	1,990,459	25,411,042	27,401,501
16 Ministry of Foreign Affairs	6,385,149	3,787,983	10,173,132
17 Financial Intelligence Unit	374,087	-	374,087
18 Ministry of National Security, Public Administration, Disaster Management, Home Affairs, Information and Implementation	2,837,137	1,355,983	4,193,120
19 Ministry of Youth, Sports & Religious Affairs	2,581,417	51,140,000	53,721,417
20 Ministry of Finance and Energy	48,867,450	23,223,924	72,091,374
21 Pensions and Gratuities	50,100,000	-	50,100,000
22 Public Debt.	456,013,649	-	456,013,649
Foreign Interest Payments	67,590,904	-	67,590,904
Domestic Interest Payments	30,719,381	-	30,719,381
Foreign Principal Payments	71,880,690	-	71,880,690
Domestic Principal Payments	268,453,736	-	268,453,736
Sinking Fund Contributions	-	-	-
Foreign Principal Arrears	9,842,183	-	9,842,183
Domestic Principal Arrears	2,552,001	-	2,552,001
Foreign Interest Arrears	4,974,754	-	4,974,754
23 Salaries and wages increase	-	-	-
25 Contributions	13,526,006	-	13,526,006
26 Ministry of Economic Development, Trade, Planning, Cooperatives & International Business	2,614,116	23,618,141	26,232,257
30 Ministry of Communications, Works, Physical Development, Public Utilities, ICT & Community Development	3,721,777	51,826,800	55,548,577
32 Post Office	80	-	80
35 Ministry of Social Development & Housing	7,431,534	28,652,020	36,083,554
36 Ministry of Carriacou and Petite Martinique Affairs & Local Government	9,017,813	4,575,000	13,592,813
40 Ministry of Education and Human Resource Development	90,058,894	12,063,483	102,122,377
50 Ministry of Health & Social Security	59,573,979	16,167,278	75,741,257
64 Ministry of Agriculture, Lands, Forestry & Fisheries and the Environment	9,281,748	32,934,783	42,216,531
<b>GRANT TOTAL</b>	<b>833,967,620</b>	<b>291,640,150</b>	<b>1,125,607,770</b>
Source: Ministry of Finance			



## Financial Summary for Statutory Bodies and State-Owned Enterprises

	Year	Total Assets	Total Liabilities	Total Equity	Total Revenue	Total Expenses	Employee Related Expenses	Finance Costs	Net Surplus/Loss	Government Subvention
1	Child Protection Authority	2014	1,088,143	22,809	1,015,334	2,221,462	1,297,542	0	-94,052	3,014,826
2	Financial Complex		0	0			-			
3	GARFIN	2014	7,442,792	7,436,116	6,676	2,078,542	1,132,425	0	438,481	0
4	GIPC	2014	77,719,609	7,412,398	70,307,211	4,932,831	4,498,850	393,475	433,981	179,553
5	Gravel, Concrete & Emulsion Production Co.	2013	40,222,324	15,103,065	25,119,259	3,746,106	3,226,378	576,448	-56,720	
6	Grenada Airports Authority		0	0			-			
7	Grenada Bureau of Standards	2013	1,994,383	297,836	1,696,547	1,207,017	1,239,433	775,997	25,932	-58,348
8	Grenada Cultural Foundation	2014	0	0			-			300,000
9	Grenada Development Bank	2014	35,842,896	13,456,843	22,386,053	2,348,942	1,028,935	507,589	177,075	0
10	Grenada Food & Nutrition Council	2013	56,758	9,984	47,474	577,700	996,488	456,352	0	-18,789
11	Grenada National Stadium Authority	2013	498,036	372,438	125,598	2,127,637	2,127,265	884,624	0	70,372
12	Grenada Ports Authority	2013	273,454,974	65,321,012	208,133,962	18,065,443	13,579,522	2,948,080	1,384,057	0
13	Grenada Postal Corporation		0	0			-			
14	Grenada Solid Waste Management Authority	2013	26,528,428	2,212,832	24,315,596	9,339,020	9,465,322	1,223,539	92,332	-218,634
15	Grenada Tourism Authority	2014	0	0			-			7,400,000
16	Housing Authority of Grenada		0	0			-			
17	MMNB	2013	22,113,684	16,522,640	5,591,044	6,360,521	4,894,174	2,707,070	1,048,091	418,256
18	National Insurance Scheme	2014	815,113,371	815,113,371	0	92,271,001	57,902,822	4,776,274	34,368,179	0
19	National Lotteries Authority	2013	5,906,290	5,487,953	418,337	6,865,236	1,716,494	649,172	281,222	2,405,739
20	NAWASA	2014	87,723,149	18,206,485	69,516,664	15,229,687	11,765,965	8,534,357	311,139	3,152,583
21	NTRC	2014	11,653,685	9,867,210	1,786,475	876,664	843,853	405,238	0	32,811
22	Petro Caribe		0	0						
23	Spice Mas Corporation	2014	107,495	817,974	-710,479	2,205,748	82,206	0	-304,512	827,000
24	TAMCC		0	0			-			12,000,000
			0	0						
	Grand Total		1,407,416,017	977,660,266	429,755,751	170,523,557	120,485,244	28,211,013	6,184,308	25,623,024

\*NB: Information on some SBEs and SOEs is outstanding

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## ANNEX XI

### GRENADA'S RANKING ON EASE OF DOING BUSINESS INDEX

Year	Rank
2008	70
2009	84
2010	91
2011	92
2012	73
2013	100
2014	125
2015	126
2016	135

Source: World Bank Group

Summary of 2016 Findings	
Areas	Influencing factors
Resolving Insolvency (189/189)"	<ul style="list-style-type: none"> <li>▪ No practice</li> </ul>
Registering Property (139/189)	<ul style="list-style-type: none"> <li>▪ High attorney fee for preparing title deed</li> <li>▪ High property transfer tax</li> <li>▪ Lack of modern land/property registry</li> </ul>
Trading Across Borders (138/189)	<ul style="list-style-type: none"> <li>▪ High port charges</li> </ul>
Getting Credit (133/189)	<ul style="list-style-type: none"> <li>▪ Lack of credit information</li> </ul>
Paying Taxes (132/189)	<ul style="list-style-type: none"> <li>▪ Large number of tax payments required</li> </ul>
Protecting Minority Investors (122/189)	<ul style="list-style-type: none"> <li>▪ Lack of corporate transparency and protection for shareholder rights</li> </ul>
Dealing with Construction Permits (100/189)	<ul style="list-style-type: none"> <li>▪ Weak building quality control</li> </ul>

## ANNEX XII - SMALL BUSINESS DEVELOPMENT FUND: Summary of Approvals

SECTOR	TOTAL APPROVED	Value \$	EMPLOYMENT
Agri Processing	1	\$ 5,000.00	1
Agriculture	17	\$ 172,000.00	46
Art & Entertainment	3	\$ 30,800.00	12
Auto Parts/Services	6	\$ 91,499.00	10
Catering	12	\$ 87,873.77	19
Construction	3	\$ 24,000.00	5
Cruise Ship Assistance	6	\$ 14,800.00	6
Fishing	22	\$ 374,950.00	67
Hair Dressing Bueaty	5	\$ 37,937.61	5
ICT	3	\$ 50,000.00	8
Light Manufacturing	7	\$ 97,000.00	20
Poultry	2	\$ 20,000.00	2
Public Transportation	4	\$ 34,500.00	5
Retail	37	\$ 388,495.00	50
Support Services	6	\$ 81,885.00	13
Tourism	1	\$ 15,000.00	1
Trafficking	2	\$ 4,500.00	2
Truckage	3	\$ 49,500.00	6
<b>Total</b>	<b>140</b>	<b>\$ 1,579,740.38</b>	<b>278</b>

### Totals to October 30, 2015

<b><u>Projected December 31, 2015</u></b>	165	\$1,900,000	325
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#### **Assumptions**

Approval Meetings	2		
No. Of Loans	25		
Average Loan	\$12,000		
Average Employment Impact per Loan	2		

<b><u>Projection December 31, 2016</u></b>	165		
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#### **Assumptions**

Approval Meetings	12		
No. Of Loans	15		
Average Loan	\$12,000		
Average Employment Impact per Loan	2		
Monthly Collections	\$70,000		
Total # of Loan	180		
Employment Impact	360		
Value of Approved Loans	\$2,160,000		

#### **RECEIPTS**

Government	\$1,000,000		
Loan - GDB	\$500,000		
Collections	\$840,000		
	\$2,340,000		

## 2015 SUMMARY

ITEMS	ACTUAL 31/10/15	PROJECTED 31/12/15
<b>No. Of Loans Approved</b>	<b>140</b>	<b>165</b>
<b>Value of Loans Approved</b>	<b>\$1,579,740.38</b>	<b>\$1,900,000</b>
<b>Employment Impact</b>	<b>278</b>	<b>325</b>
<b>Value of Loans Disbursed</b>	<b>\$1,324,589.86</b>	<b>\$1,650,000</b>

**ANNEX XIII**  
**BASIC NEEDS TRUST FUND (BNTF):**  
**Achievements in 2015 and Plans for 2016**

The BNTF has re-established credibility with the Caribbean Development Bank.

- There has been greater compliance with the Grant Agreement
- Financial audits, procedures and reporting are current and up-to-date
- The procurement guidelines are followed
- The quality of staffing has been improved
- There is greater visibility and acknowledgement of the programmes implemented.

The BNTF seventh cycle (BNTF VII), approved in October 2012 and eighth cycle (BNTF VIII), approved in May 2015 are being implemented concurrently with a Terminal Disbursement Date (TDD) of December 31, 2016.

The three key sectors of intervention are:

- **Education and Human Resource Development**
- **Water and Sanitation**
- **Community Access and Drainage**

The BNTF completed the Poverty Reduction Action Plan (PRAP), Sector Portfolios and the Country Projects Portfolio to the satisfaction of the Caribbean Development Bank.

The CDB approved the **Education Sector Portfolio** on September 7, 2015 for a value of **EC\$6.96 million** which represents 14 sub-projects for implementation.

Education and Human Resource funds represent 76.3 % of BNTF 7 and 91.4% of BNTF 8 and expenditure has commenced.

### Status of Implementation (as of October 30, 2015)

EDUCATION AND HRD	Name of project	location	Approx. cost	status
	Reconstruction of Paraclete Gov't School	Paraclete St. Andrews	\$1,600,000.00	Invitation to bid by end of November
	Bonaire Government School refurbishment	Bonaire St. Mark's	\$598,000.00	Implementation to begin by mid-November
	Mt. Moritz Anglican School Expansion	Mt. Moritz St. George's	\$450,000.00	Implementation to begin by mid-November
	St. Dominic's Pre School Reconstruction	Laura St. David's	\$800,000.00	Invitation to bid by end of November
	Completion – Victoria Resource & Daycare center	Victoria St. Mark's	\$750,000.00	Implementation to begin by mid-November
	Reconstruction of St. Theresa/Vincennes pre-school	Vincennes, St. David's	\$400,000.00	Invitation to bid by end November
	Gouyave Day Care expansion & refurbishment	Gouyave, St. John's	\$500,000.00	Invitation to bid by mid-November
	Telescope Resource Centre	Telescope, St. Andrew's	\$500,000.00	Invitation to bid January 2016
	TAMCC Environmental Sustainability Practise (Mirabeau)	Mirabeau, St. Andrew's	\$200,000.00	Invitation to bid end of November
	Seafarers Standard of Training, Certification and watch keeping (STCW) 2 <sup>ND</sup> phase	112 fisher folks from Grenada Carriacou & Petite Martinique	\$350,000.00	Two batch of participants completed training. Third batch will start training on November 16. Five batches are expected to be trained in 2016.
	GRENCODA – Rural youth skills training and capacity	St. Mark's & St. Patrick's	\$135,000.00	Training has commenced

	development programme			
	Technical Training for single parents (Ministry of Social Development )	Island wide	\$250,000.00	Training has commenced
	SADO – Training in craft production and small engine repairs	Marquis	\$250,000.00	Training has commenced
	REACH – Skills Training for inmates (Ministry of Youth)	HMP, St. George's	\$175,000.00	Training has commenced
Total			\$6,958,000.00	

SECTOR TYPE	NAME OF SUB PROJECT	LOCATION	Approximate COST E.C\$	Status
<b>WATER &amp; SANITATION</b>	Darvey Fishermen Locker & Toilet facility	Darvey Patrick's St.	\$250,000.00	Invitation to bid by mid-November
	Construction of Loretto toilet facility	Loretto John's St.	\$81,000.00	Work will commence mid-November
	Upgrade water storage facilities St. Patrick's Schools(10)	St. Patrick's	\$125,000.00	Work will commence mid-November
	Wharf lane toilet upgrade	Grenville	\$82,300.00	Work will commence mid-November
	Grand Roy toilet upgrade	Grand Roy St. John's	\$85,000.00	Work will commence mid-November
	Clozier water treatment and distribution 2 <sup>nd</sup> phase	Clozier John's St.	\$200,000.00	Work will commence mid-November
Total			<b>\$823,300.00</b>	

Sector Type	Name of Sub-Project	Location	Approximate Cost EC\$	Status
<b>Access &amp;</b>	True Blue	Telescope St.	\$273,252.00	Work to

	Chantimelle Retaining wall construction	Chantimelle St. Patrick's	\$109,640.00	Work to commence end of November
	Laura/La Pastora road construction	St. David's	\$373,251.00	Work to commence end of November
<b>Total</b>			<b>\$756,143.00</b>	





**GRENADA  
MARKET ACCESS AND RURAL ENTERPRISE DEVELOPMENT  
PROGRAMME (MAREP)**

**SUCCESSIONS FOR 2015**

**Vocational and Skills Training (VST) - Caribbean Vocational Qualification (CVQ) Level II 1<sup>st</sup> batch of 200 trainees:** 9 occupational areas, February 2015

- **4 courses:** General Office Administration, General Cosmetology, Garment Production and Fashion Design, and General Agriculture were completed in August 2015.
- 5 courses: General Construction, Early Childhood Development (x2) and Data Operation (x2) to be completed by November 2015.
- **Graduation and certification for a total of 181 trainees (91% completion rate) carded for November 2015.**
- **13 trainees** (3 Data operations, 7 General Office Admin, 3 Early Childhood) **secured permanent employments.**

**2<sup>nd</sup> batch of 200 trainees:** 6 occupational areas, September 2015

- 4 courses: Auto Mechanics Repairs, Computer Repairs, Crop Production and House Keeping in progress.
- 2 courses: Geriatrics and to commence by December 2015.

**Support to Life and Personal Skills Training**

- **19** (13M, 6F) beneficiaries enrolled in one year literacy training through the Ministry of Education to receive School Leaving Certification.
- **21** additional beneficiaries have been identified to commence training in November 2015.

**Farm Access Roads**

**1<sup>st</sup> phase of roads constructed/rehabilitated**

- Boplan Rd, Maran, St. John; completed March 2015 at \$217,769.93 XCD. Total beneficiaries 362(187M, 175F).
- Resource-By Rd, Resource, St. John; completed in August 2015 at \$229,311.60 XCD. 258(138M, 20F) beneficiaries are benefitting from the construction of the road.
- **Approx. 30 temporary employments (ave. 15 persons per project) from the communities.**

**2<sup>nd</sup> phase of roads constructed/rehabilitated**

- Six (6) new roads and two (2) bridges identified for commencement of work by December 2015.
- Scope of work and tendering process was completed by Ministry of Work and contracts awarded.

<b>Names of Roads &amp; Bridges</b>	<b>Value XCD</b>	<b>Length (Miles)</b>	<b>No. of farmers</b>	<b>Acreage</b>
Rose Hill/ Chambord Road, St. Patrick	\$83,245.00	1	120	150
La Poterie/ Conference Road, St. Andrew	\$160,123.00	1½	75	200
Ahoma Road, Ahoma, St. Andrew	\$114,781.45	1½	120	320
Fountain Road, Fountain, St. Mark	\$85,066.00	1½	35	100
Lower St. John (Gut) Road, St. Andrew	\$89,776.50	1 ½	45	200
Pearls Bridge, Pearls, St. Andrew	\$56,588.50	1/2	60	150
Mt. Dor/Grand Bay Road, Carriacou	\$240,000.0	0	3/4	9
Grand Bras – La Kabacay Bridge, St. Andrew	\$48,216.00	3/4	20	60
				200

➤ **Approx. 120 temporary employments projected (ave. 15 persons per project) from the communities.**

#### **Quantitative Market Research**

- Four (4) months study was completed in March 2015 in collaboration with CUSO International.
- Results are been used during field visits to guide small-enterprise farmers and link producers to purchasers (market access) by re-directing their efforts to meet the market need (marketing plans development).

#### **Sub-Regional Conference/ Exchange Visit**

- **8 (6M, 2F)** beneficiaries participated in Sustainable Agriculture development
  - 2 (0F, 2M) in High Value Fruits & Vegetable Production in St. Lucia
  - 5 (3M, 2F) in Aquaponics and Hydroponics in Trinidad
  - 1 (1M, 0F) in Queen Bee Rearing in Florida



## GRENADA



### MARKET ACCESS AND RURAL ENTERPRISE DEVELOPMENT PROGRAMME (MAREP)

#### Rural Investment Fund (RIF) Projects

##### 1<sup>st</sup> phase projects

Nine (9) rural organizations commenced implementation at a total value of **\$712,826.00XCD**.

- o River Saltee Father's Organization; River Saltee, St. Patrick - Solar Lighting of Community Playground.
- o Mt Craven/Mt Rodney Disaster Environmental Preparedness Mitigation Organization; Mt. Craven, St. Patrick - Construction of Waterway & Esplanade.
- o Mt. Rich Youth Cultural Environmental Developmental Organization; Mt. Rich St. Patrick - Information Centre.
- o Mt. Craven/Mt. Rodney Women's Organization; Mt. Craven St. Patrick - Agro Processing Enterprise (Pulping fresh fruits).
- o Clozier Development Committee; Clozier St. John - Eco Tourism Project (trails & interpretation centre).
- o River Saltee Women's Organization; River Saltee St. Patrick - Agro Processing Enterprise (Wet Seasoning, Pepper Sauce, Jams/Jellies).
- o La Tante Development Organization; La Tante St. David- Fencing & Solar Lighting of La Tante Human Resource Development Centre.
- o North East Farmer Organization; New Hampshire St. George - Organic Fertilizer Production, Agro Processing & Buffer Zone Implementation.
- o Florida All Stars; Florida St. John - Training and Construction of Washroom Facilities for Pan House.

##### 2<sup>nd</sup> phase projects

14 projects approved for operation at total cost of **\$892,767.03 XCD**. 1<sup>st</sup> tranche payment by December 2015.

Type Of Project	Organisations	Community & Parish	Total Cost XCD	MAREP's contribution	Beneficiaries (Direct)
Small Ruminant: Goat Milk	St. Patrick's Goat Farmers' Association	De Villa, St. Patrick	\$104,600.00	\$63,600.00	41 (27M, 14F)
	St Mark's & St John's Small Ruminant Farmers	Douglaston, St John's	\$104,600.00	\$64,406.20	29 (27M, 2F)
	St. Andrew's Small Ruminants Farmers Association	Mt. Horne, St. Andrew	\$178, 166.16	\$64,500.00	32 (30M, 2F)
Bees/Honey Production	Rose Hill Honey Producers Group	Rose Hill, St. Patrick	\$78,120.00	\$62,496.00	15 (10M, 5F)
	Harvey Vale/L' Esterre Honey Producers	Harvey Vale, Carriacou	\$80,213.55	\$62,571.34	10 (6M, 4F)
Fish (equipment, engine)	Rose Hill Fisher Folk Producer Group	Rose Hill, St. Patrick	\$148,844.00	\$64,516.80	8 (4M, 4F)
Farm Technology: Aquaponics	Grenada Innovative Farmers' Co-operative Society Ltd.	River Saltee, St. Patrick	\$144,441.45	\$64,516.80	10 (7M, 3F)
	Big Bay Youth Ambassadors	Telescope, St. Andrew	\$99,832.21	\$63,842.50	15 (7M, 8F)
Eco-Tourism: Environmental	St. Patrick Environmental & Eco-Conservation Tourism Organisation	Rose Hill, St. Patrick	\$133,870.00	\$98,670.00	10 (5M, 5F)
Suction Hose	La Poterie Farmers Water Users Org	La Poterie, St. Andrew	\$21,150.00	\$5,000.00	23 (21M, 2F)
Farm Input	Morne Longue Productive Famers Org	Morne Longue, St And	\$50,320.00	\$40,000.00	11 (9M, 2F)
Poultry Production	Mt. Tranquil Local Community Org	Mt. Tranquil, St. David	\$210,692.09	\$64,453.59	26 (15M, 11F)
Abattoir: Meat Depot	Carriacou Farmers Association	Hillsborough Carriacou	\$57,850.00	\$45,274.00	41 (28M, 13F)
Sea Moss Production	La Baye Alternative Livelihood Org	Telescope, St Andrew	\$80,642.20	\$64,513.60	15 (7M, 8F)
				<b>892,767.03</b>	<b>286(203M, 83F)</b>

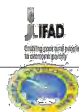
Approx. 180 permanent and 12 temporary employments projected from the projects listed above.

#### Line Of Credit (LOC)

- Total of \$808,470XCD at Grenada Cooperative Bank Ltd (GCBL) for disbursement to projects under the

Rural Finances.

<b>Business Type/Interest</b>	<b>No of Applications</b>
Crop Farming	39
Fishing	19
Poultry	15
Other livestock Small ruminants: (bees, pigs, sheep)	6
Tourism	2
Agro-Processing (wet & dry seasoning, dried & salted fish)	5
Other (garment production, mixed farming, technological repairs, music production, agri-business)	61
<b>Total Applications</b>	<b>147</b>



## GRENADA

### MARKET ACCESS AND RURAL ENTERPRISE DEVELOPMENT PROGRAMME (MAREP)

#### Trainings

- Networking training for **15** (13M, 2F) producers/beneficiaries, August 2015.
- Market Research Presentation and Networking Training for **40** stakeholders: **26** (7F, 19M) purchasers and **14** (3F, 11M) producers to present findings from the study and foster negotiations, August 2015.
- Soil Fertility Management training for **33** (9F, 24M) MOA Extension Officers, September 2015.
- Record Keeping training for **27** (10F, 17M) MOA Extension Officers, September 2015.
- Irrigation: Water Quality management training for **40** (15F, 25M) MOA Extension Officers, September 2015.
- General Standards: Packaging and Labelling training for **16** (8F, 8M) MAREP beneficiaries.
- Customer Service training for **20** (7F, 13M) MAREP beneficiaries, September 2015.
- Hazard Assessment Critical Control Point (HACCP) training for **11** (11F, 0M) beneficiaries from 2 rural organisations, September 2015.

#### Intervention in Fifty (50) Rural Communities

- Total of **57 rural organisations** supported (20 communities–31 org; 30 communities including Carriacou–26 org).

#### Mid Term Review (MTR), February 2015

Successful MTR with the financiers (IFAD and CDB) was held in February, 2015, there it was observed that ...“implementation marked progress and Government of Grenada has demonstrated strong commitment to the Programme and has engaged well with implementing partners and stakeholders.”

### **PRIORITIES FOR 2016**

#### Vocational & Skills Training (VST)

Continuation and finalisation of second batch of 200 candidates and Job placements. Mobilization, registration and commencement of training for the third batch of 200 candidates.

#### Support to Life and Personal Skills Training

Literacy training for additional beneficiaries through Ministry of Education.

#### Farm Access Roads

Completion of the rehabilitation/construction of the 6 roads and 2 bridges. Identification, upgrading of ten (10) new farm roads and bridges subject to GOG \$1 million XCD allocation. o **Approx. 150 temporary employments (ave. 15 persons per project) from the communities**

#### Rural Investment Fund (RIF)

Approval and Implementation of 15 new proposals under the RIF financing.

**Line of Credit (LOC)**

Approval of outstanding projects. 40 projects to be developed for consideration and approval. Balance of \$700,000 XCD subject to utilisation of the first tranche.

**Trainings**

Agricultural; Entrepreneurial; Marketing; General Standards, HACCP; Leadership; Organisational support.

<u>PROJECTED JOB CREATION</u>	
<b>TOTAL</b>	<b>689 employment/jobs</b>
■ Roads	Approx. 300 temporary employments Approx. 192 permanent and 12 temporary employments
■ RIF projects	
Line of	
■ Credit	Approx. 147 permanent employment
■ VST	Approx. 50 permanent employment

